

Attachments: American Profiteers, Payday.pdf;
Gaming_the_System_Aug_2010_0-1.pdf; truthaboutwellsfargo.pdf

Date: August 31, 2010

From: George Goehl
Executive Director

To: The Honorable John Walsh
Acting Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

The Honorable Elizabeth A. Duke
Governor
Board of Governors of the Federal Reserve System
20th and C Streets, NW, (Mail Stop 54)
Washington, DC 20551

The Honorable Martin Gruenberg
Vice Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

The Honorable John Bowman

Acting Director

Office of Thrift Supervision

1700 G Street, NW

Washington, DC 20552

RE: Community Reinvestment Act Regulation Hearings

Docket ID OCC-2010-0011

Docket No. R-1386

RIN 3064-AD60

OTS-2010-0019

Thank you for beginning the necessary process of updating the regulations for the Community Reinvestment Act (CRA). National People's Action and our founder Gale Cincotta were there at the beginning, showing the need for CRA and getting the original law passed. National People's Action (NPA) and our affiliates have and will continue to make our voices heard on the necessity of bank investment and for the law to be brought up to date to serve its purpose as a critical tool in the recovery and ongoing health of our nation's neighborhoods.

Throughout the summer you have heard from dozens of people in person and hundreds via comment letter about the importance of ensuring quality bank lending and investment in low, moderate income communities and communities of color. Several themes have emerged over and over again; the need to update the way banks are examined and graded, the need for a renewed focus on and penalties for discriminatory

lending and the need to bring the community people back into the process of determining their local investment needs.

I am enclosing several NPA reports from the last two years that illustrate the need for CRA reform. The first, "**Gaming the System: How Wells Fargo, JPMorgan Chase, Citibank and Bank of America have Subverted Community Reinvestment Law,**" shows how large bank holding companies have used the gaping loopholes in the current CRA system to systematically move a high percentage of their high-cost, riskiest and most destructive lending out of the purview of CRA into their affiliates, subsidiaries and outside their assessment areas. The report also shows how African-American, Latino and low-income borrowers have been disproportionately targeted for high-cost credit within these evasive practices. As this report shows, it is imperative that these loopholes be closed by examining and grading all of the bank holding company and wherever lending is occurring.

I am also including our report from last year "**The Truth About Wells Fargo: Racial Disparities in Lending Practices**" which starkly lays out the discriminatory lending practices of Wells Fargo. While the report singles out Wells Fargo, we all know that this issue is not limited to one bank or one bank holding company. Lenders that discriminate are not meeting the credit needs of their communities and are in violation of CRA as well as the applicable fair lending and civil rights laws. No bank or bank holding company should pass their CRA exam if they are in violation of the law by discriminating.

Throughout the hearings and in comments, you have heard repeatedly that banks cannot and should not be receiving Satisfactory or Outstanding CRA ratings while they engage in business that is explicitly destructive to neighborhoods. A prime example of this is the high-cost small dollar lending, often in the form of payday lending, that the most major banks participate in through their investment in payday storefronts and the recent trend of in-house payday lending such as Wells Fargo's "Direct Deposit Advance." CRA is explicit that banks are to meet the credit needs of their communities – not exploit low and moderate-income communities by profiting off of their destruction. "**American Profiteers, How the Mainstream Banks Finance the Payday Lending Industry,**" attached, shows how CRA covered banks are fueling this destructive industry. Not only should these banks not be given credit for such investments and practices, they should be actively penalized for them in CRA.

Finally, I am including two reports that show the breadth of the foreclosure crisis, using Chicago to illustrate the national problem. Both reports, **“The Home Foreclosure Crisis in Chicago, An Assessment of Foreclosures and their Impacts in 2009”** and **“Bank of America Forecloses on Chicago,”** show the widespread devastation brought about by the unsafe and unsound credit practices of the major banks and their affiliates. These reports show the need for CRA to have explicit loan quality requirements and the need for CRA examiners to take into account the loss mitigation and loan modification practices of banks.

For more detail on our proposals for an updated CRA, please see testimony and comments submitted by National People’s Action board members Calvin Bradford and Rev. Dr. Eugene Barnes.

Thank you again for your attention to this issue. We look forward to working with you throughout the rule-making process.

--

George Goehl
Executive Director
National People’s Action
810 N. Milwaukee Ave.
Chicago, IL 60622
312-676-2819

National People's Action:
<http://www.npa-us.org>

Hold Banks Accountable:
<http://www.showdowninamerica.org>

NPA on Facebook:
<http://www.facebook.com/NationalPeoplesAction>

NPA on Twitter:
<http://twitter.com/streetactionNPA>