



THE COMMONWEALTH OF MASSACHUSETTS  
DIVISION OF BANKS

1000 Washington Street, 10<sup>th</sup> Floor, Boston, Massachusetts 02118

**DEVAL L. PATRICK**  
GOVERNOR

**TIMOTHY P. MURRAY**  
LIEUTENANT GOVERNOR

**GREGORY BIALECKI**  
SECRETARY OF HOUSING AND  
ECONOMIC DEVELOPMENT

**BARBARA ANTHONY**  
UNDERSECRETARY, OFFICE OF  
CONSUMER AFFAIRS AND  
BUSINESS REGULATION

**DAVID J. COTNEY**  
COMMISSIONER OF BANKS

June 6, 2013

Joseph Kriesberg  
President and CEO  
Massachusetts Association of Community Development Corporations  
15 Court Square, Suite 600  
Boston, MA 02108

Dear Mr. Kriesberg:

This letter responds to your correspondence dated April 23, 2013 to the Division of Banks (Division) inquiring whether financial commitments in Community Development Corporations (CDCs) approved and certified by the Massachusetts Department of Housing and Community Development would qualify for credit under the Commonwealth's Community Reinvestment Act (CRA) and Mortgage Lender Community Investment (CRA for Mortgage Lenders) statute, section 14 of chapter 167 and section 8 of chapter 255E, respectively, of the General Laws and their implementing regulations 209 CMR 46.00 and 209 CMR 54.00 et seq.

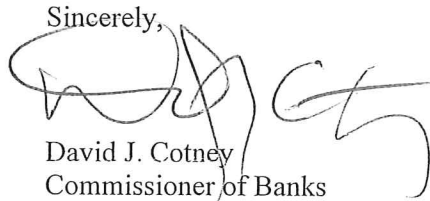
According to your letter, the Massachusetts Association of Community Development Corporations (MACDC) proposes the automatic approval for credit under the CRA of equity investments, loans, grants, or other financial commitments (CDC Investments) in and to statutorily-qualified community development corporations (CDCs) by Massachusetts state-chartered or licensed institutions (State-Chartered Institutions). You assert CDC Investments by State-Chartered Institutions should receive automatic CRA credit due to these investments meeting the requirements of CRA credit under the Massachusetts CRA statute and the applicable provisions of the regulation.

As part of the process of analyzing your request, the Division reviewed the applicable state regulations for evaluation of these CDC Investments under the so-called "Investment Test" for large depository institutions; the "Community Development Test" for intermediate small depository institutions; and the "Service Test" for certain mortgage lenders. These tests evaluate an institution's record of helping to meet the credit needs of its assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. In order for CDC Investments to be considered for CRA credit, they would always have to meet the definition of an equity investment as authorized under the definition of a "qualified investment" set out in 209 CMR 46.12 and 54.12.

Based upon the above state regulatory provisions, the Division would consider a State-Chartered Institution's CDC Investment as a qualified investment. The Division considers all qualified investments in evaluating the overall CRA performance of State-Chartered Institutions pursuant to each institution's performance context.

The analysis of applicable state law and related regulations was made on the basis of your written request and enclosed written materials. It remains the position of the Division that each financial institution is to determine which actions will allow it to comply with CRA within safe and sound banking practices. Accordingly, this letter is not an endorsement of CDC Investments by the Division.

The conclusions reached in this letter are based solely on the facts proposed and presented. Facts that vary from those presented may result in a different position statement from the Division.

Sincerely,  
  
David J. Cotney  
Commissioner of Banks

cc: Kara L. Ritchie, Federal Deposit Insurance Corporation

O13007