



March 15, 2005

Public Information Room
Office of the Comptroller of the Currency
250 E Street, SW
Mailstop 1-5
Washington, DC 20219

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

Fax: 202-874-4448
e-mail: regs.comments@occ.treas.gov

Website: <http://www.fdic.gov/>
e-mail: Comments@FDIC.gov

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Fax: 202-452-3819
e-mail: regs.comments@federalreserve.gov

Fax: 202-906-6518
e-mail: regs.comments@ots.treas.gov

Re: RIN 3064-AC89 Proposed Revisions to Community Reinvestment Act Regulations

Dear Sir or Madam:

As a community banker, I would first like to compliment both Donald E. Powell, Chairman, and John Reich, Vice Chairman of the FDIC, for all their positive support regarding the ongoing efforts of both EGRPRA and the proposed revisions to CRA. The revisions "will greatly reduce the unnecessary burden on all 'intermediate small banks', without diluting in any way, the public policy objectives of CRA". In addition, *I support whole heartedly the proposal to raise the small bank threshold to \$1 billion and to eliminate the data collection and reporting requirements for certain loans. I support the proposed change in the community development test, to allow intermediate small banks to engage in different types and levels of activities that make sense for the banks, and which are in response to the needs of our communities.* Secondly, the definition of community development activity *should include activities that not only serve low-and-moderate individuals or communities, but should also include assistance in underserved rural areas, and/or individuals located in designated disaster areas.* Additionally, *I support the proposal to adjust the asset size for small and intermediate small banks on an ongoing basis, based on changes to the Consumer Price Index.*

I believe the proposed changes will allow intermediate small banks to have more flexibility in how we allocate our community development resources through our own strategic use of loans, investments and services. We know our communities better than others, and *we should be given the latitude to invest our dollars where it makes the most sense for us and our communities.* However, *I feel strongly that to create a separate community development test would not be in everyone's best interests.* We have to look at our resources and allocations on the whole, in the context of the needs of our communities. If there are not

specific needs in our communities or their needs have already been met, then *I support the proposed change to the definition of community development that would allow us to allocate some of our resources to individuals in underserved rural areas and designated disaster areas.* The overall goal of CRA is to ensure that banks are meeting the needs of their communities, *however, if those needs have been met, then we should be allowed to assist others in underserved rural areas that have not had their needs met, or in areas that have special needs due to some disaster.*

With regard to the questions on how to define “rural”, “underserved” and “underserved rural areas”, I *support the use of definitions such as those used by the Census Bureau and the CDFI Fund, to promote and encourage consistency with other agencies. We do not need any more inconsistencies between regulations and agencies! In addition, I do NOT think that “underserved rural areas” should be limited to serving the needs of low-and-moderate income individuals, but should include individuals and/or areas that may not be designated as low-and-moderate income, but are in underserved rural areas.*

Conclusion

The reporting and tracking requirements of being a “large” bank versus a “small” bank are very burdensome in relation to the benefit to “small” banks. The proposed changes will allow those of us now defined as “intermediate small banks” more flexibility to devote our time, money and efforts on finding ways to meet the needs of our communities, or those in underserved or specially designated areas. Activities that help to revitalize and stabilize underserved areas or designated disaster areas benefit everyone including the areas where the needs of the communities have been or are being met by the goals of CRA.

One last note, I encourage the Regulators to continue to use plain & simple language in the proposed changes and in the final re-write of the regulations. It is most helpful (to me anyway) to have the proposed changes simply stated by reference to the Section and Headings, with the sub-section numbers, etc. also highlighted. It is sometimes hard to read all through the comments when reading the Federal Register, so I support the idea of using specific references when changes are being suggested or made. When the final re-write is done, perhaps the first printing should have the items that were added or changed highlighted in some way so that when reading the regulation, they will be emphasized.

Sincerely yours,

Karen A. Schoenbucher

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Vice President & Compliance Officer