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To: Clients and Friends

From: David F. Dulock

Subject: Community Reinvestment Act – Final Rule Regarding Education Loans and Certain Investments and Ventures Impacting a Financial Institution’s CRA Record, Published in the October 4, 2010 Issue of the Federal Register (75 FR 61035-61046)

In the above-cited issue of the Federal Register, the following federal agencies (collectively, the “federal agencies”) - Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of Thrift Supervision – published a joint final rule (CRA Rule) that, according to the summary published with the CRA Rule, revises the federal agencies’ rules implementing the Community Reinvestment Act as follows:

- (1) The CRA Rule implements the statutory requirement1 that the federal agencies consider low-cost education loans provided by a financial institution to low-income borrowers as a factor when assessing the institution’s record of meeting community credit needs.
(2) The CRA Rule also incorporates the statutory provision2 that allows the federal agencies to consider capital investment, loan participation, and other ventures undertaken by nonminority-owned and nonwomen-owned financial institutions in cooperation with minority-and women-owned financial institutions and low income credit unions as a factor when assessing an institution’s CRA record.

For those clients who must comply with the Community Reinvestment Act, we advise you to read the text of and the explanatory preamble to the CRA Rule, which may be accessed at: http://edocket.access.gpo.gov/2010/pdf/2010-24737.pdf.

The CRA Rule becomes effective on November 3, 2010.

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Endnotes

1Section 1031 of the Higher Education Opportunity Act, Public Law 110-315 (August 14, 2008).
2Section 2903(b) of the Community Reinvestment Act, 12 U.S.C. 2901, et seq.