

TERRY EVERETT
2ND DISTRICT, ALABAMA



PERMANENT SELECT COMMITTEE ON INTELLIGENCE

HUMAN INTELLIGENCE, ANALYSIS and COUNTERINTELLIGENCE

TECHNICAL and TACTICAL INTELLIGENCE

TERRORISM and HOMELAND SECURITY

COMMITTEE ON VETERANS' AFFAIRS

OVERSIGHT and INVESTIGATIONS

Web site: <http://www.house.gov/everett>

COMMITTEE ON ARMED SERVICES

CHAIRMAN STRATEGIC FORCES
TACTICAL AIR and LAND FORCES

COMMITTEE ON AGRICULTURE

VICE CHAIRMAN, SPECIALTY CROPS and FOREIGN AGRICULTURE PROGRAMS
GENERAL FARM COMMODITIES and RISK MANAGEMENT

Congress of the United States

House of Representatives

Washington, DC 20515-0102

September 9, 2004

Ms. Alice C. Goodman, Director of Legislative Affairs
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Ms. Goodman:

Enclosed is correspondence from my constituent, Mr. Howard B. Upchurch, Executive Vice President of Guilford Capital Corporation 2600 E South Blvd, Suite 230 Montgomery, AL 36116-2542, about his concerns about FDIC and the Office of Thrift Supervision's proposed rule increasing the asset threshold for the CRA large bank exam. Mr. Upchurch expressed the concern that implementing this change would have a devastating effect on affordable housing investment in Alabama and nationwide. He said that if thousands of banks were exempt from the large bank exam, there would be a dramatic reduction in capital for affordable housing, and production of affordable housing would decline.

I am also writing to the Office of Thrift Supervision.

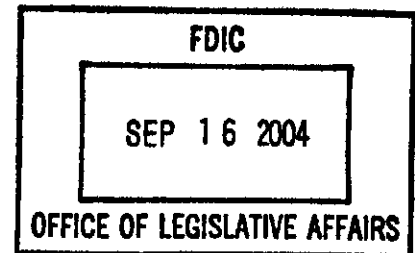
I will appreciate your ensuring that my constituent's views receive full consideration. If possible, I will be grateful if you will respond to me at my Washington office in a form that I may share with Mr. Upchurch.

As you may know, I am still experiencing delays in receiving mail at my Washington office, so I would appreciate your sending a fax instead of mailing a letter. My fax number is (202) 225-8913. If it is more convenient, please speak to Victoria Ebell of my staff at (202) 225-2901, or e-mail her at victoria.ebell@mail.house.gov. Thank you for your kind assistance.

Sincerely yours,

Terry Everett
TERRY EVERETT

TE/vle





Howard B. Upchurch
 Guilford Capital Corporation
 2600 East South Boulevard, Suite 230
 Montgomery, Alabama 36116-2542
 (334) 288-3992 | Fax (334) 281-9488
 www.guilfordcapital.com

August 20, 2004

The Honorable Terry Everett
 U.S. House of Representatives
 2312 Rayburn House Office Building
 Washington, D.C. 20515-0102

Dear Congressman Everett:

Since you and I have not spoken before about housing in Alabama, perhaps I can offer a quick overview about the Alabama Multifamily Loan Consortium (AMLC). AMLC is a nonprofit corporation that provides long term permanent financing for low to moderate income citizens in Alabama and is comprised of 54 insured depository institutions in Alabama. Since 1999, it has provided more than \$39 million in funds for building and for preserving more than 2,200 apartment homes of affordable rental housing to seniors, families and citizens with special physical and mental needs. That is a lot of money in Alabama!

AMLC, like many other successful, nonprofit providers of affordable housing throughout the country, relies on Alabama bank partners as sources of private capital to leverage limited federal subsidies. The impetus to increase private lending in low and moderate income communities comes from the Community Reinvestment Act which, as you know, directs insured depositories to help meet the credit needs of their communities.

In the near future, the FDIC is expected to consider adopting a proposed rule change by the Office of Thrift Supervision (OTS) to increase the asset threshold for the CRA large bank exam from \$250 million to \$1 billion. We believe OTS' proposed rule change would have a devastating effect on affordable housing investment in Alabama and elsewhere throughout the nation, particularly in rural areas, and we urge you not to do whatever in your power to make certain that the FDIC does not change the current threshold.

● Page 2

August 20, 2004

The FDIC's data on institutions' asset sizes suggests that raising the threshold to \$1 billion would exempt thousands of banks from the large bank exam, in which banks demonstrate services and investments in low and moderate income communities. The loss of approximately 2000 bank partners nationwide, with assets of nearly \$1 trillion, and an estimated \$5 billion of private capital for affordable housing and community development over the next few years, will dramatically reduce production of affordable housing.

More specifically, in Alabama, raising the threshold to \$1 billion would certainly have a negative impact. FDIC data shows that more than 35 insured depository institutions currently having CRA impetus to provide services and investments in low and moderate income communities would have that impetus no longer, leaving only 9 covered institutions in our state. The drop in covered lenders will undoubtedly reduce resources for affordable housing and community development in our state. Frighteningly, many communities in Alabama will have no institutions with a CRA impetus to invest.

I am familiar with banks throughout Alabama who consider CRA as a driving incentive to join AMLC. Without it, AMLC will be out of business and thousands of underserved (and getting worse) citizens in our poor state will bear the brunt of substandard housing for the benefit of reduced paperwork on banks. I know for certain that we *MUST* have the regulatory incentive of CRA to continue the partnership between the private sector and the federal government (in the form of Low Income Housing Tax Credits).

Now is not the time to reduce the private capital available to leverage dwindling Federal resources. All communities deserve evidence that all institutions enjoying the benefits of Federal deposit insurance are held to the same standard of helping to meet the housing needs of their communities.

Respectfully,



Howard B Upchurch

Executive Vice President