



BANK OF THE WEST

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Senior Vice President

Compliance and CRA

(Sent via electronic delivery)

September 10, 2007

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re Community Reinvestment Act; Interagency Questions and Answers Regarding
Community Reinvestment; Notice (RIN #3064-AC97)

Dear Mr. Feldman:

Bank of the West is pleased to submit comments on the series of new and revised interagency questions and answers pertaining to the Community Reinvestment Act (CRA).

Founded in 1874, the \$58.4 billion-asset Bank of the West is the second-largest commercial bank based in California, offering a full range of personal, business, trust and international banking services. The Bank currently operates more than 700 banking locations in 19 Western and Midwestern states. Bank of the West's holding company, BancWest Corporation, is a subsidiary of BNP Paribas.

Overall, Bank of the West supports the proposed revisions to the CRA guidance; however, we recommend that the agencies take a close look at the revision to question §___, 12(t)-3 eliminating the Federal Home Loan Bank's (FHLB) unpaid dividends as CRA qualified investments.

Unlike FHLB stock that has been deemed to have insufficient connection to community development to be considered a qualified investment, unpaid or foregone dividends are linked directly to the FHLB's Affordable Housing Program (AHP). The AHP serves a critical community need by funding the creation of affordable housing units for thousands of very low, low- and moderate-income households, including quality rental and shelter housing as well as home ownership. This need is uniquely addressed by the AHP through a synergistic partnership of developers, non-profit organizations and banking institutions, creating an end result that is impressive by any measure.

To disallow foregone dividends ignores the significant financial contribution banks make to fund this program. Member banks forego approximately 10% of what would otherwise be paid in the form of dividends. In 2006 and 2007 alone, Bank of the West contributed more than \$3 million in foregone dividends to support the AHP with more than \$8 million invested since the Program was launched.

The amount of dollars available to fund AHP projects in each competitive round is finite. Not all submitted projects are awarded funding (i.e. 55% award rate for 2007 Round A); consequently, the opportunity for direct AHP participation by FHLB member banks is limited accordingly. In many instances, the only meaningful opportunity to participate in the AHP for most FHLB member banks is through its contribution of foregone dividends. To disallow investment test credit for these unpaid dividends further removes member banks from the AHP process.



Additionally, in the interagency notice, the agencies have made their determination to disqualify unpaid dividends on the indirect means by which the funds for the Program are appropriated. The fact remains that the funding, however it is derived, supports affordable housing, which is fundamental to CRA.

We believe this elimination of FHLB unpaid dividends and essentially, policy change, will have the unintended effect of creating a disincentive for FHLB member banks to participate in the AHP and ultimately undermine industry support for this crucial and successful program.

For the reasons discussed above, we believe FHLB unpaid dividends should be permitted to be a CRA qualified investment.

We appreciate the opportunity to comment and hope you find these remarks useful in finalizing the new collection of CRA questions and answers.

Best regards,



cc Vanessa Washington, General Counsel & Corporate Secretary
Roland Ojeda, Compliance, Security & Operations Risk Manager