

14

postmarked:  
Sept. 24 2001

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street NW  
Washington DC 20552

Attention Docket No. 2001-49

Dears OTS Representatives:

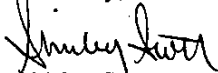
This letter provides our overview comments on your possible changes to The Community Reinvestment Act, as documented in your joint release #OTS 01-48.

We agree with some of the comments in the press release which state that any changes in existing regulations cause additional efforts on our part to review, understand, and implement required changes in practices and/or policies. As such, *we generally do not support the need for revisions to CRA.* However, if changes are to be made we would like to have the OTS and other agencies consider the following issues, which we believe result in inequities to Thrifts:

- We believe that, at least in our market, the applicability of the CRA requirements to Thrifts (and Banks), but not to credit unions and other lenders in the mortgage market (e.g. REIT's) places us at a competitive disadvantage. We wholeheartedly support the overall objectives of the CRA, but believe it should be applied equally to all of the players in the highly competitive single family mortgage lending business. While we recognize that your particular jurisdiction is over Thrift institutions, we would hope that somewhere in your deliberations with the other agencies this inequity could be considered and some attempt made at leveling the playing field.
- If revisions are to be made, we believe the OTS should consider modifications to the investment test. Investment opportunities which qualify for CRA consideration in our community are very limited. Additionally, the regulatory restrictions on the types of investments Thrifts are allowed to make further limit our CRA investment opportunities. With a couple of exceptions, our CRA related "investment" activities consist solely of contributions, which we do endeavor to maximize to CRA related organizations. However despite our concerted efforts, we have been evaluated as "satisfactory" or "low satisfactory" in the investment test. We have been told that despite the fact that our lending activities are consistently evaluated as outstanding in regards to CRA, we will probably never qualify for an overall "outstanding" CRA rating unless our investment rating were to improve dramatically. Thus, despite our institution's excellent lending results (which we believe is the primary purpose of the CRA regulations) we believe we are limited by opportunity and the regulators weighting of the CRA tests to never excel, which is our goal.

Your consideration of our thoughts and input on these issues is appreciated.

Sincerely,



Shirley Scott

EVP & Managing Officer (& CRA Committee Chairperson)