COMMUNITY LOAN FUND
Opportunity. Investment. Impact.

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Office of the Comptroller of the Currency: e-mail regs.comments@occ.treas.gov ;

Federal Reserve Board: regs.comments@federalreserve.gov;

Federal Deposit Insurance Corporation: comments@fdic.gov.

OCC: Docket ID OCC-2013-0003

Federal Reserve: Docket No. OP-1456

FDIC: Attention: Comments on CRA Interagency Q&A

To Whom It May Concern:

The New Hampshire Community Loan Fund welcomes this opportunity to comment on the CRA Q&A released by the Agencies on March 16. As a U.S. Treasury-certified Community Development Financial Institution, the New Hampshire Community Loan Fund regards the Community Reinvestment Act as an important tool for encouraging community-development investments in underserved areas nationwide and as a regulatory approach that provides an incentive to banks in New Hampshire to invest in our work. Approximately one quarter of the funds invested in the Community Loan Fund are a result of banks' efforts to comply with the Community Reinvestment Act.

Our 29 years of experience in the field informs our comments here, as do our memberships in the Opportunity Finance Network and the National Community Reinvestment Coalition.

We share OFN's view that the Q&A revisions are positive. We also share NCRC's sense of urgency that broader and deeper reforms to CRA are needed to make the law fulfill its purpose.

We concur with OFN's proposal to revise the language in Proposed New **Q&A § __.12(t)-9** to ensure that banks receive full credit for Qualified Investments in CDFIs that use the investments for community development purposes. OFN's improvements, in italics below, read:

> "A9. Examiners will give quantitative consideration for the dollar amount of funds that benefit an organization or activity that has a primary purpose of community development. If an institution invests in (or lends to) an organization that, in turn, invests those funds in instruments that do not have as their primary purpose community development, such as Treasury securities, and *the agreement between the institution and the recipient requires that the recipient* uses only the income, or a portion of the

income, from those investments to support the organization's community development purposes, the Agencies will consider only the amount of the investment income used to benefit the organization or activity that has a community development purpose for CRA purposes.

If the agreement between the institution and the recipient does not prohibit the CDFI's use of investment capital for community development loans, the Agencies will give consideration for the full amount of the investment, even if the recipient invests it in liquid securities."

This provision is important because it will ensure that organizations like the Community Loan Fund will be able to manage CRA- eligible investments to maximize their impact, even if that means keeping some of those investments liquid for a time. The original language in the Agencies' proposal would *dis*courage investments in CDFIs because of the way they typically manage their lending capital.

2. We concur with OFN's recommendation that the Agencies add Treasury-Certified Community Development Financial Institutions to the list of institutions recognized for their impact on community development: minority-owned financial institutions, women-owned financial institutions, and low-income credit unions. CDFIs typically serve the same markets targeted by CRA as these other institutions so they would help meet the CRA's purpose in the same way as those institutions. Indeed, CDFIs are required by statute to serve the low- and moderate-income communities referred to in the CRA. The Agencies should make a revision to **Redesignated Q&A § ___.21(f)-1** to provide the same consideration for investments in CDFIs as are provided to investments in those institutions.

3. The Q&A's proposed revisions to CRA's treatment of banks' assessment areas is potentially beneficial to underserved and rural areas outside banks' traditionally defined assessment areas.

The NH Community Loan Fund makes loans in all parts of New Hampshire (and only in New Hampshire) so we assume that the revised regulations would encourage banks operating in smaller sections of New Hampshire or in neighboring New England states to invest in our work as CRA would recognize our impact on an appropriate region. We concur with the Agencies' position that these investments should be considered in addition to, not in lieu of, banks' investments in areas where they take deposits.

We also concur with points made by OFN and NCRC that the nature of many large financial businesses has changed in ways not yet incorporated into CRA. It is no longer enough to determine banks' assessment areas based on the location of their branches and sources of deposits; if they also have expansive credit card businesses or make loans far from their branches, these locales should be incorporated into the assessment areas. More sweeping reforms are needed. We encourage the Agencies to build on the first steps taken in the Q&A.

Sincerely yours,

Richard A. Minard, Jr.
Vice President for Policy and Programs