



STATE OF WEST VIRGINIA
DEPARTMENT OF BANKING
CHARLESTON 25305

FILED

1986 NOV -7 AM 11:55

SECRETARY OF STATE

NOTICE OF AGENCY APPROVAL

LEGISLATIVE RULE: General Rules Implementing the West
Virginia Community Reinvestment Act

The attached legislative rules constitutes the official rule approved by the Commissioner of Banking on the 7th day of November, 1986 and filed pursuant to law with the West Virginia Secretary of State and the Legislative Rule-Making Review Committee.

A handwritten signature in cursive script, reading "A. Kevin Thomas", written over a horizontal line.

A. Kevin Thomas
Deputy Commissioner of Banking

WEST VIRGINIA LEGISLATIVE RULE
COMMISSIONER OF BANKING
CHAPTER 31A-8B
SERIES 4

Title: General Rules Implementing the West Virginia Community
Reinvestment Act

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FILED

WEST VIRGINIA LEGISLATIVE RULES NOV -7 AM 11: 55

Commissioner of Banking OFFICE OF THE SECRETARY OF STATE

West Virginia Code 31A-8B-5
Series 4

Title: General Rules Implementing the West Virginia Community Reinvestment Act

Section 1. General

1.1 Scope and Purpose - This regulation establishes general rules implementing Section 31A Article 8B, the West Virginia Community Reinvestment Act, of the West Virginia Code; it applies to all bank holding companies, all state-chartered banking institutions, all domestic subsidiaries of bank holding companies and all domestic subsidiaries of state-chartered banks operating or with application to operate in West Virginia. West Virginia Code §31A-8B(et. seq.) and this regulation are intended to encourage banks and bank holding companies to help meet the credit needs of their local community or communities; to provide guidance to banks and bank holding companies as to how the Commissioner of Banking ("Commissioner") and the West Virginia Board of Banking and Financial Institutions ("Board") will assess the records of these institutions in satisfying their continuing and affirmative obligations to help meet the credit needs of the local communities, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of those institutions; and to provide for taking into account those records in connection with certain applications.

1.2. Authority - This regulation is issued under the authority of West Virginia Code §31A-8B-5.

1.3. Filing Date -

1.4. Effective Date -

Section 2. Applicability of Federal Community Reinvestment Act of 1977 - All state-chartered banks shall comply with the Federal Community Reinvestment Act of 1977 and any related regulations heretofore or hereafter promulgated thereunder. In connection with the examination of a bank, the Commissioner shall assess the record of performance of the bank in helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank. The Commissioner shall consider the factors established in the Federal Community Reinvestment Act of 1977 and related regulations in making this assessment.

Section 3. Filing Requirements

3.1. All bank or bank holding company applications requiring Board or Commissioner approval shall include the current Community Reinvestment Act statement required pursuant to the Federal Community Reinvestment Act of 1977 and related regulations issued thereunder. For purposes of a bank holding company application, the information requested pursuant to these regulations shall be submitted for each

subsidiary bank located in West Virginia, of the applicant bank holding company and each bank located in West Virginia, which is to be acquired by the applicant bank holding company. For purposes of a bank merger application, all information requested pursuant to these regulations shall be submitted for each bank involved in the merger.

3.2. In addition to the Community Reinvestment Act (CRA) statement, the applicant may include supplemental information supporting the applicant's record of performance in meeting the credit needs of the community or communities it is attempting to serve. Credit activities in the following loan categories will be considered as important and favorable:

- (A) Housing-Related Loans
 - 1. FHA/VA/FMHA mortgage loans
 - 2. FHA Title I home improvement loans
 - 3. Mobile home loans
 - 4. Loans extended via participation in city, county and/or state housing development agencies
 - 5. Housing loans extended in low- and moderate-income neighborhoods
 - 6. Use of various secondary market programs and participation in such programs
 - 7. In-house housing related loan programs
- (B) Commercial and Industrial Loans
 - 1. Small Business Loans
 - (a) SBA guaranteed loans
 - (b) FHA guaranteed Business and Industrial Loans
 - (c) In-house small business loan programs
 - 2. General Commercial Loans
 - 3. Participation in industrial and economic development programs
 - (a) Extension of industrial development loans
 - (b) Purchase of industrial revenue bonds
 - (c) Investment in local municipal and school bonds (for purposes of this category, local means home county and contiguous counties)
 - (d) Community purpose loans
- (C) Agricultural loans
- (D) Consumer loans
 - 1. Student loans
 - 2. Consumer counseling
 - 3. Loans to low- and moderate-income consumers
 - 4. All other

3.3. Out-of-state bank holding companies seeking to acquire a West Virginia bank or West Virginia bank holding company pursuant to 31A-8A-7(c) shall, in addition to the filing of the required CRA statements, include a record of any formal protests and hearings held regarding the CRA statements of the Applicant and all of their currently owned affiliate banks over the last five years.

3.4. The applicant shall furnish any additional information that the Board, or the Commissioner may require.

Section 4. Assessing the Record of Performance

4.1. The Commissioner shall provide staffing adequate to make the assessment of an applicant's record of performance. The applicant's CRA statement(s), any supplemental information filed, any previously or currently filed formal protests, loan data as available from officially filed reports of condition, and any other information as may be required or considered relevant by the Commissioner or the Board will be used as the basis for assessing an applicant's record of performance.

4.2. Use of various statistical comparisons, generated from quarterly reports of condition, will be used in assessing a bank's CRA performance; however, their use may not be conclusive. Ratio comparisons will be evaluated by taking into consideration the applicant's relative size, corporate structure (number of branches, etc.) and economic conditions. Some examples of the types of statistical comparisons which may be made are:

- (A) Loan-to-Deposit Ratio
- (B) Percentage of loans and of deposits in various categories of loans.
 - 1. real-estate loans
 - 2. consumer loans
 - 3. commercial and industrial loans
- (C) Trends in loan and deposit categories and loan to deposit ratio.

Section 5. Public Participation

5.1. For all bank or bank holding company applications requiring Board or Commissioner approval the applicants shall, in conjunction with public notice and publication requirements of the Federal Reserve Board or Federal Deposit Insurance Corporation, include in said notice's the following statement:

"The public is also invited to submit written comments regarding this application to the West Virginia Board of Banking and Financial Institutions. Write Commissioner of Banking, Capitol Complex, Charleston, West Virginia 25305."

5.2. In conjunction with an application, the Commissioner shall make available for public inspection the CRA statements, the applicant's record of previously filed CRA protests, historical information concerning loan and deposit trends, and any supplemental information filed.

Commissioner of Banking
Leg. Rule, 31A-8B
Series 4, Sec. 5

5.3. A banking institution's record of compliance with the Community Reinvestment Act and these regulations shall be a subject for consideration in conjunction with the notice and hearings required by West Virginia Code §31A-3-3.

Section 6. Effect on applications

6.1. The assessment of an applicant's record of performance in helping to meet the credit needs of its community or communities, may be the basis for denial of an application.

6.2. The Board or the Commissioner may approve applications subject to terms and conditions, which, in the discretion of the Board or the Commissioner, are considered necessary to improve the applicant's record of community reinvestment.

DATE: November 7, 1986
TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE
FROM: A. Kevin Thomas
Deputy Commissioner of Banking
LEGISLATIVE RULE TITLE:

FILED
1986 NOV -7 AM 11:54
SECRETARY OF STATE

1. Authorizing statute(s) citation §31A-8B-5

2. a. Date filed in State Register with Notice of Hearing:
August 6, 1986

- b. What other notice, including advertising, did you give of the hearing?
Notification was mailed to persons on the Banking Department's official notification list.

- c. Date of hearing (s): September 10, 1986
(comments accepted through Sept. 26)

- d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.
Attached X No comments received

- e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing:
(be exact)
November 7, 1986

- f. Name and phone number of agency person to contact for additional information:
A. Kevin Thomas
Deputy Commissioner of Banking
348-2294

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation: Not Applicable

a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

b. Date of hearing: _____

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

d. Attach findings and determinations and reasons:

Attached _____



STATE OF WEST VIRGINIA
DEPARTMENT OF BANKING
CHARLESTON 25305
M E M O R A N D U M

FILED

1986 NOV -7 AM 11: 54

SECRETARY OF STATE

TO: Legislative Rule Making Committee

FROM: A. Kevin Thomas
Deputy Commissioner of Banking *A. Kevin Thomas*

RE: General Rules Implementing the West
West Virginia Community Reinvestment Act

DATE: November 7, 1986

Listed on page two (2) of the attached public hearing transcript are the speakers and comments received, regarding the above proposed rule.

In addition to the list on page two (2), the following additional comments were received and are marked as follows:

Exhibit

- No. 9 (Letter from Maggie Beller, dated September 10, 1986)
- No. 10 (Letter from Chris Weiss, dated September 10, 1986)
- No. 11 (Suggested regulations filed by Coalition for Community Reinvestment)

The comments received and responses are outlined below:

1. Applicability of Federal Community Reinvestment Act:

Response: Any regulations adopted by the Department would only apply to state-chartered institutions. There are currently 119 state-chartered banks and 96 national banks in the state. To impose more stringent regulations on state-chartered institutions would place them at a competitive disadvantage with their national counterparts.

The federal regulations address Community Reinvestment Act statements, content requirements for the statement, review and update of the information by the bank, community delineation requirements, and examination criteria. A duplicity of these provisions in state regulations would be confusing, expensive and an unjustified burden on state-chartered banks.

2. Availability of Information Necessary to Determine a Bank's Level of Lending:

Response: Banks file quarterly financial information with the Department of Banking. This information includes a detailed breakdown of the types and amounts of loans and deposits outstanding. The Department has and will continue to make this information available to the public.

3. Objective Public Rating of Banks:

The factors which effect a bank's lending ability are complicated and numerous. The ability of a bank to make loans on a safe and sound basis is conditioned upon such factors as economic conditions, management ability, deposit liability characteristics, availability of funds, loan demand, bank regulations, and credit quality considerations.

To be "objective", a rating would have to eliminate most, if not all, judgmental determinations. The scope and interrelated characteristics of the factors associated with determining a bank's ability to lend money, makes the formulation of an objective rating impossible.

Historically and today, bank regulation has been directed towards protecting the depositor interests. A public rating from the Department of Banking may be misconstrued as a rating of soundness of the bank when, in fact, the opposite may be the case. If a public rating resulted in a lowering of credit standards throughout the banking industry, the safety and soundness of banks would be undermined.

4. Public notice:

Response: Federal regulations include extensive provisions for public notice. These include posting of notice in bank buildings and newspaper publication requirements. These notices do not, however, currently include notice that the Department of Banking or the Board of Banking and Financial Institutions also have review powers. The underlined Section 5.1 was added to the regulations to incorporate this provision.

PUBLIC HEARING BEFORE THE DEPUTY COMMISSIONER OF BANKING

General Rules Implementing the
West Virginia Community Reinvestment Act.

TRANSCRIPT OF PROCEEDINGS had and testimony
adduced in the above-styled case, taken pursuant to
notice, before the West Virginia Department of
Banking, Department of Banking's Conference Room,
Room 311-A, Building No. 3, Charleston, West Virginia,
on the 10th day of September, 1986, at 10:00 a.m.

BEFORE: A. KEVIN THOMAS, Deputy Commissioner

PATRICIA KELLY, Staff

DAVID MUDIE, Staff

Action Court Reporting

Mary K. Comer

879 Chappell Road

Charleston, West Virginia 25304

304/925-5588

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COMMISSIONER THOMAS: Okay, I'd like to call this meeting to order. This is a public hearing and I would like to read the notice of the public hearing into the record to begin today's proceeding.

"Notice of Public Hearing or Comment Period on a Proposed Rule, Public Hearing, Agency: West Virginia Department of Banking, Rule Type: Legislative, Rule Title: General Rules Implementing the West Virginia Community Reinvestment Act.

"A public hearing on the above proposed rule will be held at 10:00 a.m. on September 10, 1986, at the Department of Banking's Conference Room, Building No. 3, Room 311-A.

"Comments are to be limited to both oral and written. Comments may also be mailed to: West Virginia Department of Banking, 1800 Washington Street, East, Building No. 3, Room 311-A, Charleston, West Virginia, 25305.

"The Department requests that persons wishing to make comments at the hearing make an effort to submit written comments in order to facilitate a review of these comments.

