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 disproportionally 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.

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

National People's Action:
http:/ /ww w. npa-us.org

Hold Banks Accountable:
http:/ /ww w. showdowninamerica.org

NPA on Facebook:
http:/ /ww w. facebook.com/NationalPeoplesAction

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

NATIONAL PEOPLE'S ACTION

American Profiteers

How the Mainstream Banks Finance the Payday Lending Industry

In America today there are nearly as many payday lending outlets as there are McDonald's and Starbucks *combined.* The big bank-driven financial collapse has injected new levels of economic uncertainty to many families. Unemployment and underemployment has often meant little or no cushion in families' budgets to pay for financial emergencies. When faced with unexpected bills – like an unforeseen car repair or medical bill – more and more Americans are turning to the only option in their neighborhood; payday lenders.

Payday lenders charge an average of over 400% interest and routinely trap their customers into spiraling debt cycles, with most people taking out three and four loans in a row – often just to pay off the original payday loan. These lenders wouldn't be thriving without the financial backing of the mainstream banking industry. Banks provide over $1.5 billion that we know of in credit that funds an estimated $10-$15 billion in payday and cash advance loans. Much of the industry is privately owned and is not required to report their sources of funding publicly. Wells Fargo, for example, may not want to sully its good name by opening up a payday storefront, but has no trouble financing one third (32%) of all the payday storefronts in America. This report lays out how the payday lending industry operates and is financed.

American taxpayers bailed all of these banks out – they are paying us back by profiting off us when we're down. We won't be able to rid our communities of the destruction wrought by payday lenders until we cut off the spigot of credit coming from the Big Banks. Wells Fargo, Bank of America and other funders of payday lenders need to immediately disinvest and instead offer affordable, small dollar loans to their communities.

GAMING THE SYSTEM

How Wells Fargo, JP Morgan Chase, Citibank and Bank of America Have Subverted the Community Reinvestment Law

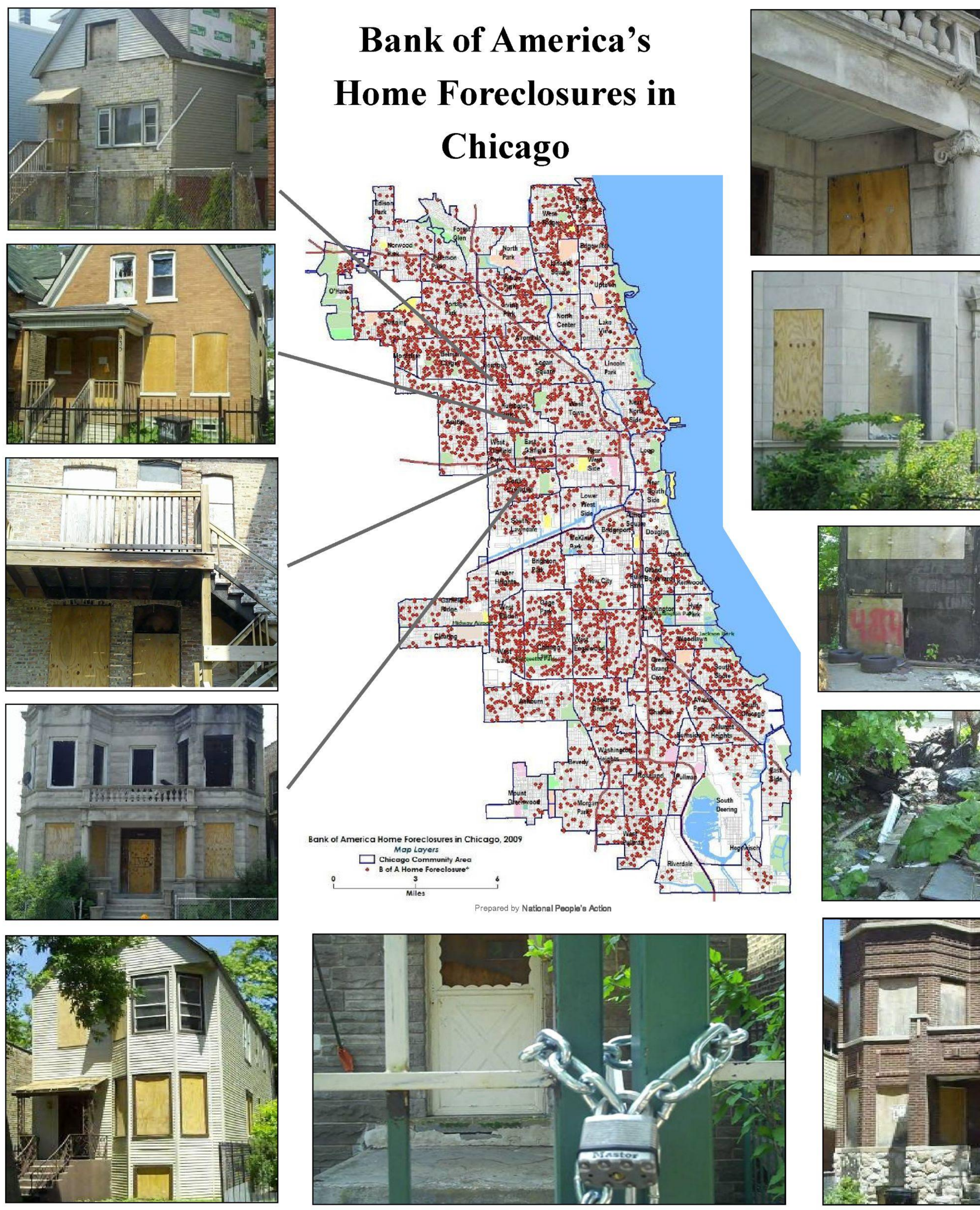
A Report by National People's Action

NATIONAL PEOPLE'S ACTION

THE TRUTH ABOUT WELLS FARGO:
Racial Disparities in Lending Practices

NATIONAL PEOPLE'S ACTION REPORT
March 2009

Bank of America Forecloses on Chicago

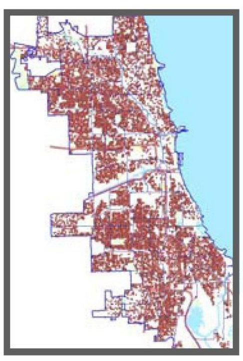


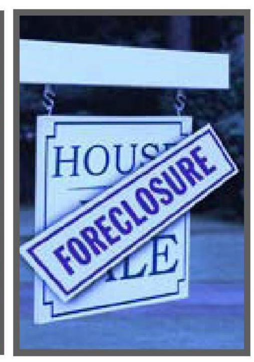
A Report by National People's Action
June 2010

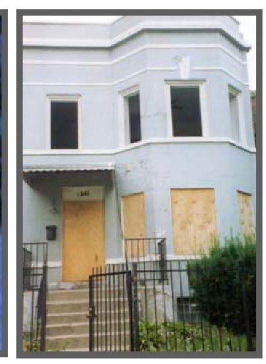
EMBARGOED UNTIL MARCH 15TH, 2010
10:30 AM

The Home Foreclosure Crisis in Chicago

An Assessment of Foreclosures and their Impacts in 2009





A report of
NATIONAL PEOPLE'S ACTION
810 North Milwaukee Avenue • Chicago, IL 60642 • 312.243.3035 • www.npa-us.org
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