

Proposal Would Make HUD Foreclosures Eligible as CRA Investments June 21, 2010

Dear clients and friends:

The federal bank and thrift regulatory agencies on June 17 issued a **proposed rule** that would make investments in certain abandoned and foreclosed properties eligible for consideration under the Community Reinvestment Act (CRA).

The proposed rule would expand CRA consideration for commercial banks and savings banks to include loans and investments to support services of the **Neighborhood Stabilization Program (NSP)**, which is administered by the U.S. Department of Housing and Urban Development (HUD). Under the NSP, HUD provides funds to state and local governments and to non-profit organizations for the purchase and redevelopment of abandoned and foreclosed properties.

CRA requires FDIC-insured institutions to have programs to provide loans and other investments in low- and moderate-income neighborhoods within their service areas.

The proposal was issued by the Federal Reserve, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision. They said the proposal “imposes no new requirements on institutions. It simply expands the categories of activities that qualify for CRA consideration as ‘community development.’”

In a **news release** those regulators said they would take comments on the proposal through late July. They did not set a target date for issuing a final rule.

If you would like additional information on the banking regulators’ proposal to make certain HUD-approved foreclosure eligible for CRA consideration, do not hesitate to contact us at (305) 373-5500.

Sincerely,



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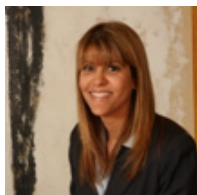
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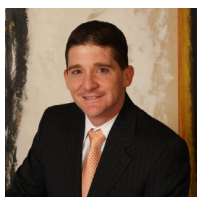


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