Countybank

September 17, 2004

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By 7720

Mr. Robert E. Feldman
Executive Secretary
Attn: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Mr. Feldman:

Countybank is located in Greenwood, South Carolina. The City of Greenwood has approximately 24,000 person population. Greenwood County has a population of approximately 70,000 persons. Countybank is an asset size bank of approximately Two Hundred Million Dollars. Our service area consists primarily of Greenwood County. The executive officers of Countybank strongly support the FDIC's proposal to raise the threshold for the streamline small bank CRA examination to One Billion Dollars without regard to the size of the bank's holding company. Countybank is owned by a holding company, TCB Corporation. The assets of TCB Corporation are approximately the same as that of Countybank. We understand that this proposal does not constitute an exemption from CRA and that Countybank would still have to help meet the credit needs of its entire service area. The bank would continue to be evaluated by the FDIC. It appears from the information which is available to us that your proposal would lower the current regulatory burden by a considerable amount of man hours and the resulting adverse affect on earnings of the institution.

We also strongly support the addition of a community development criterion to the small bank examination for larger community banks. It appears to be a significant improvement over the investment test. I urge the FDIC to adopt it original Five Hundred Million threshold for small banks without a CD criterion and only apply the CD criterion to community banks greater than Five Hundred Million up to One Billion Dollars. An additional reason to support the FDIC's CD criterion is that it significantly reduces the current regulations "cliff effect". Today when a small bank goes over Two Hundred Fifty Million it must completely reorganize its CRA program and begin a massive new reporting, monitoring and investment program. If the FDIC adopts its proposal a state non-member bank such as Countybank would move from the small bank examination to an expanded but still streamline small bank examination, with the flexibility to mix community development loans, services and investments to meet the new CD criterion. This would far more appropriate to the size of the bank and far better than subjecting the community bank to the same large bank examination that applies to a Trillion Dollar bank. This more graduated transition to the large bank examination would be a significant improvement over the current regulation.

It would be a mistake to make the CD criterion a separate test from the bank's overall CRA evaluation. For a community bank, CD lending is not significantly different from the provision of credit to the entire community. The current small bank test considers the institutions overall lending in its community. Countybank is dependent on the welfare of its service area for its profitability, future growth, and future existence. We therefore strive to service our community in every reasonable and sound way. The addition of a category of CD lending (and services to aid lending and investments as a substitute lending) fits well within the concepts of serving the whole community. Countybank at present offers our service area trust services, home real estate lending services, investment services, insurance services as well as those services normally attributed to the traditional commercial banking. A separate test would create an additional CD obligation and regulatory burden that would erode the benefit of the streamlined exam. We firmly believe that the FDIC has proposed a major improvement in the CRA regulations, one that much more closely aligns the regulation with the Community Reinvestment Act itself. We urge the FDIC to adopt its proposal with the recommendations above. Thank you for your consideration of this matter.

Cordially yours,

R. T. Dunlap, Jr.
Chairman

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