**Neighborhood Lending
Partners, Inc.**

October 31, 2003

Regulations Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Attention: No. 2003-27

Dear Sirs:

Neighborhood Lending Partners, Inc. (NLP) is a partnership between banks, thrifts, local governments, and the affordable housing community. Our members are banks, and thrift institutions throughout Florida. Membership in NLP gives these institutions a way to support affordable housing while sharing the costs and risks. It also enhances their ability to meet community credit needs, in accordance with the Community Reinvestment Act. We appreciate the opportunity to comment on the proposed Risk-Based Capital Rules.
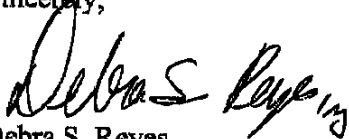
NLP strongly supports the provision of the proposed special rule for "Legislated Program Equity Exposures". This special rule preserves the current capital charge on most equity investments made under legislated programs that involve government oversight, including public welfare investments made by banks in compliance with Community Reinvestment Act (CRA) regulations. These programs provide a vital source of private sector financing for affordable housing and community development for low- and moderate-income communities, particularly in our area of the country.

However, we are troubled by another proposed rule change. The proposed "materiality" test would affect banks that have, on average, more than 10% of (Tier 1 plus Tier 2) capital in <u>ALL</u> equity investments. Our concern is that the proposed rule change could unintentionally discourage banks with substantial CRA investments from maintaining the same level of CRA investments, so as not to trigger higher capital charges on non-CRA investments. Please consider excluding CRA-related investments from the materiality test calculation. This

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will help ensure the continued availability of private equity capital for meeting the affordable housing needs of our nation's poorest families and for building sustainable communities.

Sincerely,

Debra S. Reyes
President