

Evans, Sandra E

From: Keith Bisson [kbisson@ceimaine.org]
Sent: Wednesday, October 17, 2001 2:28 PM
To: regs.comments@federalreserve.gov; regs.comments@occ.treas.gov; comments@fdic.gov; regs.comments@ots.treas.gov
Cc: lking@ncrc.org; kbisson@ceimaine.org; rlp
Subject: CRA ANPR Comments from Coastal Enterprises, Inc. (CEI), Wiscasset, ME

October 17, 2001

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551
RE: Docket No. R-1112

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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 St. SW
Washington DC 20219

Robert E. Feldman, Executive Secretary
Attention: Comments/OES
Federal Deposit Insurance Corporation
550 17th St. NW
Washington DC 20429
No docket number needed

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G St. NW
Washington DC 20552
Attention: Docket No. 2001-49

To Whom It May Concern:

On behalf of Coastal Enterprises, Inc. (CEI), I am writing to comment on the Advanced Notice of Proposed Rulemaking on the Community Reinvestment Act (CRA) regulations. I encourage the federal banking agencies to update the CRA regulations to ensure continued and increased investment in low- and moderate-income communities as well as underserved minority and rural communities.

CEI's impact is to a great degree made possible as a result of our partnerships with Maine banks. We finance affordable housing and community facilities, small businesses and microenterprises, and venture capital investments throughout the state of Maine. We work with a broad range of businesses in Maine, including the growing community of businesses operated by new immigrants and refugees. CEI has a history of strong and productive relationships with banks and we value these ties very highly, especially relationships developed with the many bankers who have served and now serve on CEI's board of directors. In short, the CRA has created a very affirming relationship between the financial services industry and community development finance.

CEI is a 24-year old Community Development Corporation and Community Development Financial Institution serving the state of Maine. In partnership with banks and other financial institutions, CEI has helped mobilize \$320 million in capital to over 1,200 businesses, creating or sustaining some 11,000 jobs. CEI is committed to improving the lives of

all Mainers and the CRA is an important tool in our work. The CRA has a proven track record of creating more equal access to capital for all citizens in our society and can be credited with bringing banks into new markets and underserved sectors of the economy.

There is much that can be done to preserve the advances made to date in community reinvestment, and we encourage the federal banking agencies to update the CRA to take into account the dramatic changes in the financial services industry. The National Community Reinvestment Coalition, the national trade association of community reinvestment organizations, has offered many recommended changes for improving the CRA. Among the recommended changes is enactment of the Federal Reserve Board's proposed HMDA reform to include information on interest rates and fees so that subprime lending can be assessed on CRA exams. A valuable addition would be to include in the small business data information on the race, gender, and specific revenue size of the borrower and the specific census tract location of the business. This could help financial institutions identify new market opportunities in underserved communities.

Other proposed changes include the integration of predatory lending considerations into an updated CRA. This could include incorporating into the CRA regulation the "Interagency Question and Answer" document stating that lenders will be penalized for making loans that violate federal anti-predatory statutes. The regulatory agencies could also ensure that lenders who make both prime and subprime loans will not pass their CRA exams unless they pass the prime part of their exams. Finally, in this rapidly changing world of financial services, banks should be held accountable if their community reinvestment performance is poor. The Gramm-Leach-Bliley Act of 1999 prohibited banks with failing CRA ratings from expanding into the insurance and securities business. We support the recommendation that this provision of the statute apply to the bank acquiring another institution as well as the bank being acquired.

The CRA continues to play an important role in creating more equal access to capital for all citizens in Maine and the nation. We believe that updating the CRA regulations will ensure that the advances made to date in community reinvestment will continue.

Thank you very much for the opportunity to comment.

Sincerely,

Ronald L. Phillips
President

Coastal Enterprises, Inc. (CEI)
36 Water Street, P.O. Box 268
Wiscasset, ME 04578
(tel) 207/882-7552
(fax) 207/882-7308
(email) rlp@ceimaine.org

cc: National Community Reinvestment Coalition
Senator Olympia J. Snowe
Senator Susan M. Collins
Representative Tom H. Allen
Representative John E. Baldacci

NB: Hard copy to follow