

ILLINOIS EQUITY FUND

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October 31, 2003

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Ms. Jennifer J. Johnson

Secretary

Board of Governors of the Federal Reserve System

Twentyeth Street and Constitution Avenue, NW

Washington, DC 20551

**Attention: Docket No. R-1154**

BEST IMAGE AVAILABLE

Office of the Comptroller of the Currency

250 E Street, SW

Public Information Room

Mail Stop 1-5

Washington D.C. 20219

**Attention: Docket No. 03-14**

Regulations Comments

Chief Counsel's Office

Office of Thrift Supervision

1700 G Street, NW

Washington, DC 20552

**Attention: No. 2003-27**

Robert E. Feldman

Executive Secretary

Federal Deposit Insurance Corporation

550 17th Street, NW

Washington, DC 20429

**Attention: Comments**

Dear Sirs:

The Illinois Equity Fund is a syndication firm. We appreciate the opportunity to comment on the proposed Risk-Based Capital Rules.

Illinois Equity Fund very much favors the provision of the proposed special rule for "Legislated Program Equity Exposures" that 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 -- a critical source of private capital financing for affordable housing needs.

However, the proposed "materiality" test for banks that have on average, more than 10% of (Tier 1 plus Tier 2) capital in ALL equity investments could have an unintended consequence. The proposed rule change could discourage banks with substantial CRA investments from maintaining the same level of CRA

investments, to avoid incurring higher capital charges on non-CRA investments. We urge you to exclude CRA-related investments from the materiality test calculation in order to maintain the vital flow of equity capital for communities' affordable housing needs.

Sincerely,

A handwritten signature in black ink, appearing to read "W. W. Higginson", with a long, sweeping horizontal stroke extending to the right.

William W. Higginson  
President & CEO