

From: Donna Taylor [mailto:dtaylor@scbankers.org]
Sent: Tuesday, May 03, 2005 8:52 AM
To: Comments
Subject: CRA Proposal

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South Carolina Bankers Association

May 3, 2005

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

RE: FDIC - 12 CFR Part 345 - RIN 3064-AC89 - Proposed Revisions to the CRA Regulations

1. We strongly support raising the threshold of a “small bank” under CRA to \$1 billion, without regard to the size of the holding company. We also support indexing the size thresholds for both the small bank and the intermediate small bank annually, based on the Consumer Price Index.
2. The current proposal offers less relief from regulatory burden than was proposed earlier this year – to simply raise the small bank threshold to \$500 million. Adding a new test to \$250-500 Million banks undermines the purpose of this effort, and adds new untested requirements. We urge the threshold for the existing small bank test be raised to \$500 million.

3. We support the adoption of the proposed intermediate small bank test for banks over \$500 million but less than \$1 billion. This test offers potential relief, and in any event, a bank can always opt to be considered a large bank.
4. While the proposed community development test for small intermediate banks appears to offer greater flexibility in meeting unique community needs, we have strong reservations about making it a separate test - - one with equal weight to lending in the bank's community. The consequence of a less than satisfactory rating (no matter how outstanding the bank's record of meeting the credit needs of its community) is an unsatisfactory overall CRA rating. We believe this is inconsistent with the statute and intent of Congress. Not even the large bank investment test was given this level of importance. We urge, rather, that the community development test be made a factor in the new intermediate small bank examination.
5. Rural banks believe the current definition of "community development" shortchanges rural America. Too many have had to make contributions, investments, or loans outside of their communities to satisfy the current large bank test. We urge that "rural" should include those counties designated "nonmetropolitan" by OMB. That is a standard definition, easily found, and most equitable.

The proposal adds a focus on "underserved rural areas." We recommend that "underserved" include any rural area that has been targeted by a governmental agency for development and any rural area or county designated as a CDFI investment area. There also needs to be parity between the number of low- and moderate-income census tracts in rural areas with the number of LMI tracts in urban areas.

Thank you for consideration on these CRA proposals.

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