National Association of Home Builders

Housing Finance and Regulatory Affairs
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Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW
Suite 3E-218
Washington, DC 20219

Docket ID OCC-2018-0008
RIN 1557-AE34

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

RIN 3064-AF22

RE: Community Reinvestment Act Regulations

Submitted by Electronic Delivery to http://www.regulations.gov

Dear Sir or Madam:

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB), I appreciate the opportunity to provide comments in response to the Joint Notice of Proposed Rulemaking (NPR) issued by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) regarding Community Reinvestment Act Regulations. NAHB agrees it is important to update and modernize the regulations implementing the *Community Reinvestment Act* ("CRA" or "the Act") to make CRA more objective, transparent, consistent, and easy to understand. The original purpose of CRA, to encourage banks to serve their communities, is as essential today as it was in 1977. As the financial services industry evolves so does the need for new approaches to meet the statutory intent of CRA.

NAHB is a Washington DC-based trade association representing, among others, companies involved in the development and construction of for-sale single-family homes, including homes for first-time and low- and moderate-income homebuyers, as well as the production and management of affordable rental housing. The ability of the home building industry to meet the demand for housing, including addressing affordable housing needs, is facilitated through CRA-driven loans and investments.

<u>Background</u>

The Community Reinvestment Act was first passed by Congress in 1977 to encourage depository institutions to help meet the credit needs of the local communities in which they are located, including low- and moderate-income neighborhoods. The Act also was intended to combat redlining, when lenders looked outside their local communities for customers because local communities were deemed risky or unfit for investment due to the income, racial, or ethnic composition of the area. The Act requires FDIC, the Board of Governors of the Federal Reserve System (Federal Reserve) and OCC, collectively the federal banking regulators, to evaluate the CRA performance of the depository institutions each agency supervises. Based on an institution's performance in meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, it is assigned a CRA rating and issued a public performance evaluation by the examiner from its federal banking agency.

The U.S. Department of the Treasury (Treasury) issued a report in April 2018 with recommendations for revisions to CRA that it believes would allow banks to effectively meet the statutory requirements of the Act while adapting to significant and widespread changes in the finance industry. Specifically, Treasury recommended updating the definition of geographic assessment areas to reflect the changing nature of banking due to changing technology and customer behavior; improving the evaluation process to increase the timeliness of evaluations and allow greater accountability for banks' CRA activity planning; increasing clarity in the examination guidance and flexibility in the CRA evaluation process to foster transparency and effectiveness in CRA rating determinations; and, incorporating performance incentives to encourage banks to meet the credit and deposit needs of their communities.

In August 2018, OCC, without FDIC or the Federal Reserve, issued an Advance Notice of Proposed Rulemaking (ANPR) to gather public input on how to revise CRA regulations. Suggested revisions in the ANPR corresponded with the key areas of improvement identified by Treasury. OCC sought answers to questions on how to improve CRA regulations to bring greater clarity, consistency, and certainty to the performance evaluation process; whether a metric-based approach should be developed to increase the objectivity of performance evaluations; how to update the definitions of communities and assessment areas to accommodate banks with different business strategies and allow them to help meet the needs of underserved consumers and communities; clarifying and broadening the range of activities supporting community and economic development that qualify for CRA consideration; and, enhancing recordkeeping and reporting.

The OCC received more than 1,500 responses to the questions posed in the ANPR. Those responses were shared with FDIC and the Federal Reserve and significantly shaped the NPR released by OCC and FDIC. The NPR proposes substantial revisions to the CRA regulation, many whose impact is difficult to predict, and have sparked considerable debate among industry stakeholders.

Proposed Rule

The proposed rule changes CRA in four key areas: Clarifying and expanding what qualifies for CRA credit; expanding where CRA activity counts; providing an objective method to measure CRA activity, and revising data collection, recordkeeping, and reporting.

<u>Clarifying and expanding what qualifies for CRA credit</u>

This aspect of the proposal would (1) establish clear criteria for the type of activities that qualify for CRA credit, which generally would include activities that currently qualify for CRA credit and other activities that are consistent with the purpose of CRA but may not qualify under the current CRA framework; (2) require the agencies to publish periodically a non-exhaustive, illustrative list of examples of qualifying activities; and (3) establish a process for banks to seek agency confirmation that an activity is a qualifying activity prior to embarking on an initiative or activity.

