

# N A A H L

**NATIONAL ASSOCIATION OF AFFORDABLE HOUSING LENDERS**

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*Bank of America  
Century Housing  
Countrywide Home Loans  
Fannie Mae  
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Harris Bank  
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*Bank of New York  
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National Equity Fund  
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Corporation  
Ohio Capital Corporation for Housing  
RED CAPITAL GROUP  
ShoreBank*

**President & CEO**  
Judith A. Kennedy

## **For Immediate Release**

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## **NAAHL Applauds Proposal by Bank Regulatory Agencies for a CRA Community Development Test**

Washington, D.C., February 22, 2005 – The National Association of Affordable Housing Lenders (NAAHL), which represents America’s leaders in moving private capital to those in need, applauded a proposed Community Reinvestment Act (CRA) rule change that is a much improved proposal and an important first step toward updating CRA regulations. The proposed rule change, announced today by the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC), and expected to be a joint proposal with the Federal Reserve Board, reflects NAAHL’s longstanding recommendation that a Community Development Test would encourage lenders to provide innovative, complex community development loans and services to low- and moderate-income (LMI) communities, and put greater emphasis on what community development activities are most needed in a community.

The agencies’ proposed Community Development Test would only apply to institutions with assets between \$250 million and \$1 billion. “We encourage the regulators to make this test available to all institutions, including those over \$1 billion in assets,” said NAAHL President Kennedy. “We are extremely disappointed that the Office of Thrift Supervision (OTS) once again did not join the other regulatory agencies in a CRA proposal, and we encourage the OTS to support it.”

For the past 4 years, regulators have explored how to update and modernize the CRA rules. “During that time, NAAHL has continued to make the case for a Community Development Test,” said Kennedy, “to address some of the real-world problems with the existing rules, which actually discourage banks from making the kinds of very high cost, labor-intensive, lower-yield loans that are often the very ones most needed for critical affordable housing and community development. How well a bank meets the credit needs of a community should be more important than whether it takes the form of a loan or investment.”

“We applaud the regulators for recognizing that community development is essentially different from more standardized and higher volume home mortgage and small business lending,” said Kennedy. “Community development activities may not generate as much volume, and they often require more time to structure, but community development activities are also essential to address critical community needs, and can add value disproportionate to their size.”

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The National Association of Affordable Housing Lenders (NAAHL) represents America’s leaders in moving private capital to those in need. NAAHL encompasses 200 organizations committed to increasing private lending and investing in low- and moderate-income communities. Members are the “who’s who” of private sector lenders and investors in affordable housing and community economic development: banks,

thrifts, insurance companies, community development corporations, mortgage companies, loan consortia, financial intermediaries, pension funds, foundations, local and national nonprofits, and public agencies.

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