



THE COMMONWEALTH OF MASSACHUSETTS  
DIVISION OF BANKS  
1000 Washington Street, 10<sup>th</sup> Floor, Boston, Massachusetts 02118

**CHARLES D. BAKER**  
GOVERNOR

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UNDERSECRETARY

**DAVID J. COTNEY**  
COMMISSIONER OF BANKS

April 29, 2016

The Honorable Steven T. James  
Clerk of the House of Representatives  
State House, Room 145  
Boston, Massachusetts 02133

Dear Mr. James:

Enclosed for filing please find the Division of Banks' (Division) proposed amendments to 209 CMR 46.00: *Community Reinvestment*, pursuant to General Laws chapter 167, section 14. A copy of said section 14 of chapter 167 is attached to this letter. The proposed amendments, found at [Appendix A](#) , are required to be filed with your office pursuant to said section 14 of chapter 167. The Division's required statement that it has complied with the pertinent provisions of Massachusetts General Laws chapter 30A is found at Appendix B. A summary in laymen's terms, as required by said section 14 of chapter 167, is found at [Appendix C](#).

There are both Federal and Massachusetts Community Reinvestment Acts (CRA). The state statute, as noted above, is Massachusetts General Laws chapter 167, section 14 and its implementing regulation is at 209 CMR 46.00. Under the regulation, references to an institution also include a state-chartered credit union.

### **Public Hearing**

The Division held a public hearing on April 11, 2016 and written comments were accepted through April 14, 2016. At the public hearing, the Division received oral and written comments from an industry trade association and oral comments from a public interest group that submitted written testimony during the comment period. Another industry trade association offered oral comments at the hearing. Two other industry trade associations submitted written testimony, as well as another public interest group.

For the public hearing, the Division also originally proposed to amend the regulation to establish a limited-scope CRA review for state-chartered credit unions with less than \$50 million in assets and which have field of membership by-laws that are not based on residence in order to reduce the regulatory burden on these smaller institutions. However, based on several concerns raised in oral and written testimony during the public hearing and comment period, the Division has not included this provision as a proposed amendment at this time.

### **Summary**

209 CMR 46.00 carries out the purposes of the Community Reinvestment Act (CRA) by establishing the framework and criteria by which the Commissioner assesses a state-chartered bank's or state-chartered credit union's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods,



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consistent with the safe and sound operation of the institution. The regulation also provides that the Commissioner take that record into account in considering certain applications pursuant to 209 CMR 46.29.

The Division proposes to amend 209 CMR 46.00 to establish consideration under CRA for low-cost education loans and activities in cooperation with minority- or women-owned financial institutions and low-income credit unions. The Division notes that it also held a public comment session on August 13, 2015, at which it received testimony from an industry trade association requesting that a federal provision for banks that includes certain investments in minority-owned and women-owned financial institutions, as well as low-income credit unions, be added to the regulation, which is the currently proposed amendment. The Division also proposes various technical amendments to 209 CMR 46.00.

If there are any questions regarding these proposed regulations, please contact me at (617) 956-1510 or the Division's Legal Unit at (617) 956-1520.

Sincerely,

David J. Cotney  
Commissioner of Banks