<u>Expanding where CRA activity counts</u>

Currently, a bank is required to define a delineated assessment area or areas where it would receive CRA credit. Assessment area(s) are based on the geographic area(s) in which the bank has its main office, its branches and its deposit-taking automated teller machines (ATMs), as well as the surrounding geographic areas in which the bank has originated or purchased a substantial portion of its loans. In addition to serving communities consistent with the current rules, the proposal would require a bank that receives 50 percent or more of its retail domestic deposits from geographic areas outside of its facility-based assessment areas to define deposit-based assessment areas where it receives five percent or more of its total retail domestic deposits, based on the physical addresses of its depositors. Banks would receive CRA credit for qualifying activities conducted in their facility-based assessment areas and deposit-based assessment areas at the assessment area level and at the bank level.

The proposal would permit banks to receive CRA credit for qualifying activities conducted outside of their assessment areas at the bank level. Under this approach, banks still would be encouraged to meet local community needs where they have branches and depositors but would be given flexibility serve other communities with distinct needs. These other communities include those that have traditionally lacked sufficient access to financial services, such as (1) distressed areas; (2) underserved areas, including areas where there is a great need for banking activities but few banks that engage in activities (known as banking deserts); and (3) "Indian country."

<u>Providing an objective method to measure CRA activity</u>

The proposed rule would establish new General Performance Standards to evaluate a bank's CRA activities. Small banks, with less than $500 million in assets, could choose to opt into these standards or continue under the current CRA regulatory regime. The new General Performance Standards would assess two fundamental components of a bank's CRA performance: (1) The distribution (*i.e.,* number) of qualifying retail loans to low- and moderate-income (LMI) individuals, small farms, small businesses, and LMI geographies and (2) The impact of a bank's qualifying activities, measured by the value of a bank's qualifying activities relative to its retail domestic deposits. Both components would be compared to specific benchmarks and thresholds that would be established prior to the beginning of a bank's evaluation period. Banks evaluated under the General Performance Standards would also be required to meet a minimum community development (CD) lending and investment requirement in each assessment area and at the bank level to achieve a satisfactory or outstanding rating.

<u>Revising data collection, recordkeeping, and reporting</u>

Banks evaluated under the General Performance Standards would be required to collect, maintain, and report certain data related to their qualifying activities, certain non-qualifying activities, retail domestic deposits, and assessment areas. Those banks would also be required to use that information to make the calculations necessary to determine their ratings, based on the application of the performance standards in the proposal. Banks evaluated under the small bank performance standards would be required to collect and maintain, but not to report, data related to their retail domestic deposits so that the federal banking agencies could validate their deposit-based assessment area delineations, as applicable.

NAHB Comments

NAHB members are interested in CRA to the extent it requires banks to participate in activities that support increased access to mortgage credit for LMI families as well as facilitates the production of affordable ownership and rental housing and community and economic development. NAHB believes, like most stakeholders, CRA should not be abandoned. However, for the regulation to be relevant going forward, it must be revised to offer a more consistent, transparent and straightforward approach for banks to determine what type of activities qualify for CRA credit, where activities count, and how activities are measured to determine a bank's rating. Also, the regulation should not be overly complex and should provide incentives for banks to strive to achieve an Outstanding CRA rating. Modifications to CRA should only enhance the willingness and ability of banks to meet the needs of their customers, including LMI consumers, their communities and underserved areas.

CRA is, and should continue to be, a major driver for banks to make loans and investments in affordable and workforce housing. Compliance with CRA mandates, and the impact of banks' CRA activities on regulators' approval of their future business or mergers, gives banks powerful motivation to lend in minority and LMI communities. It also has prompted banks to develop innovative mortgage products that enable LMI and minority households to achieve homeownership. Examples of these products include mortgage loan enhancements such as closing cost assistance, interest rate buy downs, and down payment assistance. The importance of CRA as a homeownership vehicle for minority and workforce households cannot be overstated, since homeownership is the most straightforward way for families to build wealth. For rental housing, CRA has driven banks' equity investments in Low-Income Housing Tax Credit apartment communities. The final rule should build on these CRA successes. Therefore, NAHB strongly urges the agencies to further incent and give preference to housing-related loans and investments in the final rule.

