



May 5, 2005

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

Re: FDIC – 12 CFR Part 345 – RIN 3064-AC89 – Proposed Revisions to the CRA Regulations

Ladies and Gentlemen:

The Nebraska Bankers Association (NBA) appreciates this opportunity to provide comments to the Federal Deposit Insurance Corporation (FDIC) regarding the proposed revisions the CRA regulations. The NBA is a professional, nonprofit organization representing 257 of the 259 commercial banks and 9 of the 16 savings and loan associations in Nebraska.

The NBA strongly supports raising the threshold of a “small bank” under CRA to \$1 billion, without regard to the size of the holding company. We also support indexing the size thresholds for both the intermediate small bank on an annual basis, based on the Consumer Price Index.

We approve of the proposed intermediate small bank test for banks over \$500 million but less than \$1 billion. However, while the proposed community development test for intermediate small banks appears to offer greater flexibility in meeting unique community needs, we are concerned with the provisions to make the community development test a separate test with equal weight to lending in the bank’s community. This approach could result in a bank receiving a less than satisfactory rating on this test (no matter how outstanding the bank’s record of meeting the credit needs of its community) ending up with an unsatisfactory overall CRA rating. This outcome is inconsistent with the express provisions of the Community Reinvestment Act and the intent of Congress in enacting this Act. As an alternative, we would encourage you to consider the community development test to be a factor in the new intermediate small bank examination.

The existing proposal offers less relief from regulatory burden than was previously floated when the small bank threshold was proposed to be increased to \$500 million. Adding a new test as proposed to the \$250-\$500 million banks adds new untested requirements and we would urge that the threshold for the existing small bank test simply be raised to \$500 million.

We have also received input from rural banks suggesting that the current definition of “community development” shortchanges rural America. Too many of these institutions have had to make contributions, investments, or loans outside of their communities to satisfy the current

large bank test. Accordingly, we would urge that "rural" should include those counties designated "nonmetropolitan" by Office of Management and Budget.

Thank you for the opportunity to submit our comments on the Proposed Revisions to the CRA Regulations. We thank the Agency for bringing forward this CRA proposal and would encourage its adoption with the suggested modifications. We would be happy to answer any questions you may have regarding our comments.

Sincerely,

A handwritten signature in cursive script that reads "George Beattie".

George Beattie
President

/pra