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**OHIO CAPITAL
CORPORATION
FOR HOUSING**

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November 6, 2003

The Honorable John D. Hawke, Jr.
(and other bank regulators)
Office of the Comptroller of the Currency
250 E Street, SW
Public Information Room, Mailstop 1-5
Washington, DC 20219

Ms. Jennifer J. Johnson
Bd. of Governors, Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

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

Robert E. Feldman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Attention: Docket No. 03-14

Dear Ladies and Gentlemen:

On behalf of the Ohio Capital Corporation for Housing, I appreciate the opportunity to comment on the federal banking agencies' joint proposal to implement the New Basel Capital Accord ("Basel II") released on April 29 by the Basel Supervisors Committee of the G-10.

The Ohio Capital Corporation for Housing (OCCH) is an independent nonprofit corporation providing technical assistance and equity investment for the production, rehabilitation and preservation of affordable housing in Ohio. Over the last fourteen years, OCCH has invested over \$500,000,000 through the Ohio Equity Fund, contributing to more than 10,500 homes for seniors and families in more than 200 developments in Ohio, Indiana and Kentucky.

OCCH appreciates the exclusion of bank investments in community development corporations (CDCs) and community and economic development entities (CEDEs) from the enhanced capital charges that would be imposed by Basel II on equity investments of covered banks whose total equity investments exceed a defined materiality threshold. However, we urge the broadening of the exemption for "legislated program equity exposures" to exempt all investments that would qualify for favorable consideration under the Community Reinvestment Act or as "public welfare" investments under Part 24 of the Comptroller of the Currency's regulations.

Public welfare investments promote important public policy objectives and often have enhanced risk-return profiles that require less capital support. As such, OCCH hopes to see public welfare investments (including all CRA-qualified

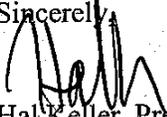
investments) added to the definition of "legislated program equity exposures" exempt from Basel II's heightened capital requirements.

Additionally, I suggest the exclusion of public welfare and CRA-qualified investments from the calculation of the materiality threshold for applying Basel II's increased capital requirements for equity investments. The proposal currently includes such investments, yet if the proposal is adopted as proposed, some banks may choose to reduce or eliminate their investments in CRA and public welfare investments in order to avoid being subjected to enhanced capital charges on their other, market return investments. Any reduction of investments that support the development and health of our communities could have adverse effects on communities in Ohio and throughout the Nation.

I understand that the proposed new capital requirements will only apply initially to the largest and most internationally active banks. Nevertheless, I am concerned that the proposal, as drafted, will (i) deter such banks from making needed public welfare and CRA investments, and (ii) most significantly, establish a regulatory precedent which may later be extended to investing banks generally.

Thank you for this opportunity to submit comments on the proposal to implement the New Basel Accord. I would be happy to provide any additional information about OCCH and to answer any questions you may have about the comments and concerns expressed in this letter.

Sincerely,


Hal Keller, President

cc: Kevin J. Handly, Esq.
Goulston & Storrs, P.C.