

primarily promote community development. For example, according to a 1995 interpretive letter from the Office of the Comptroller of the Currency, "a mortgage-backed security is considered a qualified investment only if the entire security primarily funds affordable housing for low- or moderate-income individuals."

A similar letter in 1997 said examiners judge a bank's investments on five criteria: dollar amount; innovativeness or complexity; responsiveness to credit and community development needs; and the degree to which the qualified investments are not routinely provided by private investors.

Regulators have said both direct and indirect investments qualify.

This test can be difficult because such investments are hard to find and even harder to document. But the CRA Qualified Investment Fund's organizers are promising to do the legwork for banks.

"The whole key to this is providing the documentation to the regulators," Mr. Zwick said. Such paperwork proves the investment was made in a particular bank's assessment area and that it is truly serving the low- to moderate-income community.

"If a regulator is giving a bank in Nebraska a hard time, I'll hop on a plane and go there," Mr. Solomon said. "We intend on providing a level of service that will impress."

Jo Ann S. Barefoot, a CRA compliance expert and partner of KPMG Barefoot Marrinan in Columbus, Ohio, has met with the fund's organizers and was impressed.

"I think this concept is great," she said. "In many markets it's very difficult [for banks] to find appropriate investments."

"I think there's a market, a need for this."

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