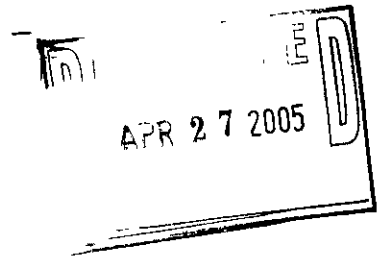

April 18, 2005

Mr. Robert E. Feldman
Executive Secretary's Office
Attn: Comments, FDIC
550 17th Street NW
Washington, DC 20429

Dear Mr. Feldman:

We have been hearing for years and reading very recently of the efforts to remove old, unnecessary and extremely burdensome banking regulations and now we are asked to comment on a "new and improved" CRA? Please excuse our disappointment.

We must strongly oppose creating even more confusion for both Examiners and community bankers with the attempt at creating another non-indexed, imaginary tier of commercial banking, as the proposed "new" CRA would do. Whoever is trying to create this apparent "compromise" between consumer advocates/activists and community bankers is benefiting neither and is obviously not considering competitive realities.

We strongly recommend that ALL CRA rules and regulations be consistent across the ENTIRE financial services industries, their respective regulators and must include Credit Unions, money service businesses (MSBs) and non-bank financial institutions (NBFIs). Otherwise, banks and others that are now regulated will migrate their charters to paths of less resistance and regulation. Put more plainly, it is much less expensive AND legal to avoid as many unfunded federal mandates as possible.

For once, we think the OTS got it right, with one adjustment. The $1 billion threshold should be indexed every five years, for the next five years. A financial institution under the OTS guidelines is not subject to any form of CRA data collection, reporting and is examined under the small bank guidelines. The $1 billion threshold makes market sense and should be applied universally.

You certainly must admit that adding a third category called "intermediate small bank" complicates an already difficult task as you have proposed somewhat different guidance and rules. This new category effectively takes away the relief for all those banks in the $250 million to $1 billion asset range. Our study and reading of the literature indicates that banks in this range must compete fiercely in their geographical markets as precisely BECAUSE they are this size. Very few community banks in the proposed range are multi-state and many are single-county and by law MUST invest their locally gathered deposits LOCALLY. A third category also means these size banks would have to get a satisfactory grade on BOTH the old small bank lending test plus the new community development test, which appears quite obtuse. This is hardly a means to regulatory simplification and relief.

The total federal, state and local regulatory burden is hurting all community banks and many small businesses. At $314 million in assets, the cost of complying, although neither the time or dollar costs are undetermined, is not justifiable and does nothing to benefit our institution. It is difficult enough having to compete with untaxed credit unions, let alone CRA-unburdened competitors.

We support the true version of CRA regulation relief. Until a Bank reaches the $1 billion threshold, it IS a "small bank" and should only have to meet the small bank CRA guidelines.

Sincerely,