



The Commonwealth of Massachusetts

Office of the Commissioner of Banks

One South Station

Boston, Massachusetts 02110

JANE SWIFT
GOVERNOR

THOMAS J. CURRY
COMMISSIONER

December 20, 2001

Mr. Leonard F. Raymond
Executive Director
Homeowner Options for Massachusetts Elders
30 Winter Street, 7th Floor
Boston, Massachusetts 02108

Dear Mr. Raymond:

This letter responds to your correspondence dated November 27, 2001 to the Division of Banks ("Division") inquiring as to whether a Massachusetts chartered financial institution's donation to Homeowner Options for Massachusetts Elders, Inc. ("H.O.M.E.") would be considered a qualified investment under the Commonwealth's Community Reinvestment Act ("CRA") statute, section 14 of chapter 167 of the General Laws and its implementing regulations 209 CMR 46.00 et seq.

According to your letter, H.O.M.E. is a statewide non-profit organization that assists low and moderate-income elder homeowners with remainder of life planning. H.O.M.E. provides in-home comprehensive counseling as well as assistance in identifying available housing and financial resource options for elder homeowner clients. H.O.M.E. is involved in anti-foreclosure activities as well as educational initiatives designed to provide elder homeowners with information on such matters as legal concerns, home repair, credit information, property tax relief and home care services. In addition, H.O.M.E. has provided reverse mortgage loans through lenders participating in its reverse mortgage program and has obtained loan modifications and special refinances for some of its clients. H.O.M.E. does not receive any compensation from any of the financial transactions that it secures and does not charge any of its clients for the services that it provides. While H.O.M.E. does receive relatively small licensing fees from its member lenders, it relies to a significant degree upon charitable donations from corporate and philanthropic sources to cover the costs of carrying out its programs and providing its services.

As part of the process of analyzing your request, the Division reviewed the applicable state regulations for evaluation of this proposal under the "investment test", so called. The investment test evaluates 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) (209 CMR 46.23(1)). A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development (209 CMR 46.12). The definition of community development includes (a) affordable housing (including multi-family rental housing) for low and moderate-income individuals; (b) community services targeted to low and moderate-income individuals; (c) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company



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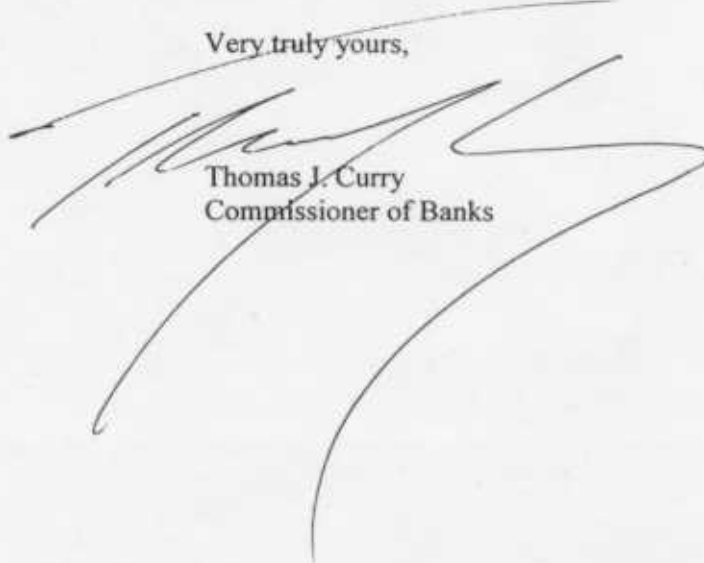
programs (13 CFR 121.301) or have gross revenues of \$1 million or less; (d) activities that revitalize or stabilize the fishing industry; or (e) activities that revitalize or stabilize low and moderate-income geographies (209 CMR 46.12). Services such as those provided by H.O.M.E. meet the definition of community development services under CRA. A donation would be considered a grant or contribution as authorized under the definition of a "qualified investment" set out in 209 CMR 46.12.

Based on the above state regulatory provisions, the Division would consider a state-chartered institution's financial donation to H.O.M.E. a qualified investment under the Commonwealth's CRA statute provided the program's activities benefit the institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s).

This analysis of applicable state law and related regulations was made on the basis of your written request. 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 your proposal by the Division.

The conclusions reached in this letter are based solely on the fact patterns presented. Fact patterns that vary from those presented may result in a different position statement from the Division.

Very truly yours,



Thomas J. Curry
Commissioner of Banks

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