

SCHERTZ



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July 27, 2001

OTS
Attn: Sam Eskenazi, Media Contact
1700 G Street N.W.
Washington, D.C. 20552

Dear Mr. Eskenazi:

Thank you for the joint release of July 19, 2001, which indicates proposed rule making regarding the Community Reinvestment Act of 1977.

I have been in the banking industry since 1959. In all of this time, banks have been serving the communities in which they were located. With all of the rules and regulations coming down from your agency and other agencies, I have not seen them work for independent banks. I am wondering if each one of you knows what is actually going on in these communities.

I recommend highly that you leave your office and go out into the communities as a customer and find out for yourself what is really happening in the communities. You will find branches of banks out of your area do not support the communities that they accept deposits from.

These branches do not support the cities they are located in. Sure, they accept deposits from the cities, but in reality they are paying higher interest and charging a higher fee to the cities, but do not support any of the cities' functions, do not support the local volunteer fire departments, do not support the local Little League baseball teams, do not support the local schools and all of the activities of the schools. But, yes, they still take the deposits of the cities and schools and send them back to the home bank and make loans out of that facility.

I have been an officer and CEO of an independent locally-owned bank with two branches. In the past five years, I have seen six plus branches brought into our area and one credit union branch. When you go to a city function, you never see any representation from those banks at these functions. You never see them supporting these functions. But let the city or school, etc., publish a depository bid and they all come out of the woodwork as cockroaches.

P.O. BOX 800 • SCHERTZ, TEXAS 78154
(210) 945-7400

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You can verify this information by going to a bank or branch, verifying the zip codes of the deposits and then verifying the zip codes of the loans, and you can see where the deposits are coming from and where the investments are being made.

Check the expenses of the banks and branches and see if they are supporting the local community. As an example, the church I belong to has a checking account and many

C.D.'s. When there is a function at the church, the bank has never donated a coin to support these functions. But, yet, they love the deposit relationship and request many thousands of dollars to support the services the bank is furnishing the church. Once again, the funds are taken out of the area and are funneled to the main office to support the main office's loan demand.

My God, don't go to these banks with blinders on! Look at the communities and find out what is happening. Go to the Cities, churches, school districts, Lions Clubs, Rotary Clubs and ask these people if these banks are supporting the communities. You will see the CRA is not working, but CYA is.

Thank you.

A concerned independent community banker,



Melvin F. Golla
President

MFG/jmm