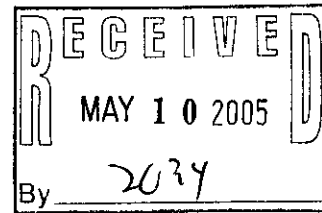


**Citizens Tri-County Bank  
37 Rankin Avenue  
Dunlap, Tennessee 37327**



May 6, 2005

Robert E. Feldman, Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
Attention: RIN 3064-AC89  
Comments@FDIC.gov

Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 1-5  
Washington, DC 20219  
Attention: Docket No. 05-05  
regs.comments@occ.treas.gov

Jennifer J. Johnson, Secretary  
Board of Governors of the  
Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551  
Attention: Docket No. R-1225  
Regs.comments@federalreserve.gov

Re: Community Reinvestment Act Regulations

Dear Sir or Madam:

As a community banker, I strongly support any steps that will ease the regulatory burden that community bankers confront every day and that unnecessarily use up time and energy that should be devoted to serving our customers and communities. The agencies' CRA proposal to increase the threshold for the streamlined CRA exam to \$1 billion is a step in the right direction.

With the many changes our industry has undergone in the last 25 years, especially the many mergers and the appearance of huge banks that operate nationwide, it is time to adjust the CRA rule and set a \$1 billion benchmark for tiered examinations. Applying the current streamlined CRA exam to banks with up to \$1 billion in assets would reduce burden more than the current proposal. However, adding a separate review for community development activities for intermediate banks (between \$250 million and \$1 billion) is an acceptable compromise.

It also would be less burdensome if the agencies added a community development factor to the existing CRA streamlined review. However, as the survival of community banks is intertwined with the health of the local economy, a separate community development test will still examine community banks for community reinvestment activities they would undertake with or without CRA.

The proposed review of a combination of community development lending, investments, and services under a community development test will be much more flexible than the existing separate and overly restrictive large bank tests. This flexibility will allow intermediate-sized community banks across the country to serve their markets in the most appropriate way, given their own strengths and the needs of their communities. However, for burden reduction to be realized, examiners must understand how to apply this flexibility.

Expanding the definition of community development to include activities that benefit rural communities is also very important. Unlike metropolitan areas, rural areas are not neatly divided into low- or moderate-income areas. Allowing CRA credit for efforts that benefit the local community, such as schools and local infrastructure, will let community banks support pressing local needs, rather than make investments that benefit an area on the other side of the state, as is often the case under the current rules. The agreed upon definition of "rural" must be sufficiently broad and easily applied to be considered workable.

I support expanding the definition of community development to include activities that benefit areas designated as disaster areas. The bank should be able to determine if an area is qualified by relying on the designation by a government authority. It is appropriate that activities benefiting these areas qualify under CRA.

Regulatory burden disproportionately impacts community banks. Many are merging or selling under the pressures presented by regulatory burden. Without regulatory relief, many communities will lose their local institutions which will be to the detriment of the entire community.

Thank you for the opportunity to comment.

Sincerely,



C. Ann Smith  
President and CFO