



September 06, 2007

VIA EMAIL

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 number 3064-AC97

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal
Reserve System
20th Street and Constitution Ave, 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: OCC-2007-0012; OP-1290; RIN 3064-AC97;
and OTS-2007-0030.**

Dear Sirs and Madams:

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 300 state and nationally chartered banks, savings and loans associations, and savings banks located in communities throughout the state. WBA appreciates the opportunity to comment on the notice regarding the Community Reinvestment Act; Interagency Questions and Answers.

The Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), and Office of Thrift Supervision (OTS) (collectively, the Agencies) seek comment on new and revised questions and answers regarding the Community Reinvestment Act (CRA) and how financial institutions report community reinvestment activity.

The purpose of CRA, which became law in 1977, is to encourage financial institutions to help meet the credit needs of the communities in which they are chartered, consistent with the safe and sound operation of the institution. To evidence that they have conducted activity which meets CRA requirements, institutions report their CRA activity in accordance with the institutional classifications of: large; intermediate small; small; limited purpose; or wholesale. To assist institutions in identifying qualified CRA activity and accurately reporting such data

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under the CRA regulations, the Agencies have issued several interpretations of the regulations in the format of questions and answers.

The Interagency Questions and Answers were first published in 1996 and were revised in 2001. In 2005, OCC, FRB and FDIC jointly issued final amendments (2005 joint final rules) to their CRA regulations and subsequently published new guidance in the form of questions and answers in March 2006. However, OTS did not join these agencies in adopting the 2005 joint final rules, and instead issued separate final rules. In September 2006, OTS published its own new questions and answers guidance pertaining to the revised definition of "community development" and certain other provisions of its CRA rule. Then, in March 2007, OTS issued a final rule, effective July 2007, making its CRA regulation substantially the same as the CRA regulations previously adopted by OCC, FRB and FDIC. Through all of this, the 2001 and 2006 questions and answers have remained effective along with OTS's September 2006 questions and answers guidance.

The Agencies now propose to combine these three questions and answers guidances. In addition, the Agencies have proposed nine new questions and answers, and have made substantive and technical revisions to existing questions and answers. Separately, OTS seeks comment on whether it should adopt four new questions and answers and one revised question and answer that are virtually identical to the questions and answers OCC, FRB and FDIC adopted in 2006. WBA generally supports the Agencies' proposal.

The nine new questions and answers: (1) broaden statewide or regional assessment areas for certain investments in minority- or woman-owned financial institutions and low-income credit unions; (2) permit financial institutions evaluated under the intermediate small institution performance standards to elect to have certain home mortgage, small business, or small farm loans evaluated as community development loans or as retail loans under the retail lending test; (3) permit financial institutions to provide information about loans for properties with a certain amount or percentage of units set aside for affordable housing as "other loan data" when such loans are in an amount greater than \$1 million or do not have a primary purpose of community development; (4) clarify that loan participations are to be treated as a purchase of a loan, even though the institution has purchased only a part of a loan, and that institutions will receive the same consideration for their loan participation as they would receive for a purchased whole loan for the same type and amount; (5) clarify how "refinancing" of small business loans and small farm loans, secured by a one-to-four family dwelling and that have been reported under HMDA as a "refinancing" are evaluated and reported under CRA; (6) clarify that an institution must be able to demonstrate that an investment in a national or regional community development fund meets the geographic requirements of CRA to receive CRA consideration; (7) clarify that there is no "lag period" between becoming an intermediate small institution and being examined as an intermediate small institution; (8) clarify that institutions that purchase community development loan participations should report only the amount of their purchase; and (9) clarify that, generally, the same limitations that apply to the reporting of refinancings and renewals of small business and small farm loans apply to refinancings and renewals of community development loans.

The substantive and technical proposed revisions to existing CRA questions and answers have been proposed in an effort to: (1) identify new types of loans or investments which qualify for CRA consideration; (2) provide further examples of community development loans and qualified investments; and (3) update the questions and answers to address the CRA definition of "small institution" and HMDA definition of "refinancing" as it affects CRA reporting. In particular, WBA is encouraged that the Agencies have specifically included as qualified community development services, activities such as consumer counseling to assist borrowers in avoiding home foreclosures, and increased access to financial services to low-or moderate-

income individuals through individual development accounts (IDAs) and free payroll check cashing.

As noted earlier, WBA also supports the efforts of OTS to adopt four new questions and answers and one revised question and answer that are virtually identical to the questions and answers guidance OCC, FRB and FDIC adopted in 2006. WBA believes that consistency among the federal banking regulatory agencies will promote equal treatment by all financial institutions in their efforts to meet the credit needs of the communities in which they are chartered, regardless of which regulatory agency examines the particular institution.

In conclusion, WBA believes that combining the three questions and answers guidances is wise. In addition, WBA believes adoption of new questions and answers, as well as revisions to existing questions and answers, helps provide financial institutions with guidance to assist in more accurate CRA reporting. Furthermore, WBA believes these changes will, under certain circumstances, permit financial institutions to receive CRA consideration on a broader basis. For these reasons, WBA generally supports the Agencies' full proposal. WBA would once again like to thank the Agencies for the opportunity to comment on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Bauer', with a large, sweeping flourish that loops back under the name.

Kurt R. Bauer
President/CEO