

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
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E-mail: regs.comments@federalreserve.gov
RE: Docket No. OP-1240

Mr. Robert E. Feldman
Executive Secretary Attention: Comments
Federal Deposit Insurance Corporation
550 17th St. NW 20429
E-mail: Comments@FDIC.gov
RE: RIN 3064-AC97

Office of the Comptroller of the Currency
250 E St. SW, Mail Stop 1-5
Washington 20219
E-mail: regs.comments@occ.treas.gov
RE: Docket Number 05-17

January 9, 2006

To Whom It May Concern:

The Coalition of Community Development Financial Institutions (CDFI), a national organization representing the concerns and interests of CDFIs, welcomes the opportunity to comment on the proposed questions and answers for the FFEIC's Question and Answer Guidance for the Community Reinvestment Act. The CDFI Coalition supports the adoption of the proposed questions and answers, but has a number of concerns detailed below relating to the newly adopted regulatory changes to the Community Reinvestment Act. The Coalition's most pressing concerns are addressed with respect to the specific answers included in the Federal Register Notice:

§ __.12(g)(4)—1

(No Suggested Modifications)

§ __.12(g)(4)—2

Suggested Modification:

A bank activity that provides housing with a significant proportion of low- and moderate-income individuals may qualify as an activity that revitalizes or stabilizes a designated distressed non-metropolitan middle-income geography or a designated disaster area if the housing helps to

revitalize or stabilize the community by attracting and retaining businesses and residents, providing benefits to the entire community, including to low- and moderate-income individuals and neighborhoods.

§ ____.12(g)(4)(ii)—1

(No Suggested Modifications)

§ ____.12(g)(4)(ii)—2

(No Suggested Modifications)

§ ____.12(g)(4)(iii)—1

(No Suggested Modifications)

§ ____.12(g)(4)(iii)—2

(No Suggested Modifications)

§ ____.12(g)(4)(iii)—3

(No Suggested Modifications)

§ ____.12(j) & 563e.12(i)—3

Suggested Modification:

The answer to this question must clearly indicate the necessity for examiners to closely view the offering of such products and services included in the proposed answer with respect to utilization of such products by low- and moderate-income customers. Examiners should also consider the percentage of branches located in low- and moderate-income areas when evaluating community development services.

§ ____.12(t)—1

Banks should be encouraged to make multi-year community development investments. Therefore, the CDFI Coalition supports allowing a bank's prior year investments to count towards meeting the CRA requirements with certain caveats. A bank with a low level of current period investments should not be able to score higher than low satisfactory on the investment test.

§§ ____.12(t)—4

The CDFI Coalition appreciates the continued inclusion of the example of CDFIs among the references to qualified investments in this answer.

§ ____.12(u)(2)—1

(No Suggested Modifications)

§ ____.26—1

(No suggested Modifications)

§ ____.26(c)—1

Suggested Modifications:

The second sentence must clearly state that a bank that chooses to ignore one or more of these categories (community development loans, qualified investments, or community development services) cannot receive a satisfactory rating under the community development test.

The second paragraph should strike all mention of opportunities. Examiners should evaluate a bank's performance under the community development test strictly on responsiveness to community development need.

§ ____.26(c)(3)—1

Suggested Modifications:

The answer to this question must also include the "*provision of branches*" in addition to the "provision and availability of services to low- and moderate-income individuals."

§ ____.26(c)(4)—1

Suggested Modifications:

The first paragraph should exclude, "and the number and types of opportunities for each type of community development activity."

The second paragraph should explicitly note that qualitative factors alone cannot compensate for overall low levels of quantitative measures of community development lending, investments and services. Examiners can compare quantitative measures of similar asset-sized institutions serving the same community for a better gauge for compliance with the Community Reinvestment Act.

Thank you for your consideration of the CDFI Coalition's concerns.

Sincerely,

Jennifer A. Vasiloff
Executive Director