



5772

August