

October 30, 2001

252

Office of the Comptroller of the Currency
Docket No. 01-16

Board of Governors of the Federal Reserve System
Docket No. R-1112

Federal Deposit Insurance Corp.
Attention: Comments/OES

Office of Thrift Supervision
Regulation Comments

Re: CRA Regulations

On behalf of the members of the Indiana Bankers Association (IBA) I want to express our appreciation for the opportunity to comment on the agencies CRA regulations and policies. The IBA represents over two hundred bank and thrift institutions doing business in the state. Our members represent a variety of state and federal charters. All or our thrift members and most of our bank members are also members of the Federal Home Loan Bank of Indianapolis. The IBA is an affiliate member of both the American Bankers Association and Americas Community Bankers. We commend to your attention the comments filed by both organizations.

The specific issue we wish to bring to the attention of the agencies in this comment is that of the Federal Home Loan Bank Affordable Housing Program (AHP). Several of our members have been denied any CRA credit for their participation in this program. We respectfully urge all the agencies to amend their regulations and instructions to examiners to recognize the valuable and essential role the AHP program plays in providing affordable housing to families in need.

The current policy of denying CRA credit for AHP activity reflects a lack of understanding about the AHP and its origins. The Congress mandated AHP in 1989 as part of the FIRREA legislation. It was designed to be a vehicle for the members of the home loan banks to better serve the low income housing needs of their communities. Providing a tool for the thrift and banking institutions to fulfill their CRA obligations was very much a part of the legislative dialogue at the time. Congress recognized that a home loan bank is a cooperative entity that exists to serve the needs of its members. The financial resource of the home loan bank belongs to the member banks and thrifts. A home loan bank cannot provide AHP money directly. The funds are provided through banks and thrifts that are members of the home loan bank. Applications for AHP are submitted through and by participating bands and thrifts. Projects are monitored from application to completion by the banks and thrifts. In short there is a lot of resource allocation by the individual bank or thrift institutions to make AHP happen. To deny

them any credit for CRA simply because the loan does not appear on the institutions books as a loan is to deny the reality of the process.

In light of the extensive amount of effort required for a bank or thrift to bring an AHP housing project into being, we respectfully urge that the CRA regulations be amended to provide credit for this effort.

Sincerely

James H. Cousins
President/CEO
Indiana Bankers Association