Congress of the United States
Washington, DC 20515

June 6, 2008

Office of the Comptroller of the Currency
250 E Street, SW, Mail Stop 1-5
Washington, DC 20219
Regs.comments@occ.treas.gov
Docket ID OCC-2007-0012

Mr. Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Comments@FDIC.gov
RIN 3064-AC97

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
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
ID OTS-2007-0030

Re: Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment; Notice: OOC-2007-0012; RIN 3064-AC97; OP-1290; and OTS-2007-0030

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Dear Ladies and Gentlemen:

As you consider issuing revised Community Reinvestment Act Q&As to financial institutions, we urge you to give Letters of Credit (LCs) the same CRA credit as loans, as LCs are critical to the development of affordable housing. As Members of Congress representing New York who serve or have served on the Financial Services Committee, we support using CRA credits to encourage lenders to issue LCs in support of community development.

Letters of Credit serve an important function in the development of affordable housing. LCs issued by highly rated financial institutions encourage investors to buy both tax-exempt and taxable bonds issued by states for the development of affordable housing for a broad spectrum of households. LCs provide this inducement by acting as credit enhancers that, in the event of a default on the real estate, require the LC provider to pay off the bond holders and assume the role of mortgagee responsible for working out the project's difficulties.

For example, the New York City Housing Development Corporation, the city's bond financing agency, has issued bonds for 98 projects with LCs from financial institutions totaling some $1.8 billion. The HDC also has 96 more projects with permanent LCs enhanced by financial institutions in the amount of roughly $2.5 billion. The LCs that make possible this $4 billion in financing for affordable housing in New York City are provided by 14 financial institutions, including commercial banks such as Citi, JP Morgan Chase, and Bank of America.

It is very important that the CRA guidelines support and encourage regulated banks to participate in providing these credit enhancements. Unfortunately, current CRA guidelines fail to recognize that LCs are most valuable when they don't turn into actual loans. When they don't turn into loans, it means the LCs have spurred the development of successful affordable housing and the LC provider has not had to pay off the debt. Ironically, current Q&As appear to give less CRA credit for successful LCs and more credit for LCs that turn into loans to pay off the debt of troubled developments. Thus, current Q&As potentially give more CRA credit for failed community development. This would be a perverse outcome, indeed.

The Community Reinvestment Act should provide incentives that consistently support and encourage community investment. We urge you to consider giving equal CRA credit to LCs as to loans.

Sincerely,

Carolyn B. Maloney
Member of Congress

Gary Ackerman
Member of Congress

Carolyn McCarthy
Member of Congress

Gregory Meeks
Member of Congress

Joseph Crowley
Member of Congress