



411 North Avenue East · Cranford · New Jersey 07016-2436 · (908) 272-8500 · Fax (908) 272-6626 · Website: www.njleague.com

May 10, 2005

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th 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:

Members of the Compliance and CRA Committee of the New Jersey League of Community Bankers* ("the League") have reviewed the proposal to revise the Community Reinvestment Act regulations to reduce the regulatory burden imposed on smaller banks by revising the eligibility requirements for CRA evaluation under the lending, investment, and service tests.

The League greatly appreciates the efforts of the federal regulatory agencies to reduce regulatory burden and believes that this proposal is a step in the right direction.

* The New Jersey League of Community Bankers, founded in 1908, is a trade association representing 67 of New Jersey's savings banks, savings & loan associations and commercial banks with total assets of over \$75 billion. The League's wholly-owned subsidiary, the Thrift Institutions Community Investment Corporation ("T.I.C.I.C.") assists League members in forming consortia to make loans on low-to-moderate income housing and economic development projects throughout New Jersey. Since its founding in September 1991, T.I.C.I.C. has facilitated loans on over 4,300 affordable housing units and has loans in process on over 300 more affordable housing units. Loans made and loans in process total over \$300 million.

Gary T. Jolliffe
Chairman
President/CEO
Millington Savings Bank
Millington, NJ 07946

Raymond G. Hallock
First Vice Chairman
President/CEO
Columbia Bank
Fair Lawn, NJ 07410

Robert S. Monteith
Second Vice Chairman
President/CEO
NVE Bank
Englewood, NJ 07631

Samuel J. Damiano
President
New Jersey League
of Community Bankers
Cranford, NJ 07016

Members of the League's Compliance and CRA Committee have recommended that:

- 1) As proposed, the federal regulatory agencies should change the regulatory definition of a "small bank" to being a bank with assets of less than \$1 billion, thereby moving closer to parity with the rules promulgated by the Office of Thrift Supervision. This will reduce the regulatory burden on smaller banks but will not, in the committee members' opinion, reduce smaller banks' commitment to community reinvestment and development. Committee members would prefer the OTS approach to providing flexibility in complying with the lending, investment, and service tests, but the proposal does provide an acceptable compromise.
- 2) While not part of the proposal, the federal regulatory agencies should provide better guidance on the types of investments that qualify under the "investment test." At present, there is too much guesswork that goes into determining the types of investments that qualify. The question of investment qualification often boils down to a judgment call on the part of a CRA compliance examiner.
- 3) Credit under the "lending test" should be granted to banks that make loans in underserved rural areas. CRA is a law that was promulgated to promote housing and community development. If the extension of mortgage credit in an underserved rural area serves to meet both of the foregoing objectives, it should receive CRA scoring credit.

The League appreciates the opportunity to provide the comments of members of its Compliance and CRA Committee on the proposed regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Silkensen". The signature is fluid and cursive, with a long horizontal stroke at the end.

James R. Silkensen
Executive Vice President

JRS/js