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Regulations Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attention: No. 2003-27

Dear Sirs:

The California Community Reinvestment Corporation (CCRC) is non-profit, multi-bank lending consortium providing financing for developers of affordable housing throughout California. We have provided in excess of \$300 million in mortgages and tax-exempt bond financing for the creation of over 15,000 units of affordable housing to low-income seniors and families. We are funded by banks throughout California. We appreciate the opportunity to comment on the proposed Risk-Based Capital Rules.

CCRC very much favors the provision of the proposed special rule for "Legislated Program Equity Exposures" that preserves the current capital charge on most equity investments made under legislated programs that involve government oversight, including public welfare investments made by banks in compliance with Community Reinvestment Act (CRA) regulations -- a critical source of private capital financing for affordable housing needs.

However, the proposed "materiality" test for banks that have on average, more than 10% of (Tier 1 plus Tier 2) capital in ALL equity investments could have an unintended consequence. The proposed rule change could discourage banks with substantial CRA investments from maintaining the same level of CRA investments, to avoid incurring higher capital charges on non-CRA investments. We urge you to exclude CRA-related investments from the materiality test calculation in order to maintain the vital flow of equity capital for communities' affordable housing needs.

Sincerely,

Mary Kaiser
President
818 550-9801