For home builders and developers, banks are a critical source of financing. NAHB's Quarterly Survey on Acquisition, Development and Construction (AD&C) Financing consistently shows that most residential home builders rely on banking institutions for AD&C lending. In fact, NAHB's most recent survey for the fourth quarter of 2019 shows that 95 percent of respondents indicated commercial banks and thrift institutions were their primary source of financing of pre-sold construction. The comparable results were 94 percent for speculative construction, 81 percent for land development and 80 percent for land acquisition.

NAHB appreciates the comprehensive proposal to update and improve the CRA regulatory framework. It is evident OCC and FDIC carefully reviewed and considered the comments submitted in response to the ANPR and heard through direct outreach to community groups, nonprofit and civil rights organizations, legislators, and numerous other stakeholders. While the proposal addresses many details and intends to help banks comply with the statutory requirements of CRA, there still are questions, concerns and clarifications that need to be addressed in a final rule.

NAHB offers the following specific comments on the NPR:

Construction loans to builders and consumers for 1-4 family residential properties should be included in the definition of a home mortgage loan.

NAHB is pleased the NPR would change the definition of home mortgage loans to be consistent with the definition in the Call Report instead of the Home Mortgage Disclosure Act (HMDA). In the proposal, home mortgage loans would mean loans reported on the Call Report, Schedule RC-C, Loans and Lease Financing Receivable, Part I, specifically Item 1.a. (1) 1-4 family residential construction loans; Item 1.c closed-end and open-end loans secured by 1-4 family residential properties; and Item 1.d loans secured by multifamily (5 or more) residential properties.

NAHB seeks clarification on Item 1.a.(1) 1-4 family residential construction loans. NAHB requests that the agencies clearly state the intention of including construction loans to builders and consumers in the definition of home mortgage loans. NAHB supports a broad definition that encompasses the greatest number of loans. By clarifying the revised definition of home mortgage loans to include construction loans to builders and consumers for 1–4 family residential properties and allowing this activity to be eligible for CRA credit, banks would be encouraged to consider increased construction lending and help add to the housing supply.

Further, NAHB reads the proposal to say that a home mortgage loan classified as a 1-4 family residential construction loan would be considered a qualifying activity only if the loan is provided to an LMI individual or family. We recommend expanding the qualifying activity to include all home mortgage loans classified as a 1-4 family residential construction loans made in LMI census tracts in a bank's assessment area. NAHB is concerned that a limited definition would deny CRA credit for construction loans that provide housing in LMI communities.

Financing for activities that create new for-sale housing should be included in the community development category.

The proposal includes several categories of activities that would be considered community development loans, community development investments, or community development services ("CD activities"). The proposed rule provides that CD activities that provide essential community facilities and infrastructure that partially benefit LMI individuals or families or LMI census tracts would be considered for CRA credit. The development and construction of new housing opportunities is critical to creating a vibrant community and should be given this same consideration for CRA credit. Therefore, NAHB recommends that the agencies expand the qualifying activities criteria to include new residential construction. New housing compliments the efforts to provide education, healthcare, childcare and other services to a community by ensuring that all community members have safe, decent housing opportunities. The economic and social impact of new housing development is equally as important as the scope of activity that is included in the proposal.

Housing is an economic driver that is an important factor in revitalizing a community. Home building generates substantial local economic activity, including new income and jobs for residents, and additional revenue for local governments. NAHB estimates that one-year impacts of building 100 single-family homes in a typical local area include $28.7 million in local income, $3.6 million in taxes and other revenue for local governments, and 394 local jobs. These are local impacts, representing income and jobs for residents of an average metropolitan area or nonmetropolitan county, and other sources of revenue, (including permit fees) for all local jurisdictions within the local area. They also are one-year impacts that include both the direct and indirect impact of the construction activity itself, and the impact of local residents who earn money from the construction activity and spend part of it within the local area.

Furthermore, the annually recurring impacts of building 100 single-family homes in a typical local area include $4.1 million in local income, $1.0 million in taxes and other revenue for local governments, and 69 local jobs. These are ongoing, annual local impacts that result from the new homes becoming occupied, and the occupants paying taxes and otherwise participating in the local economy year after year. The ongoing impacts also include the effect of increased property taxes, based on the difference between the value of raw land and the value of a completed housing unit on a finished lot[1]. Clearly all residents, including LMI individuals and families, benefit from the increased economic activity that new residential construction activity generates.

Allow all home mortgage loans made to LMI individuals and families, and all home mortgage loans made in LMI census tracts to receive CRA credit.

