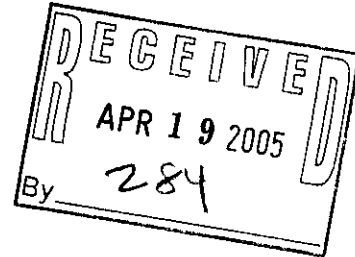




Our One Priority Is You™



April 11, 2005

Robert Feldman  
Executive Secretary  
Attention: Comments  
FDIC  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Re: Comments on FIL-21-2005 / Community Reinvestment ACT

Dear Mr. Feldman:

PriorityOne Bank is a \$330 million financial institution and we are very concerned about what the new Community Reinvestment Act regulations are going to entail for us. We are being asked to comment on something that most of know very little about what it means. For instance: what is going to be the definition of "underserved rural areas and designated disaster areas", "community development lending" and "community development tests".

We are a bank that generally carries an 88% -90 % loan to deposit ratio in our market area. There are more lending opportunities in some of the areas in our markets than others. I do not believe that equal weighting should be given to lending tests and community development tests requiring a satisfactory on each in order to get an overall satisfactory rating. We have always been a satisfactorily rated bank on CRA, however we believe we would have issues and concerns with this arrangement. At best 80% should be weighted toward the lending test and 20% toward the community development test and possibly encourage a satisfactory rating on both but not require it in order to get an overall satisfactory rating. Examiners should have flexibility in this area to give guidance to the bank but not rate us on ambiguous requirements in the regulations.

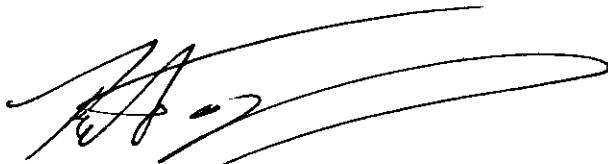
In the discussions that precede the proposed rules, the OCC, FDIC and the Board would expect that a bank will appropriately assess the needs of its community, engage in different types of community development activities based on those needs and the bank's capacities, and that it will take reasonable steps to apply its community development resources strategically to meet those needs. This is very vague and confusing as to what this means. How much will this community development test cost in terms of time, talent

and money? How much "ascertainment" will be needed? What kind of documentation will be deemed appropriate? How much will be enough? And one might ask appropriately, why should a bank that does an outstanding job of meeting the credit needs of its community have to pass a community development test at all. If a small bank can pass CRA just on lending and if a large bank can for all practical purposes do so also, why should an "intermediate small bank" be required to pass both lending and community development tests?

In my opinion this entire area of CRA should be re-considered so as not to make this punitive for banks in the \$250 million to \$1 billion range. As it currently stands and without understanding what the new proposals really mean, we are going to be subject to more stringent CRA criteria and scrutiny than we currently are. It was my understanding when this endeavor to streamline CRA for smaller banks (banks under \$1 billion) was undertaken it was to make CRA less burdensome, however just the opposite may be about occur for a segment of the banks that should not be singled out for this type of treatment.

I may be reached at 601-849-3311 if anyone would like to discuss this further.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Barnes', with a large, sweeping flourish underneath.

Robert J. Barnes  
CCO