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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Community Development Investment Letter #2000-3**

October 18, 2000

**August 2004**  
**12 CFR 24**

Ms. Gisele M. Kloeckner  
Vice President  
The Howard Bank, N.A.  
111 Main Street  
Burlington, VT 05402-0409

Dear Ms. Kloeckner:

This letter is in response to your request for an opinion from the Office of the Comptroller of the Currency (the "OCC"). The Howard Bank, N.A. (the "Bank") requests approval to invest in the Central Vermont Arts Center Limited Partnership, (the "Partnership") under the requirements for a community development investment under 12 U.S.C. § 24 (Eleventh) (the "statute"), and 12 C.F.R. Part 24 (the "regulation"). The Bank requests the OCC's prior approval to invest in the Partnership because the investment, together with the Bank's other community development investments, will exceed 5 percent of its unimpaired capital and surplus.

The Bank proposes to make a limited partner investment of \$155,000 in the Partnership. The Bank's investment supports the historic renovation of the Nichols Block property in Barre City, VT, which was destroyed by fire in the early 1990s. The property is the oldest commercial building in Barre and has remained vacant since the fire. The Partnership will renovate the property into a fine arts center and teaching facility, which is located in an area targeted for revitalization by Barre City. The renovation project qualifies for historic preservation tax credits. The property will serve as the cornerstone for renewed small business investment and area revitalization, consistent with 12 C.F.R. 24.3(a)(3).

The Bank has indicated that Studio Place Arts, Inc. ("SPA") will serve as the managing general partner of the Partnership. SPA is a nonprofit corporation that also will lease the space and operate the art gallery and teaching facility. Other tenants will include artists, craftspeople and a for-profit cafe. The facility will support the establishment of small businesses by providing artists and artisans with studio space and an opportunity to market their work. The facility's art classes will be targeted to children, adolescents, elders and "at-risk" populations.

The Bank's investment demonstrates nonbank community support by the composition of SPA's board of directors and advisory committee. These include local teachers and artists, small business owners, and government representatives.

Based on the contents of the Bank's proposal and supplemental information provided on September 26, October 3, and October 13, 2000, we believe that the proposed investment by the Bank in the Partnership primarily promotes the public welfare consistent with the statute and regulation.

The Bank's aggregate Part 24 investments, including the investment in the Partnership, represent [ ] percent of its unimpaired capital and surplus. The investment in the Partnership does not expose the Bank to unlimited liability. The Bank's proposal is consistent with the statute and regulation and is, therefore, approved. In no event shall the Bank's aggregate investments exceed 10 percent of its unimpaired capital and surplus.

If requested by the OCC, the Bank will provide reports concerning its investment in the Partnership and the Partnership's financial status, activities and accomplishments. Copies of all reports submitted to the OCC are to be forwarded to the Deputy Comptroller, Northeastern District.

The opinions set forth in this letter are based on information and representations provided to us by the Bank. Any change in the nature, amount, or purpose of the Bank's investment, or in the purposes and activities of the Partnership, could result in a different opinion being rendered concerning the conformance of the Bank's investment with the statute and the regulation.

If you have questions regarding this letter, please contact Karen Bellesi, Manager, Community Development Investments, at (202) 874-4930.

Sincerely,

**signed**

Barry R. Wides  
Director  
Community Development Division

cc: Philip Daniels, President and CEO, Howard Bank, NA