Centrant
COMMUNITY CAPITAL

November 16, 2018

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC

RE: Docket ID OCC-2018-0008
Reforming the Community Reinvestment Act Regulatory Framework

Dear Sir/Madam:

I am writing you today on behalf of Centrant Community Capital (Centrant), a wholly-owned subsidiary of the North Carolina Bankers Association. We are a mission-driven lender, leveraging the resources of the banking industry to finance affordable multifamily housing. Since our creation in 1990, and with the financial support of nearly 100 member banks, we have provided over $400 million in first-lien, permanent mortgage loans to create or preserve more than 21,000 affordable apartment units in six Southeastern states.

As a lending consortium, Centrant's loan funds are provided by member banks on a voluntary, loan-by-loan participation basis. Our current membership roster is broad and diverse, including some of the largest banks in the nation participating alongside small, highly localized institutions. In our experience, member banks of all sizes have a strong desire to provide financing that benefits low- to moderate-income (LMI) communities and people – both within and outside of their Assessment Areas (AAs). Our members appreciate the tangible economic benefits of participating in the loans we originate, as well as the intangible benefits recognized by supporting projects that genuinely benefit and enhance the communities they serve.

Having said that, it cannot be denied that receiving "positive CRA consideration" from these loan participations remains an important factor for many member banks. And, given that motivation, our experience has shown that inconsistencies and ambiguity surrounding current policies, practices and interpretations associated with CRA result in banks holding back on committing to otherwise desirable affordable housing investments.

We strongly believe that banks will provide more financing, especially for community development (CD) loans and investments, if they can be reasonably confident that activities will receive CRA credit. Greater clarity will also reduce regulatory uncertainty and burden for banks, and simplify the examination process for agency staff. Accordingly, we would encourage the OCC to consider and adopt the following recommendations:

- In order to make confident lending and investment decisions, banks need greater regulatory guidance and clarity on whether CD activities outside their delineated AAs will receive full

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credit. Current guidance regarding the treatment of CD activities in "the broader statewide and regional areas" surrounding and including a bank's AAs are well-intentioned, but are too vague and therefore subject to inconsistent interpretation by examiners and bankers alike. It would be much simpler to allow credit for CD activities nationwide so long as a bank has satisfactorily served its AAs, in the aggregate, as of its most recent exam. At the same time, a finding of unsatisfactory performance in a bank's AAs would have a negative consequence during the following exam period. Although a bank should not be expected to undertake CD activities outside its AAs, giving full credit for serving other communities if it has satisfactorily served its AAs will certainly unleash and encourage much-needed CD financing.

- A bank should receive additional consideration for initiating and retaining a long-term CD loan or investment. Long-term financing is especially important to meeting the funding needs of CD activities such as affordable housing finance, but can be harder to obtain because it requires a bank to commit capital for a longer period of time. Loans and investments made in prior examination periods should continue to receive CRA credit based on a loan's outstanding balance and an investment's current value using GAAP.

We support OCC's initiative in pursuing this long-overdue modernization of the Community Reinvestment Act (CRA). CRA has become critically important to the success of affordable housing and economic development policy and practice, and is vital to the economic health of low- and moderate-income (LMI) communities and people.

If I may be of additional assistance, or provide additional supporting information, please do not hesitate to contact me directly.

Sincerely,

David R. Bennett

David R. Bennett
Executive Vice President