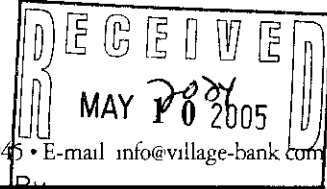




307 Auburn Street • Auburndale, MA 02466 • Phone (617) 527-6090 • Fax (617) 965-8945 • E-mail info@village-bank.com



Local and proud of it.

May 6, 2005

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

Reference RIN-3064-AC89

CRA Proposed Amendments

Dear Mr. Feldman:

Thank you for the opportunity to comment on the proposed revisions to the Community Reinvestment Act. The Village Bank is a "large bank" under current CRA standards and welcomes the proposed change to an "intermediate small" bank.

The Village Bank is rapidly approaching the \$500,000,000 asset threshold and is the only remaining "community bank" in the City of Newton, Massachusetts. Although our branches are located in some of the wealthiest communities west of Boston, there continues to be a need to provide services and support to at risk individuals and families at all levels of the economic spectrum. Our "assessment area" census tracts do not reflect the low-moderate income individuals and families we serve. The Village Bank also acts upon our responsibility to serve all individuals, families, and businesses regardless of their income levels, for they are "our community".

We are writing to you in **support** of the following proposed revisions to the Community Reinvestment Act:

1. The increase in the threshold for a "small bank" to banks with assets of less than \$1 billion, including the provision for annual adjustments based on the Consumer Price Index.
2. The addition of a flexible new community development test that would be separately rated in CRA examinations for banks with at least \$250 million and less than \$1 billion in assets (these banks will be referred to as "intermediate small banks").

3. The expansion of the definition of “community development” to encompass:
 - Affordable housing for individuals in underserved rural areas and designated disaster areas (in addition to low- or moderate-income individuals) and
 - Community development activities that revitalize or stabilize underserved rural areas and designated disaster areas (in addition to low- or moderate income areas).
4. The elimination of the CRA Small business/small farm annual reporting requirement for banks under \$1 billion

As noted in the proposal, banks in areas that have not been designated as “low-moderate” income census tracts do address community needs by providing loans, social/educational programs and services but those efforts are often discounted or overlooked. Although we are not located in a “rural” area we understand the disadvantage of the “census tract” labeling.

The Village Bank supports the proposed recommendation to evaluate “intermediate small” banks under a separate “community development rating” that would include community development loans, qualified investments and community development services. This new CD rating would result in one rating for areas that had previously been evaluated separately. The new community development test would play a significant role in The Village Bank’s overall rating, as would our rating on the separate test for lending performance

The Village Bank also applauds the changes under the community development component that take into consideration the bank’s capacities, business strategies, the needs of our entire community and the number and types of opportunities for community development activities. We are pleased that federal regulators have recognized the need for examiner flexibility in evaluating our bank’s ability to apply its resources effectively to the loans, investments and services that make up our community development activities. The new CRA amendments have noted the intense competition for a limited supply of qualified investments in our communities that are safe and sound investments.

The Village Bank joins our trade association, The Massachusetts Bankers Association, in opposing any incorporation of anti-discrimination laws or other consumer laws on an institution’s CRA rating. The personal interpretation and application of these laws is often misguided and open to discussion. We have found that official staff commentary is not uniformly applied, often varying from regulator to regulator

In summary:

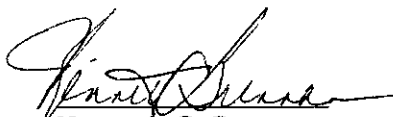
The Village Bank vigorously **supports** the following CRA Amendment proposals:


1. The increase in the threshold for a "small bank" to banks with assets of less than \$1 billion, including the provision for annual adjustments based on the Consumer Price Index
2. The addition of a flexible new community development test that would be separately rated in CRA examinations for banks with at least \$250 million and less than \$1 billion in assets (these banks will be referred to as "intermediate small banks").
3. The expansion of the definition of "community development" to encompass:
 - Affordable housing for individuals in underserved rural areas and designated disaster areas (in addition to low- or moderate-income individuals) and
 - Community development activities that revitalize or stabilize underserved rural areas and designated disaster areas (in addition to low- or moderate income areas).
4. The elimination of the CRA Small business/small farm annual reporting requirement for banks under \$1 billion.

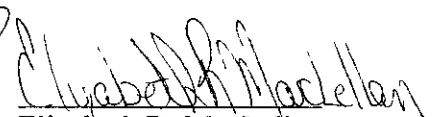
The Village Bank **opposes** the inclusion of anti-discrimination laws and other consumer laws in the evaluation of a bank's CRA efforts.

Again, thank you for the opportunity to comment on this important revision of the Community Reinvestment Act.

Sincerely,


Kenneth C. Brennan
President


Siu-Shyong Lin
Director/CRA Committee


Elizabeth R. MacLellan
Vice President/CRA Officer