

Send to: Comments@FDIC.gov  
Subject: RIN No. 3064-AC89 - CRA Regulations.

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

Dear Sir,

As a community banker, I strongly endorse the FDIC's proposal to increase the asset size of banks eligible for the small bank streamlined Community Reinvestment Act (CRA) examination from \$250 million to \$1 billion. This proposal will greatly reduce regulatory burden.

As a community bank that will pass the \$500 million level in the near future, the proposed increase is a good first step. Adjusting the asset size limit also more accurately reflects significant changes and consolidation within the banking industry in the last 10 years. To be fair, banks should be evaluated against their peers, not banks hundreds of times their size. The proposed change recognizes that it's not right to assess the CRA performance of a \$500 million bank or a \$1 billion bank with the same exam procedures used for mega, multi-billion dollar banks.

In order to fully realize the benefits of reduced regulatory burden, I do not support the addition of an additional Community Development test for "intermediate small banks". This simply adds an additional layer of ambiguity in the evaluation process. The proposed "flexible" community development test lists criteria that are so vague that it is not possible to determine with any confidence specifically what a bank will need to obtain a satisfactory rating. These rules do not provide guidance for banks and whether a bank passes the test will be purely subjective on the part of the examiners.

Our presence and support in the communities we serve is an important factor in the success of our bank. Keeping the focus of Community institutions on lending, which the small institution examination does, would be entirely consistent with the purpose of the Community Reinvestment Act, which is to ensure that the Agencies evaluate how banks help to meet the credit needs of the communities they serve.

In summary, I believe that increasing the asset-size of banks eligible for the small bank streamlined CRA examination process is an important first step to reducing regulatory burden. We understand that community banks still must comply with the general requirements of CRA, however, this change will eliminate some of the most problematic and burdensome elements of the current CRA regulation from community banks.

Kennethe Osborn  
VP & Compliance Officer  
Skagit State Bank  
PO Box 285  
301 E. Fairhaven Ave.  
Burlington, WA 98233