JOHNSON
FINANCIAL GROUP®

March 6, 2009

Jennifer J. Johnson
Secretary, Board of Governors
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: FRB Docket No. OP-1349

Dear Secretary Johnson:

Johnson Financial Group, Inc. is a $5.8 billion financial holding company headquartered in Racine, Wisconsin. Johnson Financial Group delivers commercial, mortgage, and consumer banking services as Johnson Bank located in 60 branch offices in Wisconsin and Arizona. In addition, Johnson Community Development Corporation (JCDC) is a wholly-owned subsidiary of Johnson Bank whose primary purpose is to function as a Qualified Community Development Entity in order to participate in the New Market Tax Credit program. To date, JCDC has received three NMTC tax credit allocations totaling $132 million from the U.S. Treasury Department to invest in low-income community businesses.

I appreciate the opportunity to comment on possible revisions to interpretations of the regulations as evidenced in the Questions and Answers. This guidance is critical for consistent application of criteria used in CRA performance evaluations.

Based largely on the CRA examination experience of Johnson Bank, I support the proposal of pro rata consideration of loans that do not have a primary purpose of community development (CD), but where a certain amount of percentage of units is set aside for affordable housing.

We have seen an increasing number of residential rental housing development projects that are intentionally mixed-income to include some set-aside for affordable units, irrespective to a set-aside required by a governmental unit. These activities are consistent with the public purpose of combating concentrated poverty and the CD purpose of providing affordable housing. Under current CRA guidance, when the measurable CD purpose is less than a majority, the bona fide intent of the activity, the structure and accomplishment of the activity relative to the CD purpose are to be considered.

Johnson Bank has provided financing support for several projects that have been intentionally structured to meet at least the minimum Internal Revenue Service requirements for low-income housing tax credits or tax exempt bond issuance. These projects can have a minimum low-income set aside as low as 20% for very low-income residents, or 40% for low-income residents. Subsequently, we have engaged in discussions and debate with agency examination staff over the "intent" of these activities. Our experience, in the consideration of this factor, is that there is too great a potential for subjectivity. A pro-rated alternative would be predictable and consistent across examination staff and agencies. It would also achieve the statutory objective of promoting CD lending by providing incentive for CRA credit to financial institutions to engage in such activities.

Thank you for the opportunity to comment on this proposal.

Sincerely,

Robert A Reinders
Assistant Vice-President/Community Reinvestment Officer

cc: Richard A. Hansen, President and CEO, Johnson Financial Group
Russell C. Weyers, President and COO, Johnson Bank
Kurt Bauer, Executive VP, Wisconsin Banker's Association