
Joint Release

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Office of Thrift Supervision**

For immediate release

January 6, 2009

**Issuance of Final Interagency Questions and Answers
on Community Reinvestment**

WASHINGTON — The federal financial institution regulatory agencies today announced the publication of new and revised Interagency Questions and Answers Regarding Community Reinvestment that, among other things, encourage financial institutions to take steps to help prevent home mortgage foreclosures.

The Questions and Answers interpret the agencies' Community Reinvestment Act (CRA) regulations and provide guidance to financial institutions and the public. The agencies proposed the Questions and Answers on July 11, 2007. After considering the comments, the agencies adopted the majority of the Questions and Answers as they were proposed or with revisions in response to the comments.

Based on the comments received, the agencies are now finalizing nine new questions and answers and making substantive changes to 14 existing questions and answers proposed in 2007. The new and revised Questions and Answers encourage financial institutions to participate in foreclosure prevention programs that have the objective of providing affordable, sustainable, long-term loan restructurings or modifications for homeowners who are facing foreclosure on their primary residences. The Questions and Answers also address activities undertaken by a majority-owned financial institution in cooperation with a minority- or women-owned financial institution or a low-income credit union.

In response to comments received on the proposed Questions and Answers, the agencies revised one question and answer that addresses financial institution investments in nationwide community development funds. The revised question and answer notes that these funds are important sources of investments for low- and moderate-income and underserved communities throughout the country and can be an efficient vehicle for institutions in making qualified investments that help meet community development needs. It also provides that the agencies will consider whether the purpose, mandate, or function of the fund includes serving geographies or individuals located within the institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Typically, such information will be found in the fund's prospectus, but may be contained in other fund documents provided by the institution, at its option, in connection with its CRA evaluation.

Also in response to comments received, the agencies have withdrawn proposed revisions to a previously existing question and answer about legally binding commitments to invest in funds with a primary purpose of community development. When evaluating a financial institution, examiners will continue to review both new and outstanding investments and include in the dollar amount of qualified investments the full dollar amount of any legally binding commitments recorded by the institution according to Generally Accepted Accounting Principles (GAAP).

In addition, the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and Office of Thrift Supervision are proposing for comment one new and two revised questions and answers. The revisions to the two existing questions and answers would allow pro rata consideration in certain circumstances for an activity that provides affordable housing targeted to low- or moderate-income individuals. The proposed new question and answer would provide examples of how an institution can determine that community services it provides are targeted to low- and moderate-income individuals. The agencies invite public comment on these proposed new and revised questions and answers.

The final Questions and Answers will be published in the Federal Register today. Comments on the proposed provisions are due by March 9, 2009.

The Questions and Answers were first published under the auspices of the Federal Financial Institution Examination Council (FFIEC) in 1996, and were revised on July 12, 2001. The Questions and Answers issued today consolidate and supersede all previously published Interagency Questions and Answers.

For more information on the CRA, including these Questions and Answers and the agencies' CRA regulations, visit the FFIEC website at: <http://www.ffiec.gov/cra>.

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Attachment:
FR Notice for final rule 268K(PDF Help)

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(FDIC: PR-3-2009)