The current rule allows CRA credit for all home mortgage loans to borrowers in LMI census tracts in a bank's assessment areas regardless of borrower income. The NPR proposes that banks evaluated under the General Performance Standards would not be examined as to the geographic distribution of their home mortgage and consumer loans. This would effectively eliminate the geographic scope of home mortgage lending as an exam criterion for banks evaluated under the General Performance Standards and banks would no longer receive CRA credit for home mortgage loans to higher-income borrowers in LMI census tracts in the banks' assessment areas. The rationale given is that higher-income borrowers in LMI census tracts do not benefit LMI communities and may in fact cause home values and rents to increase and lead to displacement of LMI residents. NAHB believes this rationale is contradictory to the other aspects of the NPR's proposal that allows CRA credit for community support services, essential community facilities, and essential infrastructure. These activities are intended to improve LMI neighborhoods and may also lead to higher home values and increased rents. We suggest home mortgage loans to higher-income borrowers also support neighborhoods and should be given CRA consideration in LMI census tracks. Therefore, NAHB recommends that, under the General Performance Standards, banks receive CRA credit for any home mortgage loan made to an LMI individual or family throughout its assessment area, and for any home mortgage loan within an LMI census tract regardless of the income of the borrower.

Qualifying retail loans should receive 100 percent credit even if sold.

When calculating their qualifying activities values, which are the sum of the quantified dollar value of qualifying activities that receive CRA credit, the proposal would only allow banks to value retail loans originated and sold within 90 days of their origination date at 25 percent of their origination value. NAHB is concerned this does not allow banks to appropriately account for the value of retail loans, which include home mortgage loans, small loans to businesses, small loans to farms, and consumer loans and may be a disincentive for banks to make retail loans. NAHB believes that all qualifying retail loans originated by a bank in its assessment areas should be given full CRA credit even if they are sold within 90 days. The selling of a retail loan does not invalidate the origination of the loan by a bank seeking to support a consumer in its assessment areas. The bank has worked with the consumer to meet his or her credit needs and, if it makes sense for the bank's business model to sell the loan within 90 days, it should not be "punished" by being allowed to count only 25 percent of the loan's value toward its CRA performance. The value of a loan to the consumer is not diminished by a bank's sale of the loan. When a bank sells a loan, it frees up capital to continue to lend. Encouraging a bank to keep retail loans on its books longer than it may be financially feasible does not benefit the bank or the consumer. In fact, the unintended consequence of this policy, if implemented, could curtail mortgage lending to the very LMI borrowers the CRA is intended to assist.

The small bank definition should be revised.

Small banks would be allowed to remain under the current CRA regime or opt into the new General Performance Standards, which are mandatory for larger banks. The proposed rule would define a small bank as a bank that had assets of $500 million or less in each of the previous four calendar quarters.

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[1] "The Economic Impact of Home Building in a Typical Local Area: Income, Jobs and Taxes Generated," by the National Association of Home Builders Housing Policy Department, April 2015. https://www.nahb.org/-/media/NAHB/news-and-economics/docs/economics/economic-impact/economic-impact-local-area-2015.pdf.

Recent federal banking regulations, in particular those required to implement sections of the Economic Growth, Regulatory Relief and Consumer Protection Act of 2018, were intended to reduce the regulatory compliance burden for community banks. For example, the Community Bank Leverage Ratio simplified capital requirements for community banks with less than $10 billion in assets, and meeting other requirements, by allowing them to adopt a simple leverage ratio to measure capital adequacy instead of a risk-based capital regime. Call Reports were reduced for banks with less than $5 billion in assets and banks with less than $3 billion in assets can qualify for an 18-month examination cycle instead of a 12-month examination cycle.

In line with other federal banking agency regulations intended to reduce the compliance burden on community banks, NAHB recommends that banks with less than $3 billion in consolidated assets be considered small banks and, therefore, subject to the General Performance Standards only if they choose to opt into those standards. This change in the definition of a small bank would provide the option for regulatory relief from the significantly increased recordkeeping, reporting and disclosure burden of the proposed General Performance Standards for many community banks.

Deposit-based assessment areas threshold should be less than 50 percent.

