



January 6, 2006

Office of the Comptroller of the Currency
250 E Street SW, Mail Stop 1-5
Washington DC 20219
RE: Docket No. 05-17

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington DC 20551
Docket No. OP-1240

Robert E. Feldman
Executive Secretary
Attention: Comments, RIN 3064-AC97
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington DC 20429

To Whom It May Concern:

Consumer Credit Counseling Service is a member of the Southern Nevada Reinvestment & Accountable Banking Committee. We are writing to support changes to the CRA regulations that would recognize community development efforts in geographic areas impacted by natural disasters and in areas that have received families displaced by natural disasters. Nevada has seen the need for these efforts first-hand—more than 4,480 people displaced by Hurricane Katrina have relocated to our state. Their experiences have highlighted the need for housing affordable to low- and moderate-income families, credit at prime rates and mainstream financial services that reduce reliance on high-cost, fringe banking products.

Consumer Credit Counseling Service appreciates that the federal banking agencies have clarified how banks will receive favorable consideration in their Community Reinvestment Act (CRA) exams for financing community development activities in geographical areas impacted by natural disasters. While we are pleased that the federal agencies direct banks to focus on low- and moderate-income families in areas impacted by disasters, we are concerned that other proposed questions divert bank financing to middle- and upper-income housing. The agencies must implement CRA in a manner that maintains the law's central objective of ending redlining and expanding access to credit for low- and moderate-income families and communities.

We are pleased that the agencies are proposing that banks will receive points on their CRA exams for financing community development in geographical areas impacted by disasters for up to one year after the expiration of official federal or state designation of disaster status. Community development financing takes considerable time to plan and implement, meaning that the additional time is important for geographical areas like the Gulf Coast region that have been devastated by natural disasters. We also applaud the agencies for providing more weight to community development activities that are most responsive to the needs of low- and moderate-income individuals that have been impacted by the natural disaster. Your proposal to provide CRA points for investments that benefit families displaced by disasters promises to be very beneficial to areas like ours that have received a large influx of families resettling in the wake of Hurricane Katrina and future natural calamities.

The proposed questions on community development services provide an important emphasis on low cost banking services for low- and moderate-income consumers. Low cost checking accounts, electronic transfers, and remittances provide critical alternatives to payday loans and other high cost fringe products. Low cost banking services enable low-income consumers to save and build wealth in contrast to usurious products that strip wealth. Once these proposed questions are finalized, we hope that the agencies provide CRA points for low cost banking services and also penalize banks on CRA exams for abusive products such as bounce protection, whose wealth stripping features are not advertised clearly to consumers.

We ask that you clarify the CRA exam criterion for mid-size banks with assets between \$250 million to \$1 billion that assesses their provision of services through branches and other facilities. You must clarify that this exam criterion includes an examination of the number and percent of branches in low- and moderate-income communities. Placing branches in low- and moderate-income communities is vital since a recent Federal Reserve study shows that racial disparities in high cost lending are lower when banks conduct the lending through branches not brokers.

We oppose the proposed question and answer that provides CRA points for financing middle- and upper-income housing developments in distressed rural middle-income census tracts. Elsewhere in the existing Question and Answer document and in your proposed questions, the agencies provide credit for mixed-income housing developments. Mixed-income housing helps to overcome segregation by income and is an activity worthy of CRA points if the housing contains a significant number of low- and moderate-income families. We therefore urge you to eliminate the possibility of banks receiving significant CRA points for financing middle- and upper-income housing. We urge you instead to provide points for mixed-income housing.

We applaud your proposed question and answer that reiterates that mid-size banks must offer community development loans, investments, and services. Mid-size banks cannot ignore one or more of these activities. We also recognize that qualitative factors on CRA exams can be important, but we ask that you add a provision to your proposed questions

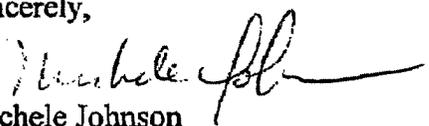
stating that qualitative factors will not be employed by examiners to excuse low levels of community development lending, investments, or services.

Finally, we previously applauded your decision to add an anti-predatory provision to the CRA regulations that will penalize banks for illegal, abusive, and discriminatory loans. We ask that you add a Question and Answer indicating that a bank will automatically undergo a fair lending exam to test for compliance with federal anti-predatory and anti-discrimination law when the bank or one of its affiliates makes a high concentration of sub-prime loans to minorities, the elderly, women, low-income borrowers or to communities recovering from natural disasters and experiencing shortages of credit.

The most effective way to expand access to credit to underserved borrowers is implementing rigorous and comprehensive CRA exams that maintain the focus on meeting the credit and deposit needs of low- and moderate-income borrowers and communities. If you are responsive to our comments on the proposed Question and Answers, CRA exams will become more rigorous.

Thank you for consideration of our comments.

Sincerely,



Michele Johnson
President/CEO

Southern Nevada Reinvestment & Accountable Banking Committee

cc: National Community Reinvestment Coalition