

From: Savage, Jeffery [mailto:Savage@fsbnh.com]
Sent: Wednesday, April 06, 2005 2:04 PM
To: Comments
Cc: psmith@aba.com
Subject: Comments: CRA Proposal

April 5, 2005

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Transmitted by e-mail: Comments@FDIC.gov

Re: Revisions to CRA Regulations

Dear Mr. Feldman,

I am writing with my appreciation and concerns regarding the recent proposal for revisions to CRA regulations.

I appreciate the efforts that are being made to relevantly adapt CRA regulations to the realities faced by banks which are, as defined in the proposed regulations, intermediate small banks. However, in the currently proposed regulations there are overriding concerns.

With the application of this proposal, we are entering new ground which will prove to be problematic as it is presently drafted. First, there is new meaning for "community development", which will require adjustment. There are important terms that are yet to be defined (perhaps most importantly – "rural"). Examiner training will take time (a reasonable level of examiner consistency will be very important). Most critically, the need to achieve a Satisfactory rating for this new and untested community development test is necessary to achieve the minimally important overall Satisfactory rating.

Intermediate small banks, in order to achieve an overall Satisfactory rating, will have to hit a new target. This target is presently undefined, untested, likely to be interpreted differently by examiners for some time, and absolutely essential to hit. This does not seem reasonable. There is little doubt that this will result in reports of unsatisfactory performance for intermediate small banks.

The primary issue, at this time, is the initial weighting of the community development test – allowing it equal weight with a test that banks have familiarity with and understanding of. If a new test is necessary, with this eventual

weighting, there should be several examination periods for both those being examined and those performing the examinations to gain experience and understanding.

Sincerely,

Jeffery B. Savage
President & CEO

Cc: Paul Smith, American Bankers Association
Daniel Frye, Federal Deposit Insurance Corporation