Continued use of the current definition of assessment area or areas is one of the most outdated elements of CRA. Today, so many banks benefit from nationwide banking services and online deposit-taking that these institutions should be subject to CRA requirements outside their physical community. NAHB believes the proposal to establish deposit-based assessment areas helps a bank comply with the CRA statute that mandates banks provide banking services to the citizens of the communities and neighborhoods where they take deposits. That a bank would still be required to serve communities where it has a physical presence and surrounding geographies where it has originated or purchased a substantial portion of loans, consistent with the current rules, should be assumed. We appreciate that this specifically is noted in the NPR.

NAHB questions the NPR's establishment of 50 percent or more as the level of retail domestic deposits that must be received from geographic areas outside of a bank's facility-based deposit areas before it is required to establish deposit-based assessment areas. The proposal asserts that 50 percent is a significant portion of its retail domestic deposits, but NAHB would argue 50 percent is more than a significant portion. NAHB believes a level between 30 percent and 40 percent of retail domestic deposits received from geographic areas outside of a bank's facility-based deposit areas is a more appropriate level for requiring the establishment of deposit-base assessment areas and would thus require more banks to increase the areas in which activities are evaluated for CRA credit.

A minimum investment amount in CD activities under the General Performance Standards should be required.

Under the current regulations, CRA examinations evaluate banks' activities in LMI communities within their assessment areas and issue grades for the tests in the principal categories of lending, investment and service. In the proposed rule, banks evaluated under the General Performance Standards must meet a minimum community development (CD) lending requirement and investment requirement in each assessment area and at the bank level to achieve a satisfactory or outstanding rating. The proposal sets the minimum threshold of aggregated CD lending and investing at two percent of the bank's domestic retail deposits but does not set a separate minimum requirement for lending or investment activities. Therefore, NAHB is concerned that, as a result of this proposed change, a bank could achieve a satisfactory or outstanding CRA rating through only lending activities.

NAHB recommends establishing a minimum investment level under the CD lending and investment requirement in the General Performance Standards. Additionally, banks should have to exceed the minimum CD investment threshold by some percentage in order to receive consideration for the outstanding rating. NAHB is concerned that the absence of a specific investment requirement could have the unintended consequence of reducing banks' investments in affordable rental housing—specifically, apartment communities constructed or preserved under the successful Low-Income Housing Tax Credit (LIHTC) Program.

Incentives for banks to invest in LIHTC projects should be preserved.

Without federal assistance, it is financially infeasible to construct new, unsubsidized affordable rental units. The LIHTC program has provided the federal assistance necessary for affordable housing construction, and the CRA investment test has been an essential driver for LIHTC demand. More than three-fourths of LIHTC investment comes from banks that are motivated by the current CRA investment requirements. Banks' LIHTC investments provide the equity that enables LIHTC project owners to maintain affordable rents for LMI tenants. If investor demand falls for LIHTCs, less equity will be available to construct or preserve this affordable housing. A reduction in credit pricing may jeopardize the development or preservation of future units. Less investor equity translates into fewer housing units.

The LIHTC program is the largest and most successful federal production program for affordable multifamily housing. It is a public-private partnership that represents exactly the type of community investment CRA should continue to incent. Since the LIHTC Program was created as part of the Tax Reform Act of 1986, it has produced and financed more than 3.2 million affordable apartments. As LIHTC properties must generally remain affordable for 30 years or longer, they provide long-term rent stability for low-income households. Consistent with CRA objectives, banks' LIHTC investments play an important role in revitalizing communities by generating significant economic activity. NAHB estimates that the total one-year impact of building 100 multifamily units in a typical local area supports 161 local jobs, over $8 million in local wages and salaries and more than $2.2 million in local taxes.[2] NAHB strongly encourages the agencies to ensure that the incentives for banks to invest in LIHTC projects are maintained in the revised CRA regulations. Without banks' investments in LIHTC projects, the negative impact on this critical source of housing and economic activity for LMI communities could be catastrophic.

Incentives to maintain demand for LIHTC should be increased.

The proposed rule would double the quantified value of qualifying activities to community development financial institutions (CDFIs), other CD investments (excluding mortgage-backed securities and municipal bonds) and other affordable housing loans. NAHB is pleased that LIHTC investments would receive double credit under the new methodology. However, NAHB believes the double credit alone would not provide the necessary incentive for banks to invest in LIHTC projects and we urge the agencies to pair the proposed double credit with an investment minimum. As noted in the previous section, the CRA investment test is a critical incentive for banks to invest in LIHTC projects and a minimum investment requirement should be maintained. Tax credit investments are generally longer term, more complex and less liquid than debt financing – and the CRA investment requirement is the main driver behind these investments. It is appropriate to reward and incent banks for the complexity and long-term investment in LIHTC equity with double credit under CRA, but double credit should not be a substitute for a minimum investment requirement.

