September 20, 2004

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

Re: **RIN Number 3064-AC50**: Federal Deposit Insurance Corporation's Proposed Increase in the Threshold for the Small Bank CRA Streamlined Examination

We, the undersigned bankers, during our state visit to the Federal Deposit Insurance Corporation, have hand delivered this comment letter on the FDIC's proposed revisions to the Community Reinvestment Act regulations.

We strongly support the FDIC's proposal to raise the threshold for the streamlined small bank CRA examination to $1 billion without regard to the size of the bank's holding company. This would greatly relieve the regulatory burden imposed on small banks under the current regulation, which are required to meet the standards imposed on the nation's largest $1 trillion banks. Community banks would still be required to help meet the credit needs of their entire communities and would continue to be so evaluated by their regulator.

We support the addition of a community development criterion to the small bank examination for larger community banks, **but we believe that the FDIC should adopt its original $500 million threshold without a community development (CD) criterion. The new CD criterion should be applied only to banks greater than $500 million up to $1 billion.** Community banks up to $500 million now hold about the same percent of overall industry assets as community banks up to $250 million did a decade ago when the revised CRA regulations were adopted, so this adjustment in the CRA threshold is appropriate. As FDIC examiners know, it has proven extremely difficult for small banks, especially those in rural areas, to find appropriate CRA qualified investments in their communities. Many small banks have had to make regional or statewide investments that are extremely unlikely to ever benefit the banks' own communities. This result certainly was not intended by Congress when it enacted CRA.

We oppose making the CD criterion a separate test from the bank's overall CRA evaluation. Such differentiation creates the impression that CD lending is different from the provision of credit to the entire community. The current small bank test considers the institution's overall lending in its community. The addition of a category of CD lending (and services to aid lending and investments as a substitute for lending) fits well within the concept of serving the whole community. A separate test would create an additional CD obligation and regulatory burden, eroding the intent of the streamlined exam.

We strongly support the FDIC's proposal to change the definition of "community development" from only focusing on low- and moderate-income area residents to including rural residents. This change will go a long way toward eliminating the current distortions in the regulations that result in a small rural bank being told to invest in regional affordable housing bonds for an urban area not in the bank's community.

In conclusion, we believe that the FDIC has proposed a major improvement in the CRA regulations, one that much more closely aligns the regulations with the Community Reinvestment Act itself, and we urge the FDIC to adopt its proposal, with the recommendations above. Any of us would be happy to discuss these issues further with you, if that would be helpful.

Sincerely,

Pres + CEO
The Bank of Southside VA.
(Name, title, bank)

President/CEO - Seacoast Bank & Trust
(Name, title, bank)

President & CEO
American National Bank & Trust Co.
(Name, title, bank)

President/CEO Shore Bank
(Name, title, bank)

President & CEO
Community First Bank
(Name, title, bank)

President/CEO Bank of McKenney
(Name, title, bank)

EVP South Trust Bank
(Name, title, bank)

EVP, BB&T
(Name, title, bank)

Bank of Floyd
Ch. Pres. & CEO
(Name, title, bank)

Wm. F. Rountree, Jr., Pres. & CEO.
Monarch Bank - Chesapeake, Va.
(Name, title, bank)

KENDAL E. CARSON PRES, CEO
UNITED BANK
(Name, title, bank)

Robert R. Chapman, III, Pres/CEO
Bank of the James - Lynchburg, VA
(Name, title, bank)

H Watts Steger III

H WATTS STEGER III - CHAIRMAN + CEO
BANK OF BOTETOURT - BUCHANAN VA
(Name, title, bank)

MICHAEL G. ANZILOTTI
PRESIDENT - VA. COMMERCE BANCORP, INC
(Name, title, bank)

Robert H Gilliam Jr.
Robert H. Gilliam, Jr., Pres & CEO
First National Bank of Altavista
(Name, title, bank)

G. LAWRENCE WARREN
Pres + CEO / POTOMAC BANK OF VA
(Name, title, bank)

William H Hayter President
First Bank & Trust Company
(Name, title, bank)

GORDON L GENTRY, JR
TOWNEBANK - CHAIRMAN / Peninsula

C. T. Hill
Chairman, President, + CEO
SunTrust BANK, Mid-Atlantic

William Beale
President, CEO.
Union Bankshares Corp.