"The issues to be heard shall be limited

to the proposed rule."

Persons wishing to comment today, if you have written comments with you, they will be marked and admitted to the hearing record.

In order to begin the record today, there are a few items that I would like to enter. The first being the Notice of Public Hearing, which was filed in the Secretary of State's Office, August 6, 1986, which was previously read into the record. That's marked Exhibit No. 1.

(WHEREUION, the document referred to was marked as State's Exhibit No. 1 for purposes of identification and was received into evidence.)

COMMISSIONER THOMAS: Exhibit No. 2 is a copy of the proposed legislative rules, entitled General Rules Implementing the West Virginia Community Reinvestment Act. Those rules were also filed in the Secretary of State's Office on August 6, 1986.

(WHEREUPON, the document referred to was marked as State's Exhibit No. 2 for purposes of identification and

was received into evidence.)

COMMISSIONER THOMAS: Exhibit No. 3 is a copy of the Federal Community Reinvestment Act Regulations, which are incorporated by reference into the State's CRA regs.

(WHEREUPON, the document referred to was marked as State's Exhibit No. 3 for purposes of identification and was received into evidence.)

COMMISSIONER THOMAS: Exhibit No. 4 is a comment letter from Maggie Beller, representing the Coalition for Community Reinvestment; that letter is dated August 27, 1986.

(WHEREUPON, the document referred to was marked as State's Exhibit No. 4 for purposes of identification and was received into evidence.)

COMMISSIONER THOMAS: Exhibit No. 5 is a response from myself, Kevin Thomas, to that letter, dated August 29, 1986.

(WHEREUPON, the document referred to was marked as State's Exhibit No. 5 for purposes of identification and

was received into evidence.)

COMMISSIONER THOMAS: Exhibit No. 6 is another comment letter from Mr. Charles Garlow of Charleston, West Virginia, dated September 5, 1986.

(WHEREUPON, the document referred to was marked as State's Exhibit No. 6 for purposes of identification and was received into evidence.)

COMMISSIONER THOMAS: That completes, I guess, the preliminary business and we will enter into the receiving of comments of those represented here today.

The first person wishing to comment is Mr. Tony Sade, and he's representing the Community Reinvestment Coalition.

Mr. Sade, do you have any comments -- written comments, that you would like to submit?

MR. SADE: If I may, they are not in final form, maybe I could type them and then submit them.

COMMISSIONER THOMAS: Certainly.

MR. SADE: Good morning.

COMMISSIONER THOMAS: Good morning.

MR. SADE: My name is Tony Sade and I'm an

attorney with a public interest law firm here in Charleston and a member of the West Virginia Coalition for Community Reinvestment, a group which has over the last several months studied with great interest various proposals dealing with banking activity here in our state.

My purpose in appearing today is to point out what I think are serious flaws in the Community Reinvestment Regulations proposed by Commissioner Thomas, and to urge that they be redrafted and rewritten in a form that will give life and meaning to Community Reinvestment here in West Virginia.

In almost ten years of work with public interest law firms in a variety of capacities, I've had the opportunity to deal with administrative regulations in a variety of contexts. I have on occasion had to interpret such regulations in order to assist various individuals and groups seeking benefits thereunder, to analyze and critique their substance and the processes by which they were enacted and on occasion to draft administrative regulations myself.

On the basis of that experience, I bring

two basic assumptions to review of regulations, such as those proposed by Commissioner Thomas, assumptions that I believe are widely shared, regardless of one's perspective on the content of a particular set of guidelines.

The first is that administrative regulations are and should be designed to flush out the statutory purpose they seek to implement, to fill in the cracks, so to speak, left by the enactment of what are often vague and broadly worded written legislative pronouncements.

Administrative regulations must define, refine, explicate and interpret that which a legislative body has mandated, as defined by our own Administrative Procedures Act, a rule is defined as a regulation, standard or a statement of policy or interpretation of general application and future effect, including the amendment and repeal thereof, affecting private rights, privileges or interests for the procedures available to the public, adopted by an agency to implement, extend, apply, interpret or make specific the law enforced or administered by or to govern its organization or procedure.

The second assumption that I bring to this analysis is that whereas states such as West Virginia has enacted a counterpart to existing federal legislations, in this case they are both federal and West Virginia Community Reinvestment Acts and federal CRA regulations, the state offering should not merely parrot that which has already been offered by the federal government, but should move beyond and extend, should make a serious and good faith effort to build on the experience peculiar to the individual state and also to reform and rework that which can be gleaned from the experience of the federal process.

In other words, federal regulations should not simply be photocopied and perfunctorily placed into existing state codes and regulatory registers, but should be closely examined for any improvements, any expansions or deletions that would appropriately be made, so as to give true meaning to the state regulatory process.

On both of these counts, the need to fill in the gaps in the legislative mandate and to build on past experience in the federal sphere, the general rules implementing the West Virginia Community

Reinvestment Act, as proposed by the Department of Banking, and Commissioner Thomas, are, I think, in effect, an utter, absolute, and I might add, cynical failure, they are simply not worth the pages they are printed on.

It appears that in drafting the proposed issues, the sole analytical and experiential tool employed by the Department of Banking was, in fact, the photocopy machine.

Section 2 of the proposed rules makes clear that the federal regulations shall, in effect, now be West Virginia's Community Reinvestment Act regulations, it states that all state charter banks shall comply with the Federal Community Reinvestment Act of 1977, the Commissioner shall consider certain factors established in the Federal Community Reinvestment Act in making assessments of banking's performance.

Hardly the stuff by which gaps are filled in, hardly the stuff upon which experience is built.

The inevitable and only conclusion that I think must be reached from a review of this proposal is that the department, whether because of

political pressure or expediency, or simple laziness, has not taken community reinvestment seriously and does not intend to vigorously enforce the legislative findings of our West Virginia Legislature, that banking institutions have a continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered.

Aside from this fact, that it has taken four years, and recent legislative pressure to get the Department off its collective administrative duff to even draft community reinvestment regulations. This conclusion, that the Department does not intend to take its obligations seriously, can best be drawn from a review of the permits of discretionary language with which this proposal is rife, and I will simply refer you to the existing proposal, which has words such as, shall consider, may include, use may not be conclusive, may be required, may be the basis for denial of the Commission or may approve in its discretion, all words that I think are defined in legal parlance, weasel words, or in lay terms, loop holes big enough to drive a truck through.

However you describe them, these

regulations do not provide a meaningful vehicle to provide banking institutions to meet the needs of the local communities in which they are chartered.

By comparison, the detailed proposal submitted by the coalition on community reinvestment will go a long way towards breathing life into the Community Reinvestment Act in this state.

Among the elements of this proposal to be discussed in depth, I assume, by later speakers, are strong disclosure and public participation provisions and by creational and objective rating system to be employed by the department in assessing the bank's performance under the act and presumably by the public, which they are chartered to serve in determining where to do business.

Were this alternative proposal drafted and implemented in its current form, would I believe serve as a CRA model for the nation, the provisions contained therein are by no means revolutionary or radical and most or all have, in fact, been implemented by other states, Massachusetts, New York, Illinois, and the great bastion of radical banking practice, Louisiana, have all taken steps to

insure that community reinvestment is more than a slogan.

I urge the Department and the Commissioners to go back to the drawing board and come up with a set of proposals that breaths life and meaning to the community reinvestment in West Virginia.

Thank you.

COMMISSIONER THOMAS: Thank you.

The next person wishing to comment is Mary Ellen Walker, representing the Womens World Bank.

MS. WALKER: Good morning.

COMMISSIONER THOMAS: Ms. Walker, do you have any written comments that you would like to submit?

MS. WALKER: No, sir, I was not aware that you would want any, I will submit it later.

COMMISSIONER THOMAS: Okay, that's fine.

MS. WALKER: My name is Mary Ellen Walker, and my -- and I am on the board of the Womens World Bank, and I'm also a small business owner here in Charleston.

My purpose here today is to talk about

banks and the relationship to small businesses and how they treat women in business.

I feel that banks must come back to servicing the small businesses of West Virginia, for the survival of the state. I have talked with several bankers and they have told me that they really do not like to work on loans for small businesses, it takes too much time, they would rather work on one large loan, as to work on several small loans, and the odds of all 20, if they were to make 20 small business loans, the odds of all 20 loans failing at one time is not as great as one big one.

I am not against big business in West Virginia, big business has made it go, but West Virginia's survival is based on small businesses putting people to work, and, true, small businesses go under every day, but we are hearing more and more about big businesses going under, too.

And you wonder why small businesses fail, because banks won't help in giving small loans or any financial advice, a small business person goes to a banker and he says, put it on paper, you put it on paper and he says, we don't want to fool with you, go

A.C.R.

elsewhere, and there's no -- really, no other place to go at the present time for the banks to get a loan.

I recently went to several different banks to get a small capital loan, I was turned down by all three, and, you know, I asked what was wrong with my business that I couldn't get a loan, two of them said, well, it's just too small of a loan to fool with, you know, we really don't want to fool with you. I did get one loan officer to come out and actually look at my business and see what it's like, loan officers need to get out of the bank building, per se, they don't need to stay in the offices.

As for advice, when I asked them, what should I do, they said, well, I was under-capitalized, to start with, I have been in business eight years, if the banks thought I was under capitalized, why didn't they tell me eight years ago, when I started. And one other thing, I wondered why they didn't even refer me to the Small Business Administration, you know, I'm a small business, that's where I should probably be going, but not one of them referred me to the Small Business Administration.

A.C.R.

So, because of this attitude with banks, this is why Womens World Bank came to West Virginia, it guarantees loans for women. The Womens World Bank, West Virginia affiliate, helps women start small businesses and at the current time we have \$44,000 we can guarantee and we offer support and monitoring groups.

Womens World Bank gets involved with applicants, we meet with the applicants, we go out and physically look at their place of business, and we discuss with the applicant, the entire loan board, discusses with the applicant the amount of money that they are asking for, whether they are asking for too much or too little, and we offer advice.

How many times have you went to a bank and asked for a loan and never saw anybody else, except the loan officer you are talking to, we get involved.

If banks would do that, maybe more businesses wouldn't fail in West Virginia, there needs to be more communications between the bank and the people of West Virginia.

Womens World Bank, West Virginia affiliate, gave a loan to a woman in southern West Virginia, she

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was also turned down by her local bank, but because of our belief in her and her ability, with our loan she was able to expand her business, she repaid her loan within six months and her business today has grown and she is employing more people than she was six months ago. Where would her and her employees be today without the help of Womens World Bank, West Virginia affiliate, why couldn't a local bank have seen what we saw in her.

All you read in the books and papers is banker, become a friend to your banker, that's a two-way street. My bank personally, my loan officer, changed banks and I don't go in every day or every month to see my loan officer, they had a new loan officer there and not once in the three months that he had been there before I went in to talk to him had he sent me a letter stating, I am your new person, come and talk to me. Not once did he do that. But it says, become a friend to your banker, bankers need to become friends to small business owners.

The bankers really need to get on the outside world and see what's going on, besides just figures on paper and banks do not need to reach out to

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other states for investment, they need to improve the relationship with the people of West Virginia, whose money is in their bank, and they need to come back to servicing the small businesses of West Virginia, who can put the people to work.

Thank you.

COMMISSIONER THOMAS: Thank you.

The next person wishing to comment is Mr. Bob Ash, representing the First Step Enterprise Center.

MR. ASH: As is stated, I am Bob Ash. I am the director of the First Step Enterprise Center in St. Albans, I'm also working on small business incubators throughout West Virginia, and, in fact, the region.

I've come to some conclusions over the past year with working with several hundred business people that things are not entirely right out there, I do not come away from being purely negative to the banking industry, I think that the properly formatted business plan, properly presented business plan will get a loan in West Virginia, if everything looks good and there is going to be a repayment on that loan, you

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A.C.R.

will get a loan there.

What I found is that people don't know how to put that business plan together.

I think that if the banking industry got a little more involved from that angle, from the education angle, to explain to people what is involved in making a business loan, that you are simply not walking in to get the money, you are walking in to get the money to show how you're going to repay it, how you're going to be capitalized and the whole thing, people don't know the entire process.

