



Washington  
Community  
Reinvestment  
Association

101

- ▶ Judy Reed  
President
- ▶ Susan M. Duren  
Vice President
- ▶ Members
  - Anchor Savings Bank
  - Bank of America
  - Bank of the West
  - Cascade Bank
  - Cashmere Valley Bank
  - Charter Bank
  - City Bank
  - Columbia Bank
  - The Commerce Bank of Washington, N.A.
  - Continental Savings Bank
  - Everett Mutual Bank
  - Green Bank
  - First Federal Savings & Loan Association of Port Angeles
  - First Mutual Bank
  - First Savings Bank of Washington
  - Heritage Bank
  - InterWest Bank
  - Key Bank
  - North Sound Bank
  - Pacific Northwest Bank
  - Redmond National Bank
  - Skagit State Bank
  - Sterling Savings Bank
  - Timberland Savings Bank
  - Towne Bank
  - Union Bank of California
  - U.S. Bank, Washington
  - Washington Federal Savings
  - Washington First International Bank
  - Washington Mutual Bank
  - Washington Trust Bank
  - Wells Fargo Bank
  - West Coast Bank
  - Whidbey Island Bank
  - Yakima Federal Savings & Loan Association

July 18, 2000

Manager  
Dissemination Branch  
Information Management & Services Division  
Office of Thrift Supervision  
1700 G Street Northwest  
Washington DC 20552

Ladies and Gentlemen:

The Washington Community Reinvestment Association (WCRA) is a nonprofit consortium of 35 lenders created by the banking community, with support from the Federal Reserve Bank of San Francisco, to provide long term financing for affordable and special needs housing throughout the State of Washington. Since opening our doors in 1992, we have funded and committed over \$130 million in loans, creating nearly 5600 units of affordable and special needs housing.

I am writing in response to the request for comments on the proposed rule that implements the Sunshine Provisions in section 711 of the recently enacted Gramm-Leach-Bliley Act. Although we have many concerns regarding the regulations, we do recognize the challenge the bank regulatory agencies faced in drafting the proposed rule. We also understand you are granted some flexibility in complying with this statute. For these reasons, we are choosing to address areas where there is a degree of regulatory authority allowed.

1. **Exemption should be granted to bank-created entities such as multi-bank lending consortia and organizations that have received certification as a Community Development Financial Institution (CDFI).**

Multi-bank consortia (many of which are CDFI's) have been created by the banking industry to act as alternative delivery systems for community development lending purposes. Consortia, such as the WCRA, are governed by Agreements, which provide a framework for ongoing participation and direction, by their member financial institutions. CDFI's, as you know, must engage in an extensive application process through the Department of the Treasury in order to receive their CDFI certification. This process includes a thorough review of the entity's management, organizational and financial structure and requires ongoing monitoring and periodic re-certification.

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Including multi-bank consortia and CDFI's in the reporting requirements of the Sunshine Provisions will require duplicative and wasteful reporting for the organizations, create a huge and costly reporting and management overlay for participating financial institutions and add substantially to the burden for regulators. Exempting these organizations from these reporting requirements will help reduce these burdens without compromising the regulation's intention.

**2. Adopt simplified disclosure requirements that utilize existing reporting mechanisms.**

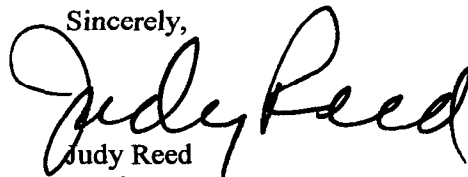
Under current law non-profit organizations covered by the Sunshine Provisions are required to file federal tax returns (form 990). In addition, the WCRA and many other organizations produce audited financial statements on an annual basis. We recommend that these accepted forms of reporting organizational financial activity be approved as the disclosure method under the new regulations.

**3. Exempt Credit, Security and Loan Agreements from the definition of a "covered agreement" under the Sunshine Provision.**

In the case of the WCRA, the governing documents which detail the relationship between the WCRA and its member financial institutions, are basically loan agreements. These agreements outline the terms and conditions under which the funds committed by member banks may be loaned, the methods of approval, funding and servicing. There are neither references to CRA nor any quid pro quo arrangements.

We thank you for the opportunity to share our comments with you. Please feel free to contact us if you have questions or would like clarification on any of the information we have provided.

Sincerely,

  
Judy Reed  
President