



Monday, March 14, 2005

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

RE: Attention Comments: RIN #3064-AC89

Dear Mr. Feldman:

We are pleased once again to comment on the proposed revisions to the Community Reinvestment Act Regulation. Under the new proposal an intermediate small bank would be classified as having assets between \$250 million and \$1 billion, we strongly suggest under the new proposal that the maximum of \$2 billion in assets be imposed prior to being classified as a large bank.

Clarification is needed on the proposal that all intermediate small banks are in fact exempt from data reporting obligations. The exemption should include a caveat that all banks that are currently reporting data will not be required to continue to report.

In our review of the performance evaluations of ten competitor banks (currently under the Large Bank test) each bank had a weakness in one area of the three part test, giving each bank an overall satisfactory rating. In all cases the banks that did well in the Service Test area had good community development lending results. It appears in these findings that area rural banks would cease to exist if they were not involved community members contributing to the economic growth of their regions. The revised definition of "Community Development" would need to involve middle income census tracts where a certain percentage of moderate income residence would also be known to benefit.

Table with 5 columns and 2 rows of branch information including locations like Aberdeen, Cathlamet, Hoquiam, Ilwaco, Long Beach, Montesano, Naselle, Ocean Park, Ocean Shores, and Pacific Beach with their respective addresses and phone numbers.



The assessment area that we operate in is mostly made up of middle income census tract areas that make the definitions of the CRA regulation very difficult to comply with. The proposed definition of flexible community development in underserved rural areas needs a clearer definition with emphasis on revitalization and stabilization activities.

If illegal lending violations have an affect on the bank's CRA rating there must be a clear, specific and objective criteria for bank's to judge and implement into the bank's policy. This regulatory issue falls under the Fair Lending Act and other bank compliance regulations. Adding the illegal lending practices to the CRA regulation would add an additional burden of responsibility.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Laura C. Smith".

Laura C. Smith  
Vice President and CRA Officer

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**Aberdeen**  
P.O. Box 1826  
Aberdeen, WA 98520-0302  
360-533-8870

**Cathlamet**  
P.O. Box 337  
Cathlamet, WA 98612-0337  
360-795-3228

**Hoquiam**  
P.O. Box 207  
Hoquiam, WA 98550-0207  
360-533-7227

**Ilwaco**  
P.O. Box 550  
Ilwaco, WA 98624-0550  
360-642-2336

**Long Beach**  
P.O. Box 738  
Long Beach, WA 98631-0738  
360-642-3777

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**Montesano**  
150 S Main Street  
Montesano, WA 98563-3709  
360-249-2499

**Naselle**  
P.O. Box 185  
Naselle, WA 98638-0185  
360-484-3226

**Ocean Park**  
P.O. Drawer B  
Ocean Park, WA 98640-0227  
360-665-5255

**Ocean Shores**  
P.O. Box 99  
Ocean Shores, WA 98569-0099  
360-289-2405

**Pacific Beach**  
P.O. Box 236  
Pacific Beach, WA 98571-0236  
360-276-4411

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