The Berlin City Bank

May 6, 2005

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th St., NW
Washington, DC 20429

Re: FDIC – RIN 3064-AC89
12 CFR Part 345
Proposed revisions to the CRA Regulations

Dear Mr. Feldman:

The Berlin City Bank (BCB) is a large commercial bank in northern New Hampshire with assets totaling approximately $396 million. We have been serving our customers and reinvesting in our communities where we do business for more than 120 years.

We are in favor of revising the Community Reinvestment Act. However, we are not in favor of all of the proposed revisions and submit the following comments:

- ✓ We strongly support raising the threshold of a "small bank" under CRA to $1 billion without regard to the size of the holding company.

- ✓ Late last year it was proposed to simply raise the small bank threshold to $500 million. The current proposal offers less relief from regulatory burden. Adding a new test for banks with at least $250 million and less than $1 billion in assets (*referred to as "intermediate small banks"*) undermines the purpose of the regulatory relief effort, and adds *new* untested requirements.

- ✓ While the proposed community development test for small intermediate banks appears to offer greater flexibility, we do not support making it a separate test; one with equal weight to lending in the bank's community. The consequence of a less than satisfactory community development test rating even with a bank's outstanding record of meeting the credit needs of its community is an unsatisfactory overall CRA rating. We urge that the community development test not be a separate test, but be a factor in the new intermediate small bank examination.

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- ✓ We urge that the definition of "rural" include those counties designated as "nonmetropolitan" by OMB. This is a standard definition, easily found and most equitable.

- ✓ We do not support changing the definition of community development to encompass 1) affordable housing for individuals in *underserved rural areas and designated disaster areas* (in addition to low or moderate-income individuals) and 2) community development activities that revitalize or stabilize underserved rural areas and designated disaster areas (in addition to low-and moderate-income areas). "Underserved rural areas" needs to be *precisely* defined. But even if a precise definition was provided, additional regulatory burden would be incurred by adding the requirement of maintaining the statistics on loans made to borrowers in "underserved rural areas" since most of the banks that serve these areas are not HMDA reporters.

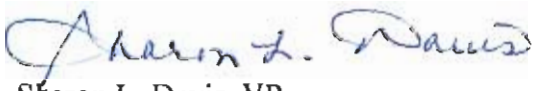
- ✓ We urge the revision of the Investment Test requirements as they are currently ambiguous and the most difficult and expensive test to meet. The lack of qualified CRA projects in the communities the bank serves, commonly compels the investment in mortgage-backed securities where only a portion, if any, of the loans benefit the bank's assessment area.

- ✓ We support no longer having to collect CRA data on small business and small farm loans.

- ✓ We support adjusting the asset size for small and intermediate small banks on an ongoing basis based on changes to the Consumer Price Index.

Thank you for providing the opportunity to comment on the proposed revisions to the Community Reinvestment Act.

Very truly yours,
PEMIGEWASSET NATIONAL BANK



Sharon L. Davis, VP
CRA/Compliance Officer

cc: William J. Woodward, Pres & CEO
New Hampshire Bankers Association
Lakes Region and Valley Compliance Associations