



JANE SWIFT
GOVERNOR

THOMAS J. CURRY
COMMISSIONER

The Commonwealth of Massachusetts
Office of the Commissioner of Banks
One South Station
Boston, Massachusetts 02110

December 12, 2002

Daniel F. Egan, Jr., President
Massachusetts Credit Union League, Inc.
304 Turnpike Road
Southborough, Massachusetts 01772-1709

Dear Mr. Egan:

Please accept my belated thanks for inviting me to participate in the last month's Neighborhood Reinvestment Corporation (NRC) workshop sponsored by the Massachusetts Credit Union League, Inc. (League) and the National Credit Union Administration (NCUA). The presentations on the NRC and its affiliated *NeighborWorks* organization were excellent. You and NCUA Board Member Barbara Matz did a great job in highlighting the ready and ample opportunities for Massachusetts, and other New England based credit unions, to participate in this organization's affordable housing and community development programs. I also enjoyed seeing the NCUA's Anthony LaCreta, a respected longtime regulatory colleague, who was instrumental in organizing this outreach effort.

This letter's primary purpose is to follow up on our conversation at the conclusion of the program. We specifically discussed whether there might be greater state-chartered credit union participation in the *NeighborWorks* program's activities and the Federal Deposit Insurance Corporation's (FDIC) *Money Smart* financial literacy programs if the Division of Banks (Division) formally clarified their status or treatment as qualifying activities under the Massachusetts Community Reinvestment Act, G. L. c.167, s.14, and 209 CMR 46.00 *et seq.*, its implementing regulations.¹ The Division's legal and CRA examination units subsequently reviewed this subject. The treatment of these activities under the Massachusetts CRA are discussed below.

The Neighborhood Reinvestment Corporation was created under Title VI of the Housing and Community Development Amendments of 1978, P.L. 95-557, to implement and expand the demonstration activities of the Urban Reinvestment Task Force. The

¹ As you know, the Massachusetts CRA law applies to credit unions and certain other entities that would otherwise be exempt under the federal CRA law.



principal purpose of the Corporation is to revitalize older urban neighborhoods through public, private and community resources.

In the 1990 the National Affordable Housing Act authorized Neighborhood Reinvestment Corporation to expand the national neighborhood housing service network, now known as *NeighborWorks*, loan purchase capacity and to increase the resources available to *NeighborWorks* for the purchase of multifamily and single family housing owned by HUD for rehabilitation and sale to low and moderate income families.

Under 209 CMR 46.22(2)(c)(1) the Division gives consideration to an institution's lending performance in terms of home mortgage loans to low and moderate income individuals for the purpose of home ownership and loans to low and moderate income existing residents to enable them to remain in affordable housing. The purpose of Neighborhood Housing Services is to provide resources for affordable housing and to revitalize urban neighborhoods.

The *Money Smart* program was developed by the FDIC to aid financial institutions and others interested in sponsoring and teaching financial education programs. The *Money Smart* curriculum helps individuals build financial confidence and use banking services effectively.

Under 209 CMR 46.24 the Division evaluates an institution on the extent and innovativeness of its community development services. A community development service is defined as a service that is related to the provision of financial services. The FDIC *Money Smart* program provides lesson guides and teaching materials that can be used by a financial institution to bring financial literacy benefits.

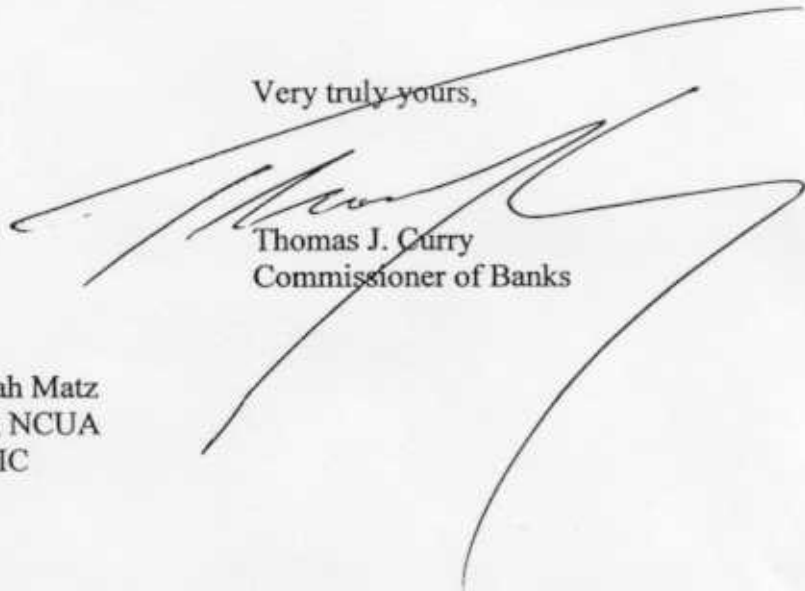
Based on the above provisions and the nature and purpose of the *NeighborWorks* and the *MoneySmarts* programs, the Division would consider a state-chartered credit union or banking institution's participation in these programs a qualified activity under the Massachusetts CRA.

Please distribute this letter's conclusions as to the CRA status of the *NeighborWorks* and the *MoneySmart* programs to the League's Massachusetts-chartered credit union membership. This letter also will be posted on the Division's website entitled *Selected Opinions for 2001-2002* (www.state.ma.us/dob/digest_new.htm).

Daniel F. Egan, Jr., President
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The conclusions reached in this letter are based solely on the facts presented. Fact patterns that vary from that presented may result in a different position statement by the Division.

Very truly yours,

A large, stylized handwritten signature in black ink, likely belonging to Thomas J. Curry, is written over the closing and name.

Thomas J. Curry
Commissioner of Banks

cc: Honorable Deborah Matz
Anthony LaCreta, NCUA
Paul Horwitz, FDIC

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