



LaSalle Bank Corporation  
Member of the ABN AMRO Group

Gary S. Washington  
Senior Vice President  
**CRA Officer**

135 South LaSalle Street  
Chicago, Illinois 60603  
(312) 904-7058  
Fax: (312) 904-9152  
gary.washington@abnamro.com

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Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 1-5  
Washington, DC 20219  
[Regs.comments@occ.treas.gov](mailto:Regs.comments@occ.treas.gov)

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington DC 20551  
[Regs.comments@federalreserve.gov](mailto:Regs.comments@federalreserve.gov)

Robert E. Feldman  
Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
[comments@fdic.gov](mailto:comments@fdic.gov)

Re: Joint Notice of Proposed Rulemaking—Community Reinvestment Act Regulations

Dear Sir or Madam:

LaSalle Bank Corporation (“LBC”) appreciates the opportunity to comment on the Joint Notice of Proposed Rulemaking regarding the Community Reinvestment Act issued March 11, 2005.

LBC is an indirect subsidiary of ABN AMRO Bank N.V. (“ABN AMRO”), which is headquartered in Amsterdam, the Netherlands. ABN AMRO has over \$700 billion in assets and a network of over 3,000 offices in over 60 countries. ABN AMRO maintains several branches, agencies, and offices in the United States.

LBC is a financial holding company headquartered in Chicago, Illinois. LBC owns LaSalle Bank National Association, located in Chicago, Illinois, and Standard Federal Bank National Association, located in Troy, Michigan (collectively, the “Banks”). The Banks combine for over \$110 billion in assets and maintain over 400 offices in Illinois, Michigan, and Indiana.

LaSalle Bank Corporation generally supports the proposal in the NPR to allow Intermediate Small banks to be tested for CRA compliance by Lending and Community Development Tests as alternatives to the current Lending, Investment, and Services Tests, but only if it applies to all institutions above \$250 million in assets. We believe that these two tests will provide banks with the best opportunity to achieve CRA goals utilizing their distinctive capabilities to meet the financial needs of their communities. This flexible approach is totally consistent with and responsive to the application of "performance context" to the evaluation of community reinvestment accomplishments. However, we believe the title "Lending Test" might more appropriately be designated the "Retail Banking Test", a title which will reflect both the lending and the service component of the community reinvestment responsibility.

With this in mind, we recommend inclusion of the following elements in the Retail Banking Test and the Community Development Test:

Retail Banking Test:

The Retail Banking Test consists of mortgage loans, small business loans, consumer loans (optional), and retail banking services including branching, as provided for the whole community. This encompasses what is currently in the lending and services tests, with the exception of activities which are specifically oriented towards community development. The Retail Banking Test will measure the institution's success in meeting the credit and financial service needs of its assessment area, and ascertain the institution's distribution of these activities within its assessment area.

Community Development Test:

The Community Development Test consists of community development lending, community development investments, and community development services. (Branch facilities located in and servicing low- to moderate-income communities will be noted in the Community Development Test.)

Community Development encompasses those activities of a financial nature or otherwise, which have the effect of improving the life condition of low- to moderate-income individuals or of stabilizing and revitalizing the communities in which they live or work. In order to receive community development credit for CRA purposes, a project need not have community development as its "primary purpose", so long as a significant consequence of the project or activity is to benefit low- and moderate-income individuals or communities. In addition, it should not be required that an activity be explicitly "financial" if it works to the benefit of low- to moderate-income individuals or communities.

The Community Development Test will include, but not be limited to, activities such as the following:

