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April 20, 2005

Department Of The Treasury
Office of the Comptroller of the Currency
12 CFR Part 25

Federal Reserve System
12 CFR Part 228 [Regulation BB]

Docket No. R-1225

Docket No. 05-04
RIN 1557-AB98

Federal Deposit Insurance Corporation
12 CFR Part 345

RIN 3064-AC89

Re: Comments Upon Joint Notice of Proposed Rulemaking – Community Reinvestment Act Regulations – Increase in “Small Institution” Definition to \$1 Billion in Assets

Ladies and Gentlemen:

This firm is legal counsel to numerous community banking institutions and is also an active associate member of America’s Community Bankers and several state banking trade associations. In those capacities, we are pleased to comment in support of the federal banking agencies’ proposal at 70 Fed. Reg. 12148 (March 11, 2005) to amend the definition of a “small bank” for Community Reinvestment Act purposes to institutions “that, as of December 31 of either of the prior two calendar years, had assets of less than \$1 billion.”

Furthermore, we support and urge the adoption of the secondary proposal to annually adjust the asset size for small and intermediate small banks based on changes to the Consumer Price Index.

We believe that the proposals are premier examples of steps the federal bank regulatory agencies can take to reduce unnecessary regulatory burdens while at the same time maintaining and improving the effective implementation of the CRA.

Most community financial institutions, by their very nature, are designed to serve the needs of their local communities, and to impose artificial and overly complicated regulatory

Office of the Comptroller of the Currency
Federal Reserve System
Federal Deposit Insurance Corporation
April 20, 2005
Page 2

compliance and reporting burdens on these institutions for this purpose is not only redundant, but counterproductive. The resources community institutions must use to document compliance with technical regulations would be far better spent doing more of what they do best – serve their communities.

Further, as the regulators' current experience with Basel II and Sarbanes-Oxley is demonstrating, it is one thing to design complicated regulations for compliance by larger institutions, but entirely a different matter to expect smaller institutions – who have fewer resources and less complicated activities – to contort into a “one size fits all” regulation.

Simplifying regulatory compliance for community institutions has many beneficial effects not completely reflected in direct compliance costs. As a firm that regularly consults with community banks on regulatory compliance matters, we know how important it is for smaller institutions to know what they have to do, when they have to do it, and how to do it, in the most cost-efficient approach possible. The legal expenses that institutions and other parties to community investment transactions incur to achieve and document CRA compliance would be reason enough to simplify the regulations. These savings in legal fees and other compliance-related transaction costs and can make some community projects (for example low- and moderate-income housing developments) more affordable for the very people they are intended to benefit – the individual members of the community.

Thank you very much for considering our views.

Very truly yours,

A handwritten signature in black ink, appearing to read "David F. Scranton". The signature is written in a cursive, flowing style with a long, sweeping tail on the final letter.

David F. Scranton