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Docket No. 01-16, Communications Division
Public Information Room, Mailstop 1-5
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219
FAX: 202-874-4448
Email: regs.comments@occ.treas.gov

To Whom It May Concern:

I am writing to comment on the Advanced Notice of Proposed Rulemaking (ANPR) on the Community Reinvestment Act regulations. It is vitally important that we do not lose the progress made in the 1995 revisions to the CRA regulations. While CRA is far from perfect, it has become considerably more effective in opening new markets since the 1995 changes. The following is a list of principles that we believe should be incorporated into the final regulations:

1. Quantitative measures should remain a significant emphasis in the regulations. If the focus on quantitative analysis is rescinded, we will go back to the time when CRA examinations were based on process rather than outcome.
2. It is very important that the lending test continue to be a key component of CRA exams. The location, distribution, volume, and quality of an institution's residential, small business, and consumer lending are all important. However, the regulations should direct examiners to also evaluate the quality of an institution's lending. Subprime loans should be examined for predatory features and lenders making a significant number of these loans should not receive Satisfactory lending test ratings. The origination or purchase of loans that violate state or federal lending laws should result in a Substantial Noncompliance lending test rating.
3. The investment test is critical to evaluating an institution's record of meeting the credit needs of its community and should be retained as a separate test. Investments are crucial to the capacity of nonprofits, community development banks and others to serve the credit needs of those who are otherwise not well served. Exams should distinguish between different types of investment activity, between lower- and higher-risk investments, and between higher-return and lower-return investments. Investments in mortgage- and asset-backed securities should be reviewed for predatory or illegal lending practices, and banks involved in such practices should be downgraded accordingly.

4. The lending of a bank's affiliates should always be examined; this should not be up to the bank to decide. Failing this, the regulations should specify that an institution can choose only whether to have all affiliates included in the exam, rather than to have some affiliates included and others excluded. Moreover, all residential, consumer and small business lending products of all affiliates should be examined.

Thank you for your attention to these matters. Please let me know if you have questions about our response or if you require further information.

Sincerely,

John G. Markowski
Commissioner