

**From:** Deleigh Brooks [mailto:DBrooks@fnbbastrop.com]  
**Sent:** Tuesday, May 10, 2005 11:31 AM  
**To:** Comments  
**Subject:** CRA Comments

Robert E. Feldman, Executive Secretary  
Attention: Comments  
12 CFR Part 345 – RIN 3064-AC89  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, D. C. 20429

My name is Deleigh Brooks and I am the Compliance Officer of the First National Bank of Bastrop. We are a \$270 million bank located in Central Texas, recently exceeding the \$250 million threshold. The First National Bank has faithfully supported our community for over 115 years. Last year, we originated nearly 3000 new loans totaling over \$52 million. A substantial majority of these dollars were in our CRA assessment area, Bastrop County.

A few issues I'd like to address regarding the CRA proposals dated March 11, 2005. Thank you for the opportunity to comment on this important issue.

I strongly support the Agencies proposal to increase the "small bank" threshold to \$1 billion. In the spirit of regulatory relief, though, the addition of the new and separate Community Development (CD) test to "intermediate small banks" adds a burdensome level of documentation to our existing Community Reinvestment objectives of lending to our entire community, including borrowers of all income levels. Further discussion of this follows in subsequent paragraphs. The original CRA proposal to raise the threshold for small banks to \$500 million, with the CD test to apply only to banks from \$500 million to \$1 billion makes more sense for a rural bank of our size. After all, in 1995, banks under \$250 million held only 14% of all banking assets. Today banks under \$500 million hold less than 11% of banking assets and all banks under \$1 billion hold only the same 14% of industry assets as were held by small banks in 1995.

Further, rather than adding community development as an additional factor in the small bank examination, the Agencies propose to make it a separate test. This has the effect of making community development equal in importance to providing credit to the entire community. Was this the intent of the Community Reinvestment Act? Worse, the proposal requires that an intermediate bank get a satisfactory on the Community Development test no matter how good its lending in the community is, in order for the bank to get a satisfactory rating. Thus, a bank could be doing an Outstanding job providing credit in its community and still get an overall Needs to Improve CRA rating, if the bank did not get a Satisfactory Community Development rating. That is contradictory to the clear wording of the CRA statute. If anything, the community development test should be an additional factor in the CRA analysis, not a separate test.

The fact that several key terms remain undefined also presents concern for our bank. We are located in a rural area, yet are located in a Metropolitan Statistical Area (MSA), and adjacent to Travis County which includes the City of Austin. Our community contains only two census tracts defined as “moderate” income due to the large size and diverse coverage of the individual tracts. The other tracts are defined as “middle” income, and thus perhaps under the CRA proposals not qualified as deserving of community development? We are concerned that the documentary burdens to proving that a loan is to an "underserved" "rural" area or person will mimic the documentary burdens created by examiners now requiring demonstration of how many and what percentage of the loans are to low to moderate income persons. Instead of adopting a simple burden-reducing revision of the CRA regulations, the Agencies instead appear to have created a whole new CRA exam, with new standards, terms and documentation requirements.

Our bank is the largest independent community bank in our county. My biggest fear is that it would be necessary to invest our dollars outside of our community, where it is importantly needed, in order to receive “credit” for CRA Community Development projects.

Thank you for considering these concerns.

Deleigh Brooks  
Vice President and Compliance Officer  
First National Bank of Bastrop