Assessment areas should be expanded state-wide for housing-related CD loans and investments.

[2] Ibid.

NAHB appreciates that the agencies are trying to address the "CRA deserts" outside of banks' traditional assessment areas. As NAHB discussed in our comment letter on the ANPR, this is a major concern for LIHTC developers seeking investments for projects outside of the "CRA hot spots." To more directly address this issue, NAHB urges the agencies to permit CRA credit for housing-related CD loans and investments if they are made in a state where the bank has at least one assessment area.

Inclusionary Zoning should not be emphasized in the Qualifying Activities Criteria.

Including the criteria for activities that qualify for CRA will help to improve transparency in the program. NAHB appreciates that OCC and FDIC have proposed these criteria, though we offer a caution about relying too much on local Inclusionary Zoning (IZ) mandates in determining eligible development for CRA credit. Under the proposed rule, qualifying affordable housing includes (but is not limited to) rental housing that "partially or primarily benefits LMI individuals or families *as demonstrated by an affordable housing set-aside required by a federal, state, local or tribal government*," and that "partially or primarily benefits low-or moderate-income individuals or families in high cost areas *as demonstrated by an affordable housing set-aside required by a federal, state, local or tribal government*." (Italics added). The affordable housing set-asides presumably include IZ projects.

NAHB is concerned that specifically identifying set asides as a qualifying activity will result in banks relying on IZ mandates to ensure that they receive CRA credit. NAHB opposes IZ mandates as a preferred quick fix "solution" to fair housing and affordable housing problems. IZ is a very complex market intervention that only works when used in combination with a comprehensive set of strategies. IZ may be feasible if the right incentives are available. In the absence of such comprehensive strategies and incentives, IZ simply shifts the burden without solving the long-term affordability issues. A number of more effective approaches are available to local governments to encourage affordable housing, including changes to planning and zoning, expedited permitting processes, by-right development and advocacy efforts to reduce NIMBYism. NAHB would like for the CRA criteria to encourage a range of options available to local jurisdictions.

Qualifying activities list and process to confirm an activity would qualify for CRA credit should be included in the final rule.

NAHB supports the proposal's inclusion of a "non-exhaustive, illustrative list of examples of qualifying activities that would or would not qualify" for CRA credit. Updating this list periodically and allowing for public notice and comment on activities to be added or removed from the list will create transparency and allow for the sharing of innovative ideas. NAHB also believes there is a benefit to all stakeholders for the proposal's recommendation that the federal banking agencies establish a process to allow banks to obtain confirmation that an activity would qualify for CRA credit prior to embarking on an activity.

These actions will help ensure consistency by the banking examiners when reviewing banks' activities, ensure consistency and transparency regarding qualified activities and encourage creativity by banks looking to meet unique needs in their communities. In fact, NAHB's response to OCC's ANPR in 2018 included these suggestions.

Banks should receive a faster response to the Qualifying Activity Confirmation Request Form.

In establishing a process for banks to request confirmation that an activity would be a CRA-qualifying activity, the proposal calls for a bank to submit a Qualifying Activity Confirmation Request Form that would be available on the OCC's website. An activity would be confirmed as a qualifying activity if the bank is not informed of an OCC objection within six months of submission of a complete Qualifying Activity Request Form. NAHB believes that a bank should receive a response within two to three months in order to prevent a bank from missing an opportunity or otherwise being disadvantaged.

CRA regulations should be consistent among all three banking regulators.

NAHB is concerned that the Federal Reserve has not joined this notice of proposed rulemaking to update the CRA regulation with OCC and FDIC. We encourage OCC, FDIC and the Federal Reserve to work together to issue a final rule that is supported by all three federal banking agencies.

Thank you for your consideration of NAHB's comments. For more information, please contact Rebecca Froass, Director of Financial Institutions and Capital Markets, at rfroass@nahb.org or Michelle Kitchen, Director of Multifamily Finance, at mkitchen@nahb.org.

Sincerely,

[redacted]

David L. Ledford
Executive Vice President
Housing Finance and Regulatory Affairs