I looked at the regulation, I think it's 3.2 that I am discussing here, the supplemental information, and I picked up on the word, may, also. I think the term should be will or have to or whatever. You have to look at this, not from a -- we think we want to tell you what we did, but let's look at everything we did do as a banker, and then if it's negative, I think it should be held against a particular bank.

I have banks in certain communities that are very favorable towards small business and other communities, they will not talk to them. There ought

A.C.R.

to be something that says that is a negative factor there, rather than a positive factor.

So, let's look at it on both sides.

The other thing that we looked at is the actual investment of the community from the economic development standpoint. We get into bonds and the new tax rules and things, and I think it's become more important for bankers to get more directly involved in possibly the buying of low interest bonds in their community to help small business -- small to large business. And as an example, I have a client in the northern part of the state that wants to double his work force and become the only person that supplies a particular product in this state.

He has been in business seven years and he wants to expand, and we have bankers that are talking to him, but the interest rates are really just entirely too high, he can go out of state and get money at a less rate. Now, that doesn't make a lot of sense to me.

The other thing that I know that we are not doing well at all is the SBA loan guarantee program. Most people do not know about it and the

banks are not explaining that as an alternative, we are just not utilizing that and it might not be around too much longer, but while it is here, we might as well use it. And I think that the banks need to explain to any consumer that they deny that there is an alternative.

Thank you.

COMMISSIONER THOMAS: Bob, do you have any written comments that you would like to submit?

MR. ASH: I will send them to you in a follow-up.

COMMISSIONER THOMAS: Okay, thank you, sir.

The next person wishing to comment, Rober Brumbaugh.

MR. BRUMBAUGH: No.

COMMISSIONER THOMAS: Maggie Beller, representing Women and Employment and the West Virginia Coalition for Community Reinvestment.

MS. BELLER: Only for purposes of reference, I can get that written worksheet typed up, but I was still playing with the numbers until the wee, small hours of the morning, the banking industry being the numbers conscious industry that it is.

I am Maggie Beller, I'm the legislative coordinator for Women and Employment, and I'm a representative for the West Virginia Coalition of Reinvestment.

What I would like to talk to you about this morning is the collection of Community Reinvestment Act statements that we have collected since we first began to look at these things. And I want to talk to you about the information that is presented.

I am not here to criticize the loan to deposit ratio of any particular bank. What I have a summary of is the review of 29 Community Reinvestment Act statements, some of which were collected by our office, a random selection of banks in northern and western Virginia. One day I took out of the legal notices a long list of establishments where a person could pay a utility bill, I would say about a third of them were banks and two-thirds of them were the other clients of local business establishments, where a person can, from time to time, pay a utility bill. So, this list was not assembled with banking in mind, it just happened to be one-third banks.

So, I took that list and requested the

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Community Reinvestment Act statements from those banks, another member of the Coalition requested Community Reinvestment Act statements from Kanawha County banks.

The Kanawha County statements were requested in a letter dated June 5, the random listing from the legal notice went out in a letter dated June 30th.

The summary that you have before you, which is our first report card, I don't pretend to pass it on as a be all and end all of sophisticated banking evaluation. As a matter of fact, exactly my point is to tell you that with what is available now, this is the best that we can do, but since these numbers are important to us, we will do the best we can with what is available.

Out of 29 statements, nine Community Reinvestment Act statements included any dollar figures or any percentages at all in terms of their involvement in their local community, four statements out of those nine, that's barely 14 percent, had numbers that are or could become a current loan to deposit ratio, 14 percent.

Fifteen of those statements, though, without statistics, appear to have other features that were helpful to consumers, even if they were only minimal, some of them had very fine maps, some of them went into great detail about their community activities in terms of getting out into the community and making an affirmative act -- attempt to inform their communities about available services, including banking.

Ten of those twenty-nine statements, thirty-four percent of them, seemed to me to be totally lacking one or another minimum requirement and can only really be labeled very disappointing and to me they clearly demonstrate the need for better regulations, in terms of what a bank is going to present to its community, regarding its investment in the community.

I would like to call your attention to four -- the four statements that I looked at, that I found very, very helpful, the primary criterion was the inclusion of a current loan to deposit ratio figures, which could easily be converted to the ratio.

As far as my studies have led me to

conclude, congratulations ought to go to the Charleston National Bank, which included in the back of its Community Reinvestment Act statement two pages of loan and deposit statistics and they have done on a voluntary basis the thing that we most value in terms of measuring economic development that separated out their loan and deposit numbers within their delineated community, and outside of their delineated community, and they, apparently, don't feel that it is going to jeopardize any kind of confidentiality, they have gone ahead and done it. I would like at this point to publicly take note of that, to their two pages of statistics are the last two pages of the blue handout, I brought with me only 20 copies, there are some more out on the table.

We believe that this kind of information should be mandated, it is easily available and a consumer can look at a solid number, the number that the banking industry uses, to measure its commitment to its local community.

The First National Bank of Morgantown includes the loan to deposit ratio for 1985 and other good detail.

The Central National Bank of Buckhannon gives a current loan to deposit ratio on a particular date, September 30th of last year, and also happens -- that figure also happens to correspond with the figure on an independent listing, an organization called Shesunoff, which gets bank data. Actually, what they do is something that very few consumers or community organizations do; they buy the quarterly call reports and I discovered that to get one year's call reports for all the banks in West Virginia would cost our organization \$245, that would go a long way towards doing the advertising that I need to get my small business off the ground. And, so, I don't think I will buy their call reports, I think I will get my little business off the ground.

Anyway, the Central National Bank of Buckhannon does give a figure that corresponds with this section of data.

And the fourth bank that we want to call public attention and compliment is the United National Bank of Parkersburg, which gave a current year loan figure and a deposit figure, which can very easily convert into a ratio.

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I have given to Mr. Thomas my work sheet, I apologize, again, for the fact that it is handwritten, but I wanted you to have some chance to look at the work sheet that I did from which this one-page summary came.

There is a large array of loan to deposit figures here, one of the banks we have identified publicly has a lower than average loan to deposit ratio.

I think the fact that they are making it public is something that we want to pat them on the back for, we have been told many times that a loan to deposit ratio is not the only measure of community reinvestment activity.

I have commented in other places that I thought perhaps when a figure was terribly low, that the burden to justify that figure ought to be on the bank. I still believe that, I suspect that possibly they could benefit from sending a loan officer to a larger bank or to a Small Business Administration or some place to get some extra training, but I really do appreciate the fact that they are willing to include their loan to deposit ratio.

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In doing this, some other things came out that I believe are of interest, there are several counties in the Shesunoff data that have low -- that have had a drop, a larger than 15 percent drop, in employment in the last five years, and, yet, some of them still are small banks with high loan to deposit ratios. I don't know what the explanatory variable is, I would sure like the opportunity to visit those banks and see whether perhaps it is the management of those banks.

But there are banks out there, small banks, in poor counties, who are -- who have a good loan to deposit ratio, they are not telling us that, if they would tell us that in their Community Reinvestment Act statement, I think that it would furthermore, to the people in their community, taking even more advantage of their banking services and the community together, recovering further from its economic doldrums.

I would be glad to answer any questions, I have all 29 of the Community Reinvestment Act statements that I looked at with me today. I have the Shesunoff data with me and I will be glad to let

anybody look at it, who is so inclined.

Thank you.

COMMISSIONER THOMAS: Maggie, we are going to be marking your worksheets here Exhibit No. 7.

(WHEREUPON, the documents referred to were marked as State's Exhibit No. 7 for purposes of identification and were received into evidence.)

MS. MILLER: Okay, I'll get you a typed copy with a few less cryptic symbols on there tomorrow.

COMMISSIONER THOMAS: The next person wishing to comment is Ms. Chris Weiss, with Women and Employment.

MS. WEISS: My name is Chris Weiss, I'm the executive director of Women and Employment, and I'm also chair of the board of Womens World Banking, a West Virginia affiliate. I'm also a member of the Womens Coalition for Community Reinvestment.

These two organizations have much of the same goal in mind, which is why we are here today, and that is to encourage economic development here in West Virginia through increased access to credit for

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small business development, as well as other kinds of loans.

Our attention to the need for a small business credit, our access to credit, emerged about three years ago, when we were funded by the Ford Foundation to do some work on rural economic development.

In the three years that we have worked with that program, we have worked with many women who have started to try to expand small businesses and also been to meetings of the small business coalition here in West Virginia, and one thing emerges, and that is the difficulty of West Virginia businesses, small business, particularly, have of access to capital here in West Virginia.

That difficulty was confirmed for us this last fall, through an INC. report, an INC., Magazine report, that put West Virginia 50th in the nation in asset to lending ratios, whether that's the same as loan to deposit is debatable, sometimes the terms get mixed up, but the testimony from small business owners over and over again testified to that.

I agree that oftentimes the problem is in

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business plan, but many times we find loan officers who do not understand how to read a business plan.

We believe that the Banking Commission, as a result of some of the experiences that we have had, has a responsibility to the depositors in West Virginia who are consumers of banking services, such as Ms. Walker here, as well as to the banks themselves.

This responsibility translates to us as the need to be aggressive in promoting sound but flexible loan review guidelines and encouraging community reinvestment by banks, where an active involvement with business initiatives in their communities.

The most critical addition that must be added to the proposed regulations are disclosure provisions that would adequately describe and assess a bank's community reinvestment record.

The work that Maggie Beller has done, the experiences that we have had, indicate the disclosure through the kinds of figures that the Charleston National Bank has provided, is the only way that the public and the Banking Commission, representing the public, as well as banks, can adequately

access a community reinvestment statement or the record that banks have in community reinvestment.

I would like to just talk a little bit about my own experience, being a small business owner myself. Last night I spoke to a number of small business owners as a moderator of the Charleston Womens Forum, the audience was about 30 women, some of whom were small business owners, others were chemists, lawyers, tax accountants, various other service providers or business owners who produce products or services.

In discussing the problems that women particularly face, there was almost universal assent to the fact that access to credit is the biggest problem that they have and these are women who, for the most part, in fact, do know what a business plan is and do know the elements of it.

There was one exception last night, which I report on, because of Ms. Beller's information that she handed to us. One woman who has set up an industrial photography business, went in with a very well drafted business plan to the Charleston National Bank and they were very impressed with her business

plan, it was the first loan of that type that they had ever given.

The management of that bank, however, was particularly receptive to small business loans and it was made a policy of that bank.

I think the whole policy question relating to the administration of the banks is very, very critical, again, something that the Banking Commission can encourage.

Let me read from a study that was put out by the corporation for enterprise development, and suggest that banking philosophy is a important factor affecting the availability of credit for small business finance.

"The banking philosophy of senior bank management is often a key variable in differentiating the relative aggressiveness of business lending by banks. Indicators of management philosophy include the development of innovative business financing techniques, level of bank involvement in local economic development efforts, willingness to joint venture with public development finance sources and support for efforts by individual loan officers to develop banking

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relationships with small business borrowers."

It seems to me that the Banking Commission, through regulations, must take an active role in encouraging this kind of attitude among banking institutions in the state of West Virginia, if this state is ever to recover from the economic doldrums that we are currently in.

Thank you very much.

COMMISSIONER THOMAS: Ms. Weiss, do you have any comments, written comments, that you would like to submit?

MS. WEISS: I will submit them.

COMMISSIONER THOMAS: Okay, thank you.

The next person on the agenda is State Senator Tod Kaufman.

MR. KAUFMAN: Thank you, Mr. Commissioner.

With your permission, I would like to ask leave to file comments after I speak.

COMMISSIONER THOMAS: Certainly.

MR. KAUFMAN: My name is Tod Kaufman, I'm a member of the Senate of West Virginia, I'm a practicing Charleston attorney and I'm a partner of the law firm of Kaufman and Ratliff, where I have practiced

law for six years.

I have been a small shareholder at Charleston National Bank for 20 years, I am not a technician working with the Community Reinvestment Act, which is known as your Code Section 31-A-8(b)-5, I am a legislator and a citizen who is concerned about the regulations from a public interest point of view.

During the past five years, I would say there has been more far reaching legislation in the field of banking, which has been passed by the Legislature, than all other years in West Virginia. We have seen the establishment of off-site branches, holding company pools and interstate banking.

It's hard to remember when the regulatory field has been so pre-empted by the actions of a specific industry, as has the field of banking been in West Virginia in recent years.

The Community Reinvestment Act regulations before this Commission today are the life blood of the depositors and the communities' interest in banking, they insure that the people that put money in the banks get something besides free checking and a pass book in return.

