

**From:** "Joseph L. Flatley" <flatley@mhic.com> on 09/14/2007 02:05:07 PM

**Subject:** Interagency guidance on CRA

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Guilliaem Aertsen  
*Chairman*

Joseph L. Flatley  
*President and CEO*

September 14, 2007

Office of the Comptroller of the Currency  
250 E Street, SW, Mail Stop 1-5  
Washington, DC 20219  
[regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov)  
Docket ID OCC-2007-0012

Mr. Robert E. Feldman, Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
[Comments@FDIC.gov](mailto:Comments@FDIC.gov)

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551  
[Regs.comments@federalreserve.gov](mailto:Regs.comments@federalreserve.gov)  
Docket No. OP-1290

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20552  
[Regs.comments@ots.treas.gov](mailto:Regs.comments@ots.treas.gov)  
ID OTS-2007-0030

Dear Sirs and Madams:

The Massachusetts Housing Investment Corporation (MHIC), a nonprofit community development financial institution serving Massachusetts, appreciates the opportunity to submit comments on the above referenced Q&A. MHIC was founded in 1990 for the expressed purpose of raising capital from a variety of sources to finance affordable housing and community development throughout Massachusetts. Over the last 17 years, MHIC has raised over \$1 billion to finance over 12,000 units of affordable housing. We have been able to accomplish that financing through pooled Funds, raising capital from a broad base of financial institutions, with loans and investments in diverse affordable housing and community development projects. In fact, one of our founding principles is that pooled risk can be more effectively managed, and pooled funds can therefore better serve the wide spectrum of housing needs throughout the State.

Our primary concern with the proposed Q&A is that it leaves open the possibility of examiners' discounting investments in statewide housing and community development funds. Multi-investor, multi-geography funds play a critical role in providing affordable housing to low- and moderate-income ("LMI") families in Massachusetts. These pools afford banks real economies of scale, as well as the opportunity to invest in experts who can originate, underwrite and service loans on homes affordable to LMI, all with the benefits of geographic and product diversification.

We strongly support the existing CRA guidance on investments in broad geographic lending funds, which states that

"The institution's assessment area(s) need not receive an immediate or direct benefit from the institution's specific participation in the broader organization or activity, provided that the purpose, mandate or function of the organization or activity includes serving geographies or individuals located within the institution's assessment area(s)."

That Q&A specifically recognizes that community development organizations and programs are efficient and effective ways for institutions to promote community development; that these organizations and programs often operate on a statewide or multi-state basis; and therefore, an institution's activity is considered a community development loan or investment if it supports an organization or activity that covers an area that is larger than, but includes, the institution's assessment area.

## **RECOMMENDATION**

MHIC strongly recommends that a bank should continue to receive full CRA credit for the entire dollar amount of its investment in national, statewide and regional funds that make community development loans or investments, generally as defined under the CRA rules, regardless of the location of the fund's projects, provided that those projects located in the bank's assessment area(s) are fully eligible for financing from said funds.

Please contact me if you have any questions concerning these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Flatley". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

Joseph L. Flatley

*President and CEO*

**Massachusetts Housing Investment Corporation (MHIC)**

[www.mhic.com](http://www.mhic.com)

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