



May 17, 2013

OCC: Docket ID OCC-2013-0003
Federal Reserve: Docket No. OP-1456
FDIC: Attention: Comments on CRA Interagency Q&A

Re: *Proposed Changes to Interagency Q&A*

To Whom It May Concern:

Please accept these comments on behalf of Opportunity Fund, California's largest nonprofit microlender and one of the nation's largest providers of matched savings accounts. We also finance nonprofit community facilities throughout the state.

In general, Opportunity Fund recognizes that the proposed revisions will enhance community reinvestment activity but believes that the Agencies must take additional steps to ensure CRA keeps pace with a changing financial services industry. Opportunity Fund is a proud member of both the Opportunity Finance Network and California Reinvestment Coalition and we generally support the recommendations they have put forth in their comment letters.

The following are Opportunity Fund's comments on the issues of assessment areas, treatment of CDFIs, and support for and data on small business financing.

Assessment Areas: Reform assessment area definitions for banks with few branches but nationwide profits.

Outdated CRA interpretations allow institutions to conduct business and encourage deposits nationally, but designate only one branch or deposit-taking ATM for CRA purposes. The banking industry is rapidly adapting to technology innovations. New technologies are changing the ability of banks to gather deposit and deliver services without a "brick and mortar" delivery system. It is clear that regulatory requirements, under CRA, are not keeping pace. For these institutions, the regulators should look to expand their assessment areas to where they are marketing products, making loans, and earning profits, as well as where their depositors reside.

Treatment of Community Development Financial Institutions (CDFIs): Facilitate Qualified Investments in CDFIs.

There are two ways in which the current Q&A does not facilitate investments in CDFIs, which by statute must serve the low- and moderate-income communities referred to in the CRA:



First, we support Opportunity Finance Network's proposal that the agencies consider whether the agreement between the financial institution and a CDFI stipulated whether the investment was to be used for community development purposes. If the agreement calls for the CDFI to use the Qualified Investment for community development purposes, the financial institution should receive full consideration for its investment, even if the recipient, in turn, invests the funds and earns income from that investment.

Second, CDFIs should be accorded the same treatment under the CRA as minority-owned financial institutions, women-owned financial institutions, and low-income credit unions. This minor inclusion would help solidify the unique value of CDFIs in helping low- and moderate-income people and communities with their credit needs.

Small Business Financing: Support lending to very small businesses with data collection and recognition for number of loans

Under CRA currently, there is insufficient motivation for banks to focus on very small businesses. Loans to all small businesses with revenues under \$1 million are given the same consideration. Data should be collected on loans to businesses with revenues less than \$500,000 and less than \$250,000. Also, there should be more recognition for the number of loans made to small businesses, rather than simply the dollar amount. Data should also be collected on the income level of the business owner, with additional credit given for loans to low and moderate-income business owners.

In conclusion Opportunity Fund commends the Agencies for continuing the thorough review of the rules it began in 2010. However we believe that a more substantial updating of CRA is necessary to meet the changed—and still changing—needs of markets and communities.

Sincerely,

Eric Weaver
Founder & CEO