- Loans to low and moderate income individuals or within low- and moderate-income communities;
- Funding of CDFI's and other community development intermediaries;
- Funding community development venture capital funds;
- Loans or investments in projects which provide housing affordable to low and moderate income individuals, or to low- and moderate-income communities;
- Loans or investments in projects which provide jobs, services, or other relevant benefits to low and moderate income individuals, or to low- and moderate-income communities;
- Facilitating the creation of affordable housing through the use of low income tax credits;
- Purchase of whole loans or Mortgage Backed Securities backed by loans to low- and moderate- income individuals;
- Participation in government sponsored programs, such as the SBA, with evaluation based on the LMI definition that the specific government entity uses;
- Purchase or issuance of Bonds, or other debt instruments, the proceeds of which are used for community development purposes;
- Grants to organizations engaged in community development activities;
- Providing financial education and banking services tailored to the needs of the unbanked;
- Equity investments in organizations, small businesses, or other projects for the purpose of community development;
- The initiative shown by the institution in developing unique/special LMI targeted lending programs; and
- Related activities such as:
  - Applications to the Federal Home Loan Bank for support of community development projects, the contingent liability taken on with such projects, and employee time spent in administering and monitoring these activities;
  - Providing standby letters of credit or other credit enhancements supporting community development projects (to be included and itemized in the CRA Loan Disclosure);

Institutions should be encouraged to maintain a balanced community development strategy including loans, services and investments, consistent with their performance context and economically viable opportunities.

LBC also supports other changes proposed in the NPR, and would like to add the following comments and/or suggestions regarding some of these:

### Underserved Rural Areas

We suggest that “underserved rural areas” be defined as those areas which are outside a Metropolitan Statistical Area or a Metropolitan Division. Within underserved rural areas we propose the following with regard to the provision of community development credit:

#### Loans for housing in underserved rural areas:

- If the census tract is not low- to moderate-income, community development credit will be given only for mortgage loans made to low- or moderate-income individuals.
- Multi-family housing and 1-4 unit housing will be given community development credit to the extent that units are affordable to low- and moderate-income individuals.

#### Business Loans in underserved rural areas:

- If the census tract is not low- to moderate-income, but communities within it are targeted by a governmental or regional non-governmental agency for redevelopment, community development credit will be provided for financings and related services which contribute to the stabilization or revitalization of those communities.

### Investment Credit

LBC agrees with the proposal that would allow Examiners the discretion, using performance context, to provide CRA credit in the current evaluation period for outstanding investments made during the prior period, which “reflect a substantial financial commitment or outlay by the bank designed to have a multi-year impact...” We believe that this provision should apply to all banks, not just the intermediate small banks. The rationale used to support this proposal is that some investments not only have a long term positive impact on the community, but they also continue to utilize bank assets and represent a continuing financial commitment by the bank to the community.

### Community Development Services

We believe that some services, although not directly financial in nature, are so closely associated with the financial needs of the recipients that they may stand as proxies for direct financial assistance. Community development credit should be provided for such services since they relieve the recipients of the financial burden of providing them for themselves and their families. A bright line listing of such services might include the following, which include hands-on participation of Bank officers and other employees:

- Volunteering to help construct affordable housing through Habitat for Humanity and other similar organizations.
- Providing community outreach to construct and maintain parks and playground equipment in low- to moderate-income neighborhoods.
- Providing food, merchandise, and hands-on assistance at food pantries, soup kitchens, and homeless shelters.
- Providing tutoring, mentoring, and other assistance in conjunction with schools serving low- to moderate-income households.
- Taking leadership positions in community development organizations, including non-financial activities.

As a final but by no means less important concern, LaSalle Bank Corporation urges the Office of Thrift Supervision to participate with the Federal Reserve, Federal Deposit Insurance Corporation, and the Office of the Controller of the Currency to adopt a common set of standards and rules for implementation of the Community Reinvestment Act. Anything less than a common approach among the Regulators and consistent expectations from community reinvestment activities will produce confusion in the minds of the public and hinder continued progress in the fair and equal distribution of financial benefits.

With this in mind, we also believe that the Retail Banking and Community Development test options should be made available to all covered financial institutions with assets in excess of \$250 million.

LBC commends the three bank regulatory agencies for persistence in efforts to update CRA regulations. We hope the above comments will be helpful as you address the issues contained in the Joint Notice of Proposed Rulemaking. LaSalle believes that changes which will improve the flow of credit and financial services to low- and moderate-income individuals and communities are constructive and should be considered favorably.

Thank you for providing us with this opportunity to comment on the Proposed Rulemaking.

Sincerely,

Gary S. Washington  
Senior Vice President

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