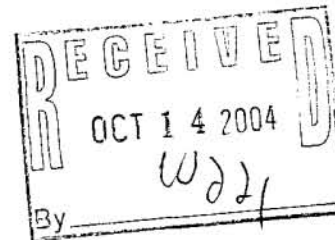




SIMMONS FIRST NATIONAL CORPORATION

October 4, 2004

Bruce Dawson
Vice President, Special Services Department
Simmons First National Corporation
501 S. Main
Pine Bluff, AR 71611



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

Re: RIN Number 3064-AC50: FDIC Proposed Increase in the Threshold for the Small Bank CRA Streamlined Examination

Dear Mr. Feldman:

I am Vice-President of Simmons First National Corporation, located in Pine Bluff, Arkansas, a city of 60,000 residents located on the edge of the Arkansas delta. My bank is an eight-bank holding company with assets of \$2 billion. Its affiliates range in size from \$100 million to \$1 billion. I am writing to strongly support the FDIC's proposal to raise the threshold for the streamlined-small bank CRA examination to \$1 billion without regard to the size of the bank's holding company. This would greatly relieve the regulatory burden imposed on many small banks such as the ones within our holding company under the current regulation, which are required to meet the standards imposed on the nation's largest \$1 trillion banks. I understand that this is not an exemption from CRA and that our banks would have to meet the credit needs of their entire communities and be evaluated by their regulators. However, I believe that this would lower our current regulatory burdens significantly, not only as to the man-hours and costs for each of our affiliates but also for the holding company's necessary oversight.

I also support the addition of a community development criterion to the small bank examination for larger community banks. It appears to be a significant improvement over the investment test. However, I urge the FDIC to adopt its original \$500 million threshold for small banks without a CD criterion and only apply the new bank criterion to community banks greater than \$500 million up to \$1 billion. Banks under \$500 million now hold about the same percent of overall industry assets as community banks under

\$250 million did a decade ago when the revised CRA regulations were adopted, so this adjustment in the CRA threshold is appropriate. As FDIC examiners know, it has proven extremely difficult for small banks, especially those in rural areas, to find appropriate CRA qualified investments in their communities. Many small banks have had to make regional or statewide investments that are extremely unlikely to ever benefit the banks' own communities. That was certainly not the intent of Congress when it enacted CRA. It is particularly difficult to get qualified investments in the delta region, particularly so as potential opportunities for investment are often served by government programs.

An additional reason to support the FDIC's CD criterion is that it significantly reduces the current regulation's "cliff effect." Today, when a small bank goes over \$250 million, it must completely reorganize its CRA program and begin a massive new reporting, monitoring, and investment program. If the FDIC adopts its proposal, a state nonmember bank would move from the small bank examination to an expanded but still streamlined small bank examination, with the flexibility to mix the community bank to the same large bank examination that applies to \$1 trillion banks. The more graduated transition to the large bank examination is a significant improvement over the current regulation.

I strongly oppose making the CD criterion a separate test from the bank's overall CRA evaluation. For a community bank, CD lending is not significantly different from the provision of credit to the entire community. The current small bank test considers the institution's overall lending in its community. The addition of a category of CD lending (and services to aid lending and investments as a substitute for lending) fits well within the concept of serving the whole community. A separate test would create an additional CD obligation and regulatory burden that would erode the benefit of the streamlined exam.

I strongly support the FDIC's proposal to change the definition of "community development" from only focusing on low- and moderate- income area residents to including eliminating the current distortions in the regulation. We caution the FDIC to provide a definition of "rural" that will not be subject to misuse to favor just affluent residents of rural areas.

In conclusion, I believe that the FDIC has proposed a major improvement in the CRA regulations, one that much more closely aligns the regulations with the Community Reinvestment Act itself, and I urge the FDIC to adopt its proposal, with the recommendations above.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce C. Dawson". The signature is stylized and cursive.

Bruce C. Dawson