# JPMORGAN CHASE & CO.

**JPMorgan Chase Bank, N.A.**
One Chase Plaza, 6th Floor
New York, New York 10005
Telephone: 212-552-1147

**Lela Wingard Hughes**
Senior Vice President

July 25, 2010

Office of the Comptroller of the Currency
250 E Street, S.W.
Mail Stop 2-5
Washington, D.C. 20219
By e-mail: Regs.comments@occ.treas.gov

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20051
By e-mail: Regs.comments@federalreserve.gov

Robert E. Feldman, Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429
By e-mail: comments@fdic.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552
By Federal eRulemaking Portal: http://ww.regulations.gov

Re: Proposed Rulemaking Regarding the Community Reinvestment Act Regulation

OCC: Docket No. ID OCC–2010–0010
FRB: Docket No. R-1387
FDIC: RIN 3064-AD60
OTS: ID-OTS-2010-0017

Dear Sir or Madam:

JPMorgan Chase Bank, N.A., and its bank affiliates (collectively "JPMorgan Chase"), appreciate the opportunity to comment on the Proposed Rule (the "Rule") which implements revisions to the definition of "community development" under the CRA to include loans, investments, and services by financial institutions that support, enable, or facilitate projects or activities that meet the criteria described in Section 2301(c)(3) of the Housing and Economic Recovery Act of 2008 (HERA) and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development (HUD) under the Neighborhood Stabilization Program (NSP). The proposed rule would provide favorable CRA consideration to such activities that benefit low-, moderate-, and middle-income individuals and geographies in designated target areas. Such consideration would include covered activities within an institution's assessment area(s) and outside of its assessment area(s), as long as the institution has adequately addressed the community development needs of its assessment area(s). As proposed, favorable consideration under the new rule would only be available until no later than two years after the last date appropriated funds for the program are required to be spent by the grantees.

JPMorgan Chase supports this proposed change and believes that the intent is well aligned with the letter and the spirit of the CRA, and that the proposal recognizes and provides CRA credit for activities that provide benefit to those areas in greatest need, not just those as defined by a bank's assessment area or by strict income categories.

**Request for Comment**

The agencies request comment on all aspects of the proposed rule, and particularly seek comment on:

1. **Whether the agencies should specify a date certain for the rule to "sunset" and, if so, what that date should be:**

JPMorgan Chase agrees that the proposed rule should be tied to the duration of the NSP, which currently does not have a "sunset date." We believe it is reasonable that NSP-eligible activities would receive favorable consideration under the new rule if conducted no later than two years after the last date appropriated funds for the program are required to be spent by the grantees. We are also confident that the agencies will provide reasonable advance notice to institutions in the Federal Register regarding termination of the rule once a certain date has been identified.

2. **Whether CRA consideration should be limited to those NSP-eligible activities reflected in HUD-approved NSP plans or to activities undertaken by financial institutions that support activities that have been funded by the NSP:**

If the intent of the rule is to provide housing-related assistance to help stabilize areas that are affected by high levels of foreclosure, we propose that the rule provide CRA consideration for all activities that help stabilize communities affected by high levels of foreclosures – not just those funded by the NSP or included in HUD-approved NSP plans. The unprecedented number of foreclosures as well as the prolonged economic downtown has had a devastating impact on communities across the country, and many banks, in partnership with community partners and government agencies, have undertaken a number of efforts to address and respond to the needs to help revitalize and restore the communities hardest hit by high foreclosures and vacancies – both within and outside of the banks' CRA assessment areas.

Consistent with the definition of community development as found in the CRA Q&As §____.12(h)–8, JPMorgan Chase believes that activities that have an express, bona fide intent of stabilizing communities affected by high levels of foreclosures as stated, for example, in a prospectus, loan proposal, or community action plan, should also be given consideration as activities which meet the definition of community development, regardless as to whether the activity has received NSP funding. This would not only include activities designed to stabilize affected communities through the redevelopment of abandoned and foreclosed properties, but also the demolition of blighted structures that are not viable candidates for redevelopment.

Allowing CRA credit for NSP-eligible activities as those noted above, particularly if outside the bank's assessment areas or in middle-income areas, is consistent with encouraging banks to develop innovative and responsive programs and stretch their resources to make a visible impact in response to the greatest community needs. The proposed ruling, which would allow positive consideration for all NSP-eligible activities, is one way to encourage banks to provide far more resources and capital to community reinvestment and would benefit those communities most devastated by the impact of foreclosures.

While we do support the encouragement of additional NSP-eligible activities that would receive favorable consideration for CRA-eligible credit, we strongly agree with the agencies' proposed ruling that no new requirement would be imposed on institutions and that "no institution will be required to provide loans, investments, or services pursuant to the expanded definition." We would also propose that no institution would be "expected" to increase the level of support for NSP-eligible activities from prior year levels.

3. **Recognition of NSP-eligible activities outside of an institution's assessment area(s);**

We agree with the proposed ruling that an institution that has adequately addressed the community development needs of its assessment areas should receive favorable consideration for NSP-eligible activities under that provision that are outside of the assessment areas. This concept aligns with the current test for wholesale and limited purpose banks and we believe the concept should also apply to large retail banks. This is particularly important in attracting funds and other resources to areas that have been hardest hit by foreclosures, neighborhood decline, and high unemployment, and otherwise may not benefit from large-scale CRA-eligible lending, investments, and services. Additionally, some banks have the experience, expertise and capacity to do community development lending and investing in rural areas, underserved markets and to national community development loan funds. These banks have developed strong working relationships with national Community Development Financial Institutions and other large-scale community builders that need capital in markets where there are few financial institutions to undertake such work. Opening up new markets and new opportunities could be beneficial to lenders, as well, since it would offer them more opportunities to create sustainable CRA programs that could take maximum advantage of their community development resources.

4. **The potential costs and benefits of the proposed rule if adopted; and whether and the extent to which the proposed rule if adopted will affect an institution's decisions about the amount and type of community development loans, investments, and services it will provide or the geographies it will target in doing so.**

If, as proposed, no new reporting requirements would be imposed, we do not foresee any incremental costs beyond the existing cost of doing business and believe that the potential benefits to the bank and the community would most likely outweigh any potential costs. While it is not immediately clear to JPMorgan Chase that the proposed CRA rulemaking will have a significant impact on institutions' decisions about the amount and type of community development loans, investments, and services relative to NSP-related activities, the rule will provide a CRA incentive for engaging in those activities.

JPMorgan Chase remains committed to addressing and responding to the community development needs of the LMI communities within its footprint states and appreciates the opportunity to comment on the proposed rule. We would be happy to discuss these comments with you, if requested.

Sincerely,

*Lela Wingard*