The regulations, when tied to economic growth, help all West Virginians and their commercial accounts fairly, not just a select few.

As West Virginia's capital resources are largely consolidated into three holding companies now, two in Charleston and one out of Parkersburg, it is imperative that the Commissioner put some teeth into these regulations, so that the public knows what is going on.

The public deserves to get something back for allowing the banks, through their charters, to do business in their communities and to profit handsomely.

There must be disclosure of certain information by the banks to the Department and the public under community reinvestment regulations, as the Charleston National Bank has voluntarily done.

The department should continue to be the watchdog of the public interest, just as the chemical manufacturers have an affirmative obligation of under community right to know, to inform the public what they're emitting into the air. The banks under community reinvestment have the affirmative obligation

to help meet the credit needs of low and moderate income neighborhoods in the communities.

I urge the Commissioner to promulgate strong regulations that assure the public knows who is getting what loan and has an idea of who is not getting what loan, in accordance with the Federal Community Reinvestment Act.

Finally, your regulations must require oversight of the banks' activities, so that the public and the local banking community can review the community reinvestment activity through facts and figures provided to the Commissioner.

It is important that the Commissioner require that the public be included in reviewing certain loans, once made, so that complicity or non-complicity with federal and state law is known.

How could it hurt to have the boards amongst themselves made up of representative members of the communities, like the hospital boards are required by West Virginia law to do. Would not the public interest be served by having those people from labor, education, government, women or minorities, sitting on the boards, too.

Who knows more about the economics of our state or the difficulties in making ends meet than those people. Wouldn't it be good business sense, under community reinvestment, to add a little different kind of economic expert in our state on the boards of our holding companies and subsidiary banks.

Surely, business could be better in West Virginia with some real teeth in these regulations before us.

Thank you.

COMMISSIONER THOMAS: Thank you.

The next person wishing to comment is Delegate Tom Knight.

MR. KNIGHT: Thank you.

During the past few weeks, I've been conducting a one-on-one personal survey with West Virginians I have met randomly. Each day I have asked them only one question, tell me truthfully, between you and your God and dark of night, do you believe that West Virginia will be better in five years, tell me the truth, not what you want me to believe or what you want to say or someone else wants

you to say, but what you truly believe.

I've asked this question of businessmen and businesswomen, of laborers and labor leaders, of the young and the old, of legislators and legislative lobbyists, of opinion makers and community leaders and of just people.

I have asked 30 or more people and unfailingly, all, with only one exception, ruefully, sadly, said, no,

That one exception was the president of a very large bank, he, and he alone, among all those to whom I have inquired, believes West Virginia will get better, all the rest have told me, to put it quite bluntly, they have lost hope in the ability, the desire and the determination of government and community leaders, people such as you and me, to make the changes that are needed to enable them to believe in a better future.

You are here today to hear public comment about proposed banking regulations, supposedly intended to cause banking institutions in West Virginia to make a greater investment in West Virginia, to encourage these institutions to reach out to our

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economically depressed people and to use the money they deposit in their banks to help create the new businesses and the new jobs they so desperately need.

Interestingly, the very factor of this hearing held at banker hours, beginning at 10:00 on a Wednesday morning, a time when the average West Virginian, the very people who are supposedly to be helped by these regulations, cannot be here, and in a meeting room which could not accommodate them, if they did.

It is the precise example of why all those people with whom I have talked have no faith in our ability to provide for them a better future.

Further, the regulations themselves, as proposed, are convincing evidence of why they have lost hope, the proposed regulations do nothing, nothing, other than a shuffling of paper, they provide for no reinvestment in West Virginia, they don't even provide that West Virginians will be told to the extent to which many of their banking institutions will continue to fill them by not reinvesting their money in West Virginia and their futures.

I don't need to be specific, others will

and have, but I have read the proposed regulations and I know what they do and don't do, and for whom they do and for whom they don't do.

The proposed regulations no more reach out to help West Virginians than this meeting reaches out to hear them.

Franklin Roosevelt, in the depths of the Great Depression told the American people that these unhappy times call for the building of plans that build from the bottom up, and not from the top down, that put their faith once more in the forgotten man at the bottom of the economic pyramid.

You know, as do I, that proposed reinvestment regulations for West Virginia's banking institutions build from the top down, not from the bottom up, that they put their faith at the top of the economic pyramid, not in the forgotten man and woman at the bottom.

I'm a member of the Legislature, I fought last winter, as did many others, for reinvestment -- banking reinvestment legislation, it did not pass.

You have an opportunity to act on behalf

of West Virginians, they need your help, you have an opportunity, if you fail to act responsibly for West Virginians, eventually, eventually, the Legislature will act, it may act in a stronger manner than many people would like, that is the history of such things.

I would hope that you all will be able to act for West Virginians and I have only one request of you before you act, before you decide to adopt the regulations as they are proposed, go out, as I did, ask randomly of people, do as I have recently done, ask them whether they truly believe West Virginia will be any better within the next five years, ask your spouse, ask your neighbor, your co-workers, ask anyone you want at random, and ask them why they believe what they say to you.

I know the answers you will get, I have gotten them, if you will only ask, if you do this before you act, you will not adopt the regulations as they are proposed, instead, you will vastly improve them, you will build from the bottom up, not from the top down.

Thank you.

COMMISSIONER THOMAS: Do you have written comments that you would like to submit?

MR. KNIGHT: They are kind of scratchy, not all of them.

COMMISSIONER THOMAS: That is fine. Thank you, sir.

This will be marked as Exhibit No. 8.

(WHEREUPON, the document referred to was marked as State's Exhibit No. 8 for purposes of identification and was received into evidence.)

COMMISSIONER THOMAS: The next person wishing to comment is Mr. Tom Winner, with the West Virginia Bankers Association.

MR. WINNER: Thank you, Mr. Commissioner.

I just want to make a couple of comments with the dual banking system that we have in this country, of national banks and state banks.

I think it is important that you have tried to create what all of the industry and community people have been trying to do in the last few years with banking legislation, that is to create a level playing field.

I think it's important to note that your rules and regs do follow and, I think, try to bring into conformity our state law with the Federal Community Reinvestment Act, under which all banks in West Virginia are currently operating.

I think it's important to note that your attempt may be not to create more onerous requirements in state banks, when the federal national banks would not be required to apply, nor would savings and loans, nor would buildings and loans, Magnet Bank or those institutions.

So, we think that you have made, generally, a good attempt to conform West Virginia's law with the Federal Community Reinvestment Act, and I appreciate this opportunity to comment.

COMMISSIONER THOMAS: Thank you.

The next person wishing to comment is Mr. David Grubb, representing the West Virginia Citizens Action Group.

MR. GRUBB: Commissioner Thomas, my name is David Grubb, and I'm here today on behalf of the West Virginia Citizen Action Group, which is a state wide organization, with over 30,000 dues paying members, and

I'm also here as a member of the Coalition for Community Reinvestment.

Specifically, my background is in law, but I also have a background in economics and my interest in economics and in economic development is one of the key reasons why I am here today.

I think that a number of points need to be made of a general nature and then I would like to make a few specific points, and I will be brief.

In general, I think in commenting to Mr. Winner's comments, he said that there has been an effort to create an even playing field, and I think, of course, that has happened within the banking industry. The problem is that within the communities there isn't an even playing level and one of the things that Mr. Ash mentioned earlier was that some banks have a very good record, Charleston National Bank here in Kanawha County, other banks have an atrocious record, and that is, of course, why we need to address the regulations.

And it really brings up what the role of government should be, and I think that if you look at the issues that have been presented before this

Commission, one of the key ones that leaps out is that some banks perform well, some perform poorly. The market itself just doesn't seem to be functioning properly and I think the key involvement of government should occur when there are market failures, such as when the public interest collides with the private interest, and when what's in the best interest of the stockholders is not in the best interest of the banking consumers and banking depositors.

Specifically, I think the issue that we often associate or the work that we often associate with this practice has been red lining and we all tend to think of red lining as something that occurs in the central cities, but there is also a form of red lining that occurs on a much broader context, and that is at the state level and the regional level, and that is what we have seen in West Virginia historically.

Many of us feel that the Community Reinvestment Act was a way to get at that issue and was a way to get at that problem.

The key, though, to determine whether or not that act is going to be meaningful is the

promulgation of meaningful regulations. And I think in reviewing specifically the regulations, there have been specific comments made, but I think the regulations are deficient in a number of areas and the three that I think have been coming out again and again by various individuals who have been testifying are the fact that there is no real objective rating in the regulations.

Secondly, that specific numbers are not available in terms of the loans approved and the loans denied within the communities. And, finally, and one of the most critical deficiencies is the lack of public notification. Clearly, we need to have information, if we are going to be able to evaluate properly the performance of banks.

In conclusion, I would like to just encourage the Commission to take this opportunity with the information received today to review the regulations you proposed and to promulgate regulations that are more in keeping with the spirit of the Community Reinvestment Act and in the spirit of public interest in West Virginia.

Thank you.

I do not have written comments, my comments are of an oral nature.

COMMISSIONER THOMAS: That is all the people that are on our list, I know we have some people that came in later.

Would you like to come on up and introduce yourself.

MS. TRANSUE: And I also don't have written comments.

My name is Judith Transue and I'm a social worker and a representative of a service agency.

I would just like to make a comment in favor of strong-- of the Banking Commission taking a stronger position in terms of the involvement of local banks in the community.

Speaking as a service provider at an agency which serves handicapped people and also as an employer, our agency has been heavily involved in housing over the past several years, in developing housing for handicapped persons, both physically and mentally handicapped persons.

In the course of that, we have been

trying very hard to find money for the development of housing, we manage to find money partly through the cooperation of a local bank in Morgantown, to develop one group home for mentally handicapped adults. That group home not only provides housing for handicapped adults, it provides jobs for about 12 people in the Morgantown community who work at the group home.

It has become increasingly difficult to develop the kind of housing that we are interested in developing, either for mentally or physically handicapped people, to find the money to do that.

Local money is becoming increasingly important, as HUD funds for that kind of housing that we are interested in dry up, there is very little HUD money in West Virginia. We then have to look to our local community to help us. And having local banks, which are under more pressure to become involved in the community, in any kinds of ways, will be very helpful to the kinds of work that we do, it will also provide employment in terms of -- and I think that's true of most social service agencies that are involved in the kind of thing we are involved in, that we not only provide housing, we also provide employment.

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and we do economic development. And those are my comments.

COMMISSIONER THOMAS: Thank you.

Anyone else?

VOICE: Well, I could make a few comments.

I'm delegate Charlotte Pritt.

As many of you know, I was the individual on interstate banking who started looking into this early last year and become alarmed that we were not protecting West Virginia citizens and depositors.

I am encouraged that so many people have shown up at 10:00, as Delegate Knight said, that's not a very good time. I personally had to take off work and was docked time, so I could come here and give moral support.

Initially, I had not planned to speak, but I think it is important that the public know that last year, in the midst of the battle, we were told in good faith that the Commissioner would promulgate rules and regulations, because for two years, in defiance of state law, nothing had been done.

Now, something is being done and I'm very

hopeful that those regulations will be in good faith and be strong regulations that will really do the kinds of things that we need to do in West Virginia, to encourage development, economic development, to encourage the kind of faith in the future that Delegate Knight was taking about.

I'm hopeful that the committee will go back, look at those regs again, look at the comments that have been made today, and in good faith come back with something that we can all feel good about and move forward with in the future.

Thank you.

COMMISSIONER THOMAS: Anyone else wishing to comment?

MS. BELLER: I have a couple of questions, are they in order?

COMMISSIONER THOMAS: That's fine.

MS. BELLER: One question was that it was not clear to me from the notice of the hearing whether your comment period was intended to end today or not, is that the case?

COMMISSIONER THOMAS: That's one of the things I would like to do today, is to extend that

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comment period probably until September the 26th, which would, I hope, alleviate some of the concerns about the timing of the hearing. And, you know, we will continue to accept written comments until September the 26th.

Anyone here that would like to submit comments or anyone else would be included with the record that goes to the legislative rulemaking committee.

MS. BELLER: Okay, my other question was whether we need to formally resubmit our draft in order for it to be included in the record?

COMMISSIONER THOMAS: I will include it.

MS. BELLER: Thank you.

COMMISSIONER THOMAS: Any other questions or comments.

With that, I will adjourn the meeting.

Thank you.

(WHEREUPON, the hearing in the above-styled matter was closed.)

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REPORTER'S CERTIFICATE

STATE OF WEST VIRGINIA,

BEFORE THE DEPUTY COMMISSIONER OF BANKING, to-wit:

I, Mary K. Comer, Certified Court Reporter, hereby certify that the foregoing is, to the best of my skill and ability, a true and accurate transcript of proceedings had and evidence adduced at a hearing held in the above-styled case, on the 10th day of September, 1936.

Mary K. Comer

Mary K. Comer
Certified Court Reporter

ration. In addition, a small bank may delineate those portions of SMSA's or counties it reasonably may be expected to serve.

(2) A bank may use its effective lending territory, which is defined as that local area or areas around each office or group of offices where it makes a substantial portion of its loans and all other areas equidistant from its offices as those areas. Adjustments such as those indicated in paragraph (b)(1) of this section may be made.

(3) A bank may use any other reasonably delineated local area that meets the purposes of the Community Reinvestment Act (CRA) and does not exclude low- and moderate-income neighborhoods.

(c) An insured State nonmember bank whose business predominantly consists of serving persons who are active duty or retired military personnel or their dependents and who are located outside its local community or communities may delineate a "military community" for those customers in addition to its local community or communities. Provisions of this part concerning local communities shall also apply to military communities, except that military communities shall be delineated by a written description rather than a map.

[Codified to 12 C.F.R. § 345.3]

[Section 345.3 amended at 44 Fed. Reg. 18165, March 27, 1979, effective April 26, 1979]

§ 345.4 Community Reinvestment Act statement.

(a) Within 90 days after the effective date of this part, the board of directors of each insured State nonmember bank shall adopt a Community Reinvestment Act (CRA) statement for each delineated local community.

(b) Each CRA Statement shall include at least the following:

- (1) The delineation of the local community;
- (2) A list of specific types of credit within certain categories, such as residential loans for one to four dwelling units, residential loans for 5 dwelling units and over, housing rehabilitation loans, home improvement loans, small business loans, farm loans, community development loans, commercial loans, and consumer loans, that the bank is prepared to extend within the local community; and

(3) A copy of the Community Reinvestment Act notice provided for in § 345.6 below.

(c) Each bank is encouraged to include the following in each CRA statement:

- (1) A description of how its current efforts, including special credit-related programs, help to meet community credit needs;
- (2) A periodic report regarding its record of helping to meet community credit needs; and
- (3) A description of its efforts to ascertain the credit needs of its community, including efforts to communicate with members of its community regarding credit services.

(d) Each bank's board of directors shall review each CRA statement at least annually and shall act upon any material change made in the interim at its first regular meeting after the change. Such actions shall be noted in its minutes.

(e) Each current CRA statement shall be readily available for public inspection:

- (1) At the home office of the bank; and
- (2) At each office of the bank in the local community delineated in the statement, except off-premises electronic deposit facilities.

(f) Copies of each current CRA statement shall be provided to the public upon request. A bank may charge a fee not to exceed the cost of reproduction.

[Codified to 12 C.F.R. § 345.4]

§ 345.5 Files of public comments and recent CRA statements.

(a) Each insured State nonmember bank shall maintain files that are readily available for public inspection consisting of:

- (1) Any signed, written comments received from the public within the past 2 years that specifically relate to any CRA statement or to the bank's performance in helping to meet the credit needs of its community or communities;

(2) Any responses to the comments that the bank wishes to make;

(3) Any CRA statements in effect during the past 2 years.

(b) These files shall not contain any comments or responses that reflect adversely upon the good name or reputation of any person other than the bank, or publication of which would violate specific provisions of law.

(c) These files shall be maintained by each bank as follows:

(1) All materials at the home office; and

(2) Materials relating to each local community, at a designated office in that community.

[Codified to 12 C.F.R. § 345.5]

§ 345.6 Public notice.

Within 90 days after the effective date of this part, each insured State nonmember bank shall provide, in the public lobby of each of its offices other than off-premises electronic deposit facilities, the public notice set forth below. Bracketed material shall be used only by banks having more than one local community. The last item in this notice shall be included only if the bank is a subsidiary of a holding company that is not prevented by statute from acquiring additional banks.

COMMUNITY REINVESTMENT ACT NOTICE

The Federal Community Reinvestment Act (CRA) requires the FDIC to evaluate our performance in helping to meet the credit needs of this community, and to take this evaluation into account when the FDIC decides on certain applications submitted by us. Your involvement is encouraged.

You should know that:

- You may obtain our current CRA statements for this community in this office. [Current CRA statements for other communities served by us are available at our head office, located at ———.]

- You may send signed, written comments about our CRA statement[s] or our performance in helping to meet community credit needs to (title and address of bank official) and to (title and address of the FDIC's regional office). Your letter, together with any responses by us, may be made public.

- You may look at a file of all signed, written comments received by us within the past 2 years, any responses we have made to the comments, and all CRA statements in effect during the past 2 years at our office located at (address). [You also may look at the file about this community at (name and address of designated office).]

- You may ask to look at any comments received by the FDIC's regional office) at (address).

- You also may request from the Federal Deposit Insurance Corporation, 550 17th Street NW., Washington, D.C. 20429, an announcement of applications covered by the CRA filed with the FDIC.

- We are a subsidiary of (name of holding company), a bank holding company. You may request from the Federal Reserve bank of ——— (address) an announcement of applications covered by the CRA filed by bank holding companies.

[Codified to 12 C.F.R. § 345.6]

§ 345.7 Assessing the record of performance.

In connection with its examination of a bank, the FDIC shall assess the record of performance of the bank in helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. The FDIC will review the bank's CRA statement(s) and any signed, written comments retained by the bank or the FDIC. In addition, the FDIC will consider the following factors in assessing a bank's record of performance:

(a) Activities conducted by the bank to ascertain the credit needs of its community, including the extent of the bank's efforts to communicate with members of its community regarding the credit services being provided by the bank;

- (b) The extent of the bank's marketing and special credit-related programs to make members of the community aware of the credit services offered by the bank;
- (c) The extent of participation by the bank's board of directors in formulating the bank's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act;
- (d) Any practices intended to discourage applications for types of credit set forth in the bank's CRA statement(s);
- (e) The geographic distribution of the bank's credit extensions, credit applications, and credit denials;
- (f) Evidence of prohibited discriminatory or other illegal credit practices;
- (g) The bank's record of opening and closing offices and providing services at offices;
- (h) The bank's participation, including investments, in local community development and redevelopment projects or programs;
- (i) The bank's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community;
- (j) The bank's participation in governmentally-insured, guarantee, or subsidized loan programs for housing, small businesses, or small farms;
- (k) The bank's ability to meet various community credit needs based on its financial condition and size, and legal impediments, local economic conditions and other factors; and
- (l) Other factors that, in the FDIC's judgment, reasonably bear upon the extent to which a bank is helping to meet the credit needs of its entire community.

[Codified to 12 C.F.R. § 345.7]

§ 345.8 Effect on applications.

- (a) The assessment of the record of performance under § 345.7 shall be taken into account in connection with applications to the FDIC for: (1) Deposit insurance in connection with a newly chartered bank; (2) approval of an establishment of a domestic branch or other facility with the ability to accept deposits for which an application is required; (3) approval of a relocation of the main office or a branch office; and (4) approval of a merger, consolidation, acquisition of assets, or assumption of liabilities.
- (b) The assessment of a bank's record of performance in helping to meet the credit needs of its community may be the basis for denial of an application cited in paragraph (a).
- (c) Specific applications.
 - (1) In considering an application where a State member or national bank will convert into, merge or consolidate with, or have its assets acquired or liabilities assumed by a State nonmember bank, the FDIC will take into account any views expressed by State member or national bank's present State and Federal supervisors.
 - (2) In considering an application for deposit insurance, the FDIC will take into account the bank's CRA statement.

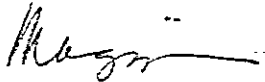
[Codified to 12 C.F.R. § 345.8]

We are also disappointed that you would schedule the public hearing at a time when many bank customers, the 40 hours weekly wage earners will find it costly if not impossible to attend. Can you schedule a continuation after working hours?

In closing I must tell you that the perception among coalition members is that you have not made a good faith effort to meet our concerns for community reinvestment that will contribute to economic renewal in West Virginia.

Looking forward to some timely response,

Sincerely,

A handwritten signature in cursive script, appearing to read "Maggie".

Maggie Beller
West Virginia Coalition for Community Reinvestment



EXHIBIT #

5

STATE OF WEST VIRGINIA
DEPARTMENT OF BANKING
CHARLESTON 25305

August 29, 1986

Ms. Maggie Beller
West Virginia Coalition for
Community Reinvestment
1217 Lee Street
Charleston, West Virginia 25301

Dear Maggie:

Having reviewed your letter of August 27, 1986, regarding the scheduling of the public hearing on the proposed Community Reinvestment Act Regulations, I must say that I am somewhat confused. The purpose of this hearing is to gather comments from interested parties so that both I and the legislature can better evaluate the proposed regulations.

In order that any person wishing to comment will have the opportunity to do so, both written and oral comments will be accepted. All written comments received by the department (including your August 27 letter) will become an official part of the hearing record. The acceptance of written comments provides a convenient, economical method for any person wishing to comment on the proposed regulations.

Your characterization of my concerns about a published CRA ranking is not correct. I do have concerns about such a requirement including such factors as; the possible public dissemination of examination information which is confidential under both state and federal law; the inability of any "formula" to adequately consider all factors impacting a bank's lending ability; the competitive factors associated with a state requirement which will not apply to national banks and the question of whether a New York, or any other particular state's, requirements will meet the needs of the citizenry of West Virginia.

I appreciate your comments, which will be given full consideration before final filing of the proposed regulations.

Sincerely,

A. Kevin Thomas
Deputy Commissioner of Banking

AKT/ts

Sep 5, 1986

Deputy Commissioner Kevin Thomas
W.Va Dept of Banking
State Capitol
Charleston, W.Va. 25305

EXHIBIT # 6

Re: Community Reinvestment

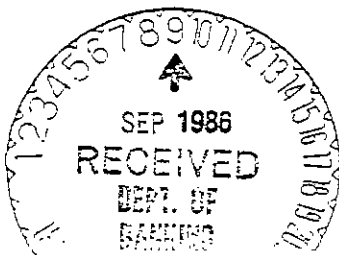
Dear Mr. Thomas:

As a homeowner that recently bought a home, I am concerned about the availability of consumer loans I may need to fix up my home. I am also concerned that such funds be available for my neighbors and other West Virginians.

Specifically, you are considering regulations under the Community Reinvestment Act of 1982. These regulations must contain a measurement of how much community reinvestment W.Va banks are engaging in. In other words I want the Dept of Banking to know & to advise me & the public which banks are doing the best at lending money to West Virginians, not out-of-staters. I intend to keep my savings in the best banks and avoid the worst in this category.

Secondly we need to see some numbers on how much of what kinds of loans are being made. I understand that W.Va. is the worst in the nation in investing less than half of local deposits back into the small businesses & homes in our communities.

Third, we need to require banks to post in the bank what their community reinvestment record is, so that I can find out without having to write to you.



Sincerely,
Charles Galloway
1562 Virginia St East
Charleston, W.Va. 25311

Does your bank provide these services?

- Individual Retirement Accounts
 - Checking Services
 - Christmas Clubs
 - Savings Plans
 - Loan Services
- Drive-In Windows
 - 24 Hr. Banking
- Full-Service Banking. . .

*Community
Reinvestment?*

WEST VIRGINIA COALITION FOR COMMUNITY REINVESTMENT
FIRST ANNUAL REPORT CARD ON WV BANKS' CRA STATEMENTS

September 10th, 1986

From a partial selection of 12 Kanawaha County Banks and 17
Banks randomly selected from northern and western counties.

The primary criterion was the inclusion of a current loan to
deposit ratio, or figures which could easily be converted to
the ratio.

Out of 29 statements; ---

- 9 included any dollar figures or percentages at all.
- 14%...4 had numbers that are or could become a current L/D ratio.
- 15 though without statistics, appeared to have other
features helpful to consumers, even if only minimal.
- 34%...10 were found to be totally lacking minimum requirements,
can only be labeled VERY DISAPPOINTING AND CLEARLY
DEMONSTRATING THE NEED FOR BETTER REGULATIONS,

HONOR ROLL CRA STATEMENTS:

1. Charleston National Bank, which included two pages of
loan and deposit statistics, separated between in and out
out of delineated community.
THIS IS THE KIND OF CRA STATEMENT WE BELIEVE SHOULD BE MANDATED
2. First National Bank of Morgantown includes the Loan Deposit ratio
for 1985 and other good detail
3. Central National Bank of Buckhannon gives a current Loan/ Deposit
ration, on a particular date, which also happens to correspond with
the figure on an independent listing (Sheshunoff) of bank data.
4. United National Bank of Parkersburg, gave current year total Loan
and Deposit figures which easily convert into a ratio.

The last two pages of statistics from the Charrleston National
Bank CRA Statement are attached to this report card.

COMMUNITY REINVESTMENT ACT DEPOSIT ANALYSIS

As of August 30, 1985

PRIMARY OF DEPOSITS	INSIDE COMMUNITY		OUTSIDE COMMUNITY		TOTAL			
	NO.	%	AMOUNT	NO.		AMOUNT		
MAND	10,930	69	\$69,975,232	3,334	31	\$31,401,448	14,264	\$101,376,680
IRRESPONDENT BANKS	9	10	1,500,793	114	90	13,617,781	123	15,118,574
CERTIFICATE OF DEPOSIT	5,703	65	74,428,400	1,877	35	39,312,199	7,580	113,740,599
SL SAVINGS	9,753	78	33,227,714	3,417	22	9,278,474	13,170	42,506,188
GRAND TOTAL	26,395	66	179,132,139	8,742	34	93,609,902	35,137	272,742,041

11 totals rounded to nearest dollar }

of January 1, 1985, IRA deposits are included in totals for these categories.

CRA LOANS to DEPOSITS COMPARISON

As of August 30, 1985

centage of total loans, made to individuals and small businesses "In Community" 55%

centage of total deposits arising from "Inside Community" 66%

centage of total loans, made to individuals and small business "Outside Community" 31%

centage of total deposits arising from "Outside Community" 34%

io of total loans to total deposits "Inside Community" 76%

io of total loans to total deposits "Outside Community" 83%

io of total loans to total deposits in CRA Loan Report and CRA Deposit Analysis 91%

Change
from last year

-1%
-0-
+4%
-0-
+2%
+15%
+4%

COMMUNITY REINVESTMENT ACT LOAN REPORT

As of August 30, 1985

<u>PRIMARY OF LOANS</u>	<u>NUMBER OF LOANS</u>		<u>TOTAL</u>
	<u>IN "COMMUNITY"</u>	<u>OUTSIDE "COMMUNITY"</u>	
<u>COMMERCIAL INSTALLMENT</u>	<u>(Combined with Consumer Loans, Item 5)</u>		
<u>LOANS AND DISCOUNTS (1.)</u>	\$ 80,065,000	\$ 41,787,000	(2) \$156,016,000
<u>FLOOR PLANS</u>	4,777,000	730,000	5,507,000
<u>MORTGAGE</u>	\$ 84,842,000	\$ 42,517,000	\$161,523,000
<u>CONSUMER</u>	30,483,000	21,568,000	52,051,000
<u>GRAND TOTAL</u>	20,906,000	13,933,000	34,839,000
	\$136,231,000	\$78,018,000	\$248,413,000

) Loans classified as "small business". Excludes loans where borrower has access to major capital sources as defined by Commercial Loan Officer.

) Total includes total commercial loans and participations.

(All totals rounded to nearest thousand)

<u>COMMERCIAL INSTALLMENT</u>	<u>NUMBER OF LOANS</u>		<u>TOTAL</u>
	<u>IN "COMMUNITY"</u>	<u>OUTSIDE "COMMUNITY"</u>	
<u>LOANS AND DISCOUNTS</u>	No. 1,090	No. 308	1,398
<u>FLOOR PLANS</u>	21	7	28
<u>MORTGAGE</u>	1,139	794	1,933
<u>CONSUMER</u>	4,222	2,392	6,614
<u>GRAND TOTAL</u>	No. 6,472	No. 3,501	9,973

(Combined with Consumer Loans, Item 5)

Kanawha County CRA's

report June 5

Initials	Date
Approved by	
Prepared by	

Bank, loc	L/A % (Sheet #)	CRA No's	Detail	Helpfulness	St. NA	\$ Dq. \$000
1 Chem B+T S. Char, K. Co	57%	6	6	unsettling	St	49,697
4 Bank, St Alb H.C. (Oke Valley Bank)	53%	TEPDI '85	not much	room to improve	St	107,157
7 K. V. Bank (One Valley Bank)	76%	L & obj (65-75) achiev v	Consumer oriented y: de nav	Δ's in minutes; -CRA	NA	405,429
11 Char Nat Bank (Centurion Banc)	85% (54: 91%)	2 pp's \$ excell inside; outside; Del. Comm	good, y lengthy	ideal Δ's rated clearly	NA	307,912
16 City Nat Bank Char K.C.	60%	2(1)3 - \$'s	moderate	moderate	nat	84,559
19 Nat Bank Comm Char.	75%	none	none	map desorienting	nat.	161,144
22 City N.B. St Alb (Key Centurion)	99%	Home not helpful	map good; no elaborate of "Basis" of bandain	Minimal	nat.	67,090
27 Community Banking & Savings, Dunbar	43%	none	little	unsettling no map	St.	15,535
30 South Hills Bank S. Hills, Char	57%	none	map good; not detail	poor	St.	39,294
34 Bank WV W. Char	67%	none	Very poor	CRA notes format good	St recently may OVB	109,634
37 1st Emp Char	NA	NA	strong non descrip f	Minimal	NA	NA
40 Magnet	NA	NA	NA	NA	NA	NA

Random selection NY banks review 11.10

Bank, Co	X/D % Sample	CEA No's	detail	helpful	SI/NA	1 Day \$ 000
FNB Philip Bank Co (act: 48%; 50%)	42%	none	minimal	none	NA	46,707
Wells Fargo B+T Bank Co (act: 40%; 55%)	43%	none	none	unimpr		13,443
FNB Chester Hancock Co (act: 20, 54, 55%)	35%	10	Comment: Dublin Community "away from"; not deposit in much help; old		NA	15,049
Lawrence Clubby Hemion (act: 23%; 66%)	65%	none	"aggressive"; no detail; at act page		NA	137,182
Crane B+T, Faint Mason Co (act: 27%; 61%)	55%	none	not much control + housing	not reform good lobby	NA	140,620
Wells Fargo	75%	none	none	A 7/8/66 mild 7/9/66		37,877
FNB Niagara Morgan Co (act: 61-76%)	63%	2	good	good	NA	222,107
Princetonville Bank Prison Co (act: 32-76%)	66%	none	activity loan type good			49,755
Palmer Co Bank (act: 2 = 2 @ 69, 70%)	37%	none	little much loan & deposit	review???		109,282
City NB Elkin Jedone (act: 54%) Rendell Co (act: 2 higher → 75%)	52%	none	none	unimpr	NA	93,751

Albion B. G. G. (act: 18%)
 56,345
 90% good 5% + 17%

Central NB Bank Laska Co (act, sample: 66%)	40%	2	moderate good map	limited	NA	134,215
Dublin Fed S+L Witzgal Co (act: 12-76%)	NA	2	good map preliminary [old statement 1972]	letter from average	NA	
Maritime St. Bank Pohlsky	54%	10	yes - loan	minimal friendly	St.	50,447
United States B. Pohlsky	78%	6 = 7 5 = 6	moderate impr	yes; CB	not	304,102
Commercial B+T Pohlsky (act under: 54-72%)	64%	none	good map; initial update; 5 attached	moderate;		94,919

12 Home Co
17 Other Co's

5 CEA's: 2 fields N = 29
 CEA No's = any at all: 9
 number that are a con fusion
 current X/D % = 7 = 14%
 very disappointing statement = 10
 34%

BANKING REGULATIONS SUPPOSEDLY INTENDED TO CAUSE BANKING INSTITUTIONS IN WEST VIRGINIA TO MAKE A GREATER INVESTMENT IN WEST VIRGINIA ... TO ENCOURAGE THESE INSTITUTIONS TO REACH OUT TO OUR ECONOMICALLY DEPRESSED PEOPLE AND ^{to} USE THE MONEY THEY DEPOSIT IN OUR BANKS TO HELP CREATE THE NEW BUSINESSES AND NEW JOBS THEY SO DESPERATELY NEED.

INTERESTINGLY THE VERY FACT OF THIS HEARING ... HELD AT BANKER HOURS BEGINNING AT 10 O'CLOCK ON A WEDNESDAY MORNING ... A TIME WHEN THE AVERAGE WEST VIRGINIAN ... THE VERY PEOPLE WHO SUPPOSEDLY THESE REGULATIONS ARE INTENDED TO HELP ... CANNOT BE HERE ... AND IN A MEETING ROOM WHICH COULD NOT ACCOMODATE MANY EVEN IF THEY COULD ... IS A PRECISE EXAMPLE OF WHY ALL THOSE ~~PEOPLE~~ WITH WHOM I'VE TALKED HAVE NO FAITH IN OUR ABILITY TO PROVIDE THEM WITH A BETTER FUTURE.

FURTHER ... THE REGULATIONS THEMSELVES ... AS PROPOSED ... ARE ^{concerning} ~~FURTHER~~ EVIDENCE OF WHY THEY'VE LOST HOPE. THE PROPOSED REGULATIONS DO NOTHING ... NOTHING OTHER THAN A SHUFFLING OF PAPER. THEY PROVIDE FOR NO REINVESTMENT IN WEST VIRGINIA. THEY DON'T EVEN PROVIDE THAT WEST VIRGINIANS WILL BE TOLD THE EXTENT TO WHICH ^{so many of them} ~~THESE~~ BANKING INSTITUTIONS WILL CONTINUE TO FAIL THEM BY NOT REINVESTING THEIR OWN MONEY IN WEST VIRGINIA AND THEIR FUTURES.

I DON'T NEED TO BE SPECIFIC. OTHERS ^{have said} WILL. BUT I'VE READ THE PROPOSED REGULATIONS ... AND I KNOW WHAT THEY DO ... AND DON'T DO ... AND FOR WHOM THEY DO ... ^{say whom} AND DON'T DO. SO, TOO, DO YOU.

West Virginians - I have this hearing people out to hear them
FRANKLY D. ROOSEVELT ... IN THE DEPTHS OF THE GREAT DEPRESSION ... TOLD THE AMERICAN PEOPLE THAT "THESE UNHAPPY TIMES CALL FOR THE BUILDING OF PLANS ... THAT BUILD FROM THE BOTTOM UP AND NOT FROM THE TOP DOWN ... THAT PUT THEIR FAITH ONCE MORE IN

~~THANK YOU FOR THE OPPORTUNITY TO SPEAK WITH YOU TODAY. I WILL BE VERY BRIEF.~~

DURING THE PAST FEW WEEKS I HAVE BEEN CONDUCTING A ONE-ON-ONE PERSONAL SURVEY WITH WEST VIRGINIANS I HAVE RANDOMLY MET IN MY DAILY ROUTINES. I HAVE ASKED OF THEM ONLY ONE QUESTION:

"TELL ME ... TRUTHFULLY ... BETWEEN YOU AND YOUR GOD IN THE DARK OF NIGHT ... DO YOU BELIEVE WEST VIRGINIA WILL BE BETTER WITHIN FIVE YEARS THAN IT IS TODAY? THE TRUTH ... NOT WHAT YOU'D LIKE TO BELIEVE ... OR WHAT SOMEONE WANTS YOU TO SAY ... BUT WHAT YOU TRULY BELIEVE?"

I HAVE ASKED THIS QUESTION OF BUSINESSMEN AND BUSINESSWOMEN ... OF LABORERS AND LABOR LEADERS ... OF THE YOUNG AND OF THE OLD ... OF LEGISLATORS AND LEGISLATIVE LOBBYISTS ... OF OPINION MAKERS AND COMMUNITY LEADERS ... AND OF JUST PEOPLE.

I HAVE ASKED IT OF 30 OR MORE PEOPLE ... AND UNFAILINGLY ... ALL ... WITH ONLY ONE EXCEPTION ... RUEFULLY ... SADLY ... ANSWERED "NO."

THAT ONE EXCEPTION WAS THE PRESIDENT OF A VERY LARGE WEST VIRGINIA BANK. HE ... AND HE ALONE AMONG ALL THOSE OF WHOM I HAVE INQUIRED ... BELIEVES WEST VIRGINIA WILL BE BETTER.

ALL THE REST HAVE TOLD ME ... TO PUT IT QUITE BLUNTLY, ^{they have} LOST HOPE IN THE ABILITY, THE DESIRE AND THE DETERMINATION OF GOVERNMENT AND COMMUNITY LEADERS ... PEOPLE SUCH AS YOU AND ME ... TO MAKE THE CHANGES THAT ARE NEEDED TO ^{enable} ~~MAKE~~ THEM BELIEVE IN A BETTER FUTURE.

YOU ARE HERE TODAY TO HEAR PUBLIC COMMENT ABOUT PROPOSED

THE FORGOTTEN MAN AT THE BOTTOM OF THE ECONOMIC PYRAMID."

YOU KNOW ... AS DO I ... THAT THE PROPOSED REINVESTMENT REGULATIONS FOR WEST VIRGINIA'S BANKING INSTITUTIONS BUILD FROM THE TOP DOWN ... NOT THE BOTTOM UP ... THAT THEY PUT THEIR FAITH AT THE TOP OF THE ECONOMIC PYRAMID ... NOT IN THE FORGOTTEN MAN AT THE BOTTOM.

I HAVE ONLY ONE REQUEST OF YOU ... BEFORE YOU ACT ... BEFORE YOU DECIDE TO ADOPT THESE REGULATIONS AS THEY ARE PROPOSED ... DO AS I HAVE RECENTLY DONE. GO OUT AND RANDOMLY ASK OUR PEOPLE WHETHER THEY TRULY BELIEVE WEST VIRGINIA WILL BE ANY BETTER WITHIN FIVE YEARS. ASK YOUR SPOUSE, YOUR NEIGHBOR, YOUR CO-WORKER ... ASK ANYONE. AND ASK THEM WHY THEY SAY WHAT THEY BELIEVE.

I KNOW THE ANSWERS YOU WILL GET ... IF ONLY YOU WILL ASK. AND IF YOU DO THIS BEFORE YOU ACT ON THESE PROPOSED REGULATIONS ... I KNOW YOU ~~CANNOT~~ ADOPT THEM AS PROPOSED. INSTEAD...YOU WILL BUILD FROM THE BOTTOM UP.

~~THANK YOU~~

Legislation will not work

Will

and common

Daily get your capital legislation if you do not do it yourself - a committee on the ground is better than a committee in the state house - look at the people's demand

~~... the ... of West Virginia ... and ... of its ...~~



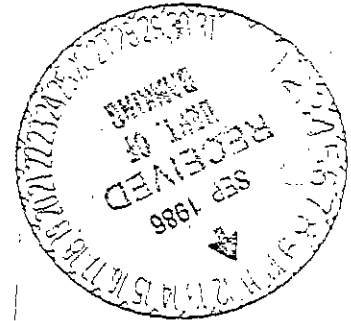
Women and Employment, Inc.
1217 Lee Street, Charleston, West Virginia 25301
(304) 345-1298

EXHIBIT # 9

Wed Sept 10
5:30 pm

✓ Kevin Thomas
Tom Winaer
Tony Sade
Suzanne Cruffelt Ch 9 Beckley
Charlotte Pratt
Tod Kaufman
Tom Knight
Dave Crumb

Typed worksheet still
coming



Inclosed is a Clarified
copy of the report card distributed
at hearing today.

You will find overlap + gaps in
the summary numbers of 1st Version.
This is the version that is going to
all other media, etc

→ Maggie Batten

WEST VIRGINIA COALITION FOR COMMUNITY REINVESTMENT
FIRST ANNUAL REPORT CARD ON WV BANKS' CRA STATEMENTS
September 10, 1986

*Final release
(Clarifications,
p.2)*

Does your bank provide these services?

- Individual Retirement Accounts
 - Checking Services
 - Christmas Clubs
 - Savings Plans
 - Loan Services
- Drive-In Windows
- 24 Hr. Banking
- Full-Service Banking...

Community Reinvestment?

WEST VIRGINIA COALITION FOR COMMUNITY REINVESTMENT
1217 LEE ST. E. CHARLESTON WV, 25301

WEST VIRGINIA COALITION FOR COMMUNITY REINVESTMENT
FIRST ANNUAL REPORT CARD ON WV BANKS' CRA STATEMENTS

September 10, 1986

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The primary criterion was the inclusion of a current loan to deposit ratio, or figures which could easily be converted to the ratio.

Out of 29 statements:

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34%...10 were found to be lacking minimum requirements, and can only be labeled:

VERY DISAPPOINTING; and
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4. United National Bank of Parkersburg, gives current year total loan and deposit figures which easily convert into a ratio.

*See
Attachment*
The last two pages of statistics from the Charleston National Bank CRA Statement are attached to this report card.

WEST VIRGINIA COALITION FOR COMMUNITY REINVESTMENT
1217 LEE ST. E. CHARLESTON WV, 25301



Women and Employment, Inc.
1217 Lee Street, Charleston, West Virginia 25301
(304) 345-1298

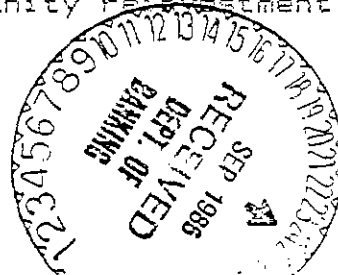
Testimony presented to the public hearing for Community Reinvestment Regulations, September 10, 1986

By Chris Weiss, Executive Director, Women and Employment
Board Chair, Women's World Banking/ WV
Affiliate

I come here today to urge the Banking Commission to consider strong regulations to implement West Virginia's Community Reinvestment Act. My own experience, the result of six years of working with women in West Virginia, is that often women are the victims of an economic system that prevents them from having access to credit to start small businesses or to become self-employed. I am concerned about economic development in the state, particularly in those areas which are euphemistically called "labor surplus" areas. These areas of high unemployment and underemployment create conditions which impact disproportionately on women and their families. Many of these women have the potential to create their own job solutions by becoming self-employed, but a lack of capital in those areas prevent them from having access to these solutions.

Of course, this isn't only a problem for women. In 1985, an INC. Magazine survey put West Virginia banks 50th in the nation in their asset to lending ratios. We may have some of the strongest banks, but they are not using their depositors' dollars to create economic stability and health in their communities.

Both organizations that I represent, as well as the Coalition for Community Reinvestment of which I am a member, feel that the West Virginia Banking Commission has a responsibility to the depositors in this state who are consumers of banking services, such as Ms. Walker who has just spoken, as well as to the banks themselves. This responsibility translates to us as the need to be aggressive in promoting sound but flexible loan review guidelines, and encouraging community reinvestment by banks through an active involvement with business initiatives in their county. The most critical addition that must be added to the proposed regulations are disclosure provisions to adequately assess a bank's community reinvestment record.



In making this argument, I would like to refer you to a study done by the Corporation for Enterprise Development in 1985 of Michigan's commercial banking industry. They refer to the necessity for a banking philosophy that encourages reinvestment.

"The banking philosophy of senior bank management is often a key variable in differentiating the relative aggressiveness of business lending by banks. Indicators of management philosophy include the development of innovative business financing techniques, level of bank involvement in local economic development efforts, willingness to joint venture with public development finance sources, and support or efforts by individual loan officers to develop banking relationships with small business borrowers."

It is this kind of management philosophy that we believe the Banking Commission can encourage through a strong Community Reinvestment Act with disclosure requirements that can give an adequate measure of the banking philosophy referred to in this study.

Let me tell you of an experience that I had last evening. I was the moderator of a panel at the Charleston Women's Forum and the subject was small business development. The women present were lawyers, business owners, chemists, teachers, and represented a cross-section of women interested in local economic development in the state of West Virginia. When asked about the single most important barrier to small business development, their answer was "access to credit". One success story was shared by a woman who recently received a small business loan from the Charleston National Bank. Armed with a good business plan, she felt that the Bank was uniquely willing to listen to her request for a loan, and take a risk with her on her new business start-up. Her performance has exceeded her projections, and in the first six months, she has actually turned a small profit. I believe that it is no accident that the Charleston National Bank has the best Community Reinvestment statement that we have seen to date, and that their management philosophy enabled their loan officers to take a risk on this new business.

I believe that it is the job of the Banking Commission to encourage this kind of investment through strong Community Reinvestments regulations so that we can have more success stories like that related in my meeting last night.

Commissioner on Banking

Subject: West Virginia Community Reinvestment Act

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WEST VIRGINIA ADMINISTRATIVE REGULATIONS
Commissioner on Banking

Subject: West Virginia Community Reinvestment Act

Section 1. General

1.01 Scope and Purpose - This regulation establishes general rules implementing Section 31A Article 8B, the West Virginia Community Reinvestment Act, of the West Virginia Code; it applies to all bank holding companies, state-chartered banking institutions, all domestic subsidiaries of bank holding companies and all domestic subsidiaries of state-chartered banks operating or with application to operate in West Virginia. West Virginia Code 31A-8B (et seq.) and this regulation are intended to encourage state-chartered banks and bank holding companies to help meet the credit needs of their local community or communities; to provide guidance to banks and bank holding companies as to how the Commissioner of Banking ("Commissioner") and the West Virginia Board of Banking and Financial Institutions ("Board") will assess the records of these institutions in satisfying their continuing and affirmative obligations to help meet the credit needs of the local communities, including low- and moderate-income neighborhoods, consistent with safe and sound operation of those institutions; and to provide for taking into account those records in connection with certain applications.

1.02 Authority - This regulation is issued under the authority of West Virginia Code 31A-8B-5.

1.03 Filing Date -

1.04 Effective Date -

Section 2. Office of Community Reinvestment; Community Reinvestment Coordinators in each state-chartered bank

(a) The Commissioner shall establish an Office of Community Reinvestment within the Department of Banking and appoint a staff of sufficient size and appropriate qualifications to perform the duties of the office, as described in this part.

(b) Each state-chartered bank shall appoint a Community Reinvestment Coordinator, responsible for the provision of the information required by this part, the maintenance of files of public comments required by Section 5 of this part, and the development of the Community Reinvestment Act statement required by Section 4.

Section 3. Delineation of community

(a) Each state-chartered bank shall prepare, and at least annually review, a delineation of the local community or communities that comprise its entire community, without excluding low- and moderate-income neighborhoods. Maps shall be used to portray community delineations. The reasonableness of the delineations will be reviewed by the Commissioner.

(b) A local community consists of contiguous areas surrounding each office or group of offices, including any low- and moderate-income neighborhoods in those areas. More than one of-

office of a bank may be included in the same local community. Unless the Commissioner determines otherwise, a community delineation need not take account of an off-premise electronic facility that receives deposits for more than one depository institution. In preparing its delineation, a bank may use any one of the three bases set forth below:

(1) Existing boundaries such as those of standard metropolitan statistical areas (SMSA's) or counties in which the bank's office or offices are located may be used to delineate a local community. Where appropriate, portions of adjacent areas should be included. The bank may make adjustments in the case of areas divided by State borders or significant geographic barriers, or areas that are extremely large or of unusual configuration. In addition, a small bank may delineate those portions of SMSA's or counties it reasonably may be expected to serve.

(2) A bank may use its effective lending territory, which is defined as that local area or areas around each office or group of offices where it makes a substantial portion of its loans and all other areas equidistant from its offices as those areas. Adjustments such as those indicated in paragraph (b)(1) of this section may be made.

(3) A bank may use any other reasonably delineated local area that meets the purposes of the Community Reinvestment Act (CRA) and does not exclude low- and moderate-income neighborhoods.

Section 4. Community Reinvestment Act statement

(a) Within 90 days after the effective date of this part, the board of directors of each state-chartered bank shall adopt a Community Reinvestment Act (CRA) statement for each delineated local community. Each bank shall file, together with this statement, a copy of each report and document which it is required to prepare for and/or file with one or more Federal agencies by the Community Reinvestment Act of 1977 and the rules and regulations promulgated pursuant thereto. Each statement shall include:

(1) Delineation of the local community;

(2) A list of specific types of credit within certain categories, such as residential loans for one- to four-dwelling units, residential loans for five dwelling units and over, housing rehabilitation loans, home improvement loans, small business loans, farm loans, community development loans, commercial loans, and consumer loans, that the bank is prepared to extend within the community.

(3) A detailed description of the methods used by the bank in determining the credit needs of its local community or communities, including low- and moderate-income neighborhoods;

(4) A detailed description of the methods utilized and the media employed to make the members of such bank's community aware of the credit services offered by it;

(5) A description of the extent of participation by the bank's board of directors or trustees in formulating the

institution's policies and reviewing its performance with respect to the purpose of the Community Reinvestment Act;

(6) A list of all branch offices (including electronic branches) and public accommodations offices which were opened or closed in the past three years or at which services were significantly reduced;

(7) A description of the bank's participation in:

(a) Local development, re-development and rehabilitation projects or programs;

(b) Programs or organizations which promote and assist development and growth of small business in West Virginia;

(c) Programs or organizations which address themselves to the financial needs of women and minorities.

(8) A description of any other community activities that bear upon the extent to which such bank is helping to meet local credit needs.

(9) A description of the bank's policies and practices designed to minimize the displacement of existing low- and moderate-income residents in neighborhoods undergoing the process of reinvestment and change.

(10) The three most recent CRA assessment ratings issued by the Department of Banking as required by Section 6.02.

(11) The information specified by Section 9 of this part relating to disclosure standards regardless of whether any application for a deposit facility is contemplated or before the

Commissioner, the Department of Banking or the Board.

(b) Each bank's board of directors shall review each CRA statement at least annually and shall act upon any material change made in the interim at its first regular meeting after the change. Such action shall be noted in its minutes.

(c) Each current CRA statement shall be readily available for public inspection;

(1) At the home office of the bank; and

(2) At each office of the bank in the local community delineated in the statement, except off-premises electronic deposit facilities.

(d) Copies of each current CRA statement shall be provided to the public upon request. A bank may charge a fee not to exceed reasonable costs of reproduction.

Section 5. Files of public comments and recent CRA statements.

(a) Each state-chartered bank shall maintain files that are readily available to public inspection consisting of:

(1) Any signed, written comments received from the public within the past two years that specifically relate to any CRA statement or to the Bank's performance in helping to meet the credit needs of its community or communities;

(2) Any responses to the comments that the bank wishes to make;

(3) Any CRA statements in effect during the past two years;

(4) The most recent and the two next preceeding CRA assessment ratings required by Section 6.02;

(b) These files shall not contain any comments or responses that reflect adversely upon the good name or reputation of any person other than the bank, or publication of which would violate specific provisions of law.

(c) These files shall be maintained by each bank as follows:

(1) All materials at the home office; and

(2) Materials relating to each local community, at a designated office in that community.

Section 6. Assessing the record of performance.

6.01 General - In connection with the examination of a bank, the Commissioner shall assess the record of performance of the bank in helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. The Commissioner will review the bank's CRA statement(s) and any signed, written comments retained by the bank or the West Virginia Department of Banking. In addition, the Commissioner will consider the following factors in assessing a bank's record of performance:

(a) Activities conducted by the bank to ascertain the credit needs of its community, including the extent of the bank's efforts to communicate with members of its community regarding

the credit services being provided by the bank;

(b) The extent of the bank's marketing and special credit-related programs to make members of the community aware of the credit services offered by the bank;

(c) The extent of participation by the bank's board of directors in formulating the bank's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act;

(d) Any practices intended to discourage applications for types of credit set forth in the bank's CRA statement(s);

(e) The geographic distribution of the bank's credit extensions, credit applications, and credit denials;

(f) Evidence of prohibited discriminatory or other illegal credit practices;

(g) The bank's record of opening and closing offices and providing services at offices;

(h) The bank's participation, including investments, in local community development and redevelopment projects or programs;

(i) The bank's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community;

(j) The bank's participation in governmentally-insured, guaranteed, or subsidized loan programs for housing, small businesses, or small farms;

(k) The bank's ability to meet various community credit

needs based on its financial condition and size, and legal impediments, local economic conditions and other factors;

(1) The bank's policies and practices designed to minimize the displacement of existing low- and moderate-income residents and neighborhoods undergoing a process of reinvestment and change; and

(m) Other factors that, in the Commissioner's judgment, reasonably bear upon the extent to which a bank is helping to meet the credit needs of its entire community.

6.02 Community Reinvestment Act assessment rating.

(a) Beginning with the calendar year 1986, the Department of Banking will make an annual community reinvestment assessment of each bank subject to the provisions of the Community Reinvestment Act. The assessment will be based upon information compiled by the Department of Banking or obtained from other sources, including information obtained from federal banking regulators, and that provided by the bank in its CRA statement. The Department of Banking will prepare a written report summarizing the results of such assessment and will assign annually to each such bank a numerical CRA rating based on a one-five scoring system. Specifically, such numerical scores shall represent performance assessments as follows:

- (1) -Excellent performance
- (2) -Satisfactory performance
- (3) -Acceptable performance
- (4) -Less-than-acceptable performance

(5) -Unacceptable performance

(b) All current and part CRA assessment ratings issued by the Department of Banking shall be kept on file at the Office of the Commissioner and shall be available to the public subject to the provisions of Section 5(b) of these regulations; additionally, each bank shall maintain, as part of the CRA Statement required by Section 4(a)(10), its three most recent CRA assessment ratings.

(c) The Commissioner, together with all interested parties including banking and consumer representatives, shall develop a uniform set of compliance criteria to be employed in the formulation of banking institutions' CRA assessment ratings.

6.03 Assessment of Credit Activities by Loan Category

Participation in the following credit areas are considered as important and favorable:

1. Housing-Related Loans

- a. FHA/VA/FMHA mortgage loans
- b. FHA Title I home improvement loans
- c. Mobile home loans
- d. Loans extended via participation in city, county and/or state housing development agencies
- e. Housing loans extended in low- and moderate-income neighborhoods
- f. Use of various secondary market programs and participation in such programs, i.e. dollar volume of loans extended

- g. Commitment to the above lender categories by expertise.

2. Commercial and Industrial Loans

a. Small Business Loans

- (1) SBA guaranteed loans
- (2) FHA guaranteed Business and Industrial Loans
- (3) All other

b. General Commercial Loans

- (1) Expertise in lending to specific industries
- (2) Expertise in lending in specific categories, i.e. coal; oil and gas; equipment; inventory and receivable; floor-planning, etc.
- (3) Local Banker's Acceptances

c. Participation in industrial and economic development programs

- (1) Extension of industrial development loans
- (2) Purchase of industrial revenue bonds
- (3) Investment in local municipal and school bonds (for purposes of this category, local means home county and contiguous counties)
- (4) Community purpose loans
- (5) Bank officers and directors serving on local industrial development authorities

3. Agricultural loans

4. Consumer loans

- (1) Student loans

- (2) Consumer counseling
- (3) Loans to low- and moderate-income consumers
- (4) All other

6.04 Use of Statistical Comparisons - Use of various statistical comparisons will be used in assessing a bank's CRA performance; however, while their use may not be conclusive, their use should be considered highly persuasive. Ratio comparisons should be made as intelligently as possible by comparing banks of similar size, similar corporate structure (number of branches, etc.) and similar economic conditions.

1. Loan to Deposit Ratio--This ratio could be adjusted by including local banker's acceptances and industrial revenue bonds and local municipal and school bonds in the loan figure. There may be logical adjustments to deposits.
2. Percentage of loans and of deposits in various categories of loans.
 - a. real-estate loans
 - b. consumer loans
 - c. commercial and industrial loans
3. Trends in loan and deposit categories and loan to deposit ratio

Section 7. Effect on applications

(a) The assessment of the record of performance under Section 6 shall be taken into account in connection with applica-

tions to the Commissioner of Banking or the West Virginia Board of Banking and Financial Institutions for: (1) a charter for a state bank; (2) the relocation of the principal office or a branch of a state bank; (3) the establishment of a branch bank requiring approval under Section 31A-8-12; and (4) the merger or consolidation with, or the acquisition of the assets, or the assumption of the liabilities of a banking institution requiring approval under Section 31A-7-7; or, the merger or consolidation with, or the acquisition of the assets, or the assumption of the liabilities of a banking institution requiring approval under Section 31A-8-12; and (5) the acquisition of shares in, or the assets of, a state banking institution requiring approval under Section 31A-8A (et seq.)

(b) The assessment of a bank's record of performance in helping to meet the credit needs of its community may be the basis for denial of an application cited in paragraph (a).

(c) The Board, or the Commissioner, in their discretion, may also place conditional approvals upon the applicants directed toward improving their record of performance.

Section 8. Information to be submitted - Every "application for deposit facility" as defined in 31A-8B-3 of the West Virginia Code shall include the current community reinvestment act statement required under Section 4. The applicant may also include information of the type reviewed during examinations as outlined under Section 6. For purposes of a bank holding company

application, all information requested pursuant to these regulations shall be submitted for each subsidiary bank of the applicant bank holding company and each bank which is to be acquired by the applicant bank holding company. For purposes of a merger application, all information requested pursuant to these regulations shall be submitted for each bank involved in the merger. The Commissioner or the Board may, in their discretion, require such additional information as they deem necessary to assess the institution's record of performance.

Section 9. Disclosure standards

(a) In order to give the Commissioner, Board and all persons affected by a banking institution's practices the means and information with which to assess an institution's investment record in the surrounding community, the Commissioner or Board shall require each banking institution to disclose yearly the following information:

(1) The aggregate value and number of in-state loans by county, distinguishing the aggregate number and value of loans going to housing, small business, women, minorities, and low- and moderate-income neighborhoods;

(2) The aggregate number and volume of deposits by county;

(3) The aggregate number and volume of in-state loans by county, distinguished by the types of loans offered by the bank;

(4) The aggregate value of loans going out-of-state;
and

(5) The aggregate number and value of loans denied, by
county.

(b) Any banking institution making any of the applications set forth in Section 7(a) above shall include, as part of said application(s), the information required by Section 9(a) above for the most recent and two next preceding calendar years.

Section 10. Notice; Public Participation

Within ninety days after the effective date of this directive, each banking institution shall provide, in the public lobby of each of its offices other than off-premises electronic deposit facilities, the public notice set forth below. Bracketed material shall be used only by an institution having more than one local community. The last item shall be included only if the an institution is a subsidiary of a holding company that is not prevented by statute from acquiring additional banks.

"COMMUNITY REINVESTMENT ACT NOTICE"

The Community Reinvestment Act (C.R.A.) requires the evaluation of our performance in helping to meet the credit needs of this community, and to take this evaluation into account when the Commissioner decides on certain applications submitted by us. Your involvement is encouraged.

"You should know that:

"You may obtain our current C.R.A. statement for this

community in this office. [Current C.R.A. statements for other communities served by us are available at our head office, located at:

].

"You may send signed, written comments about our C.R.A. statement(s) or our performance in helping to meet community credit needs of (title and address of banking institution official) and to the Commissioner of Banking (address). Your letter, together with any responses by us, may be made public.

"You may look at a file of all signed, written comments received by us within the past two years, any responses we have made to the comments, and all C.R.A. statements in effect during the past two years at our office located at (address). [You may also look at the file about this community at (name and address of designated office).]

"You may ask to look at any comments received by the Commissioner of Banking.

"We are a subsidiary of (name of holding company), a bank holding company. You may request from the Federal Reserve Bank of (city, address) an announcement of applications covered by the C.R.A. filed by bank holding companies."

10.02. Public Participation

(a) A banking institution's record of compliance with the Community Reinvestment Act and these regulations shall be a subject for consideration in conjunction with the notice and hearings required by West Virginia Code 31A-3-3.

(b) In conjunction with any of the type of applications set forth in Section 7(a) of these regulations, and for which notice and hearing is required by West Virginia Code 31A-3-3, a banking institution making such application(s) shall post a notice of the hearing into said application(s), and a statement of the

availability of the relevant portions of the application(s) for public review and of the public's right to comment thereon; this notice and statement shall be posted in the public lobby of each of the applying institution's offices except off-premises electronic deposit facilities, not less than ten nor more than thirty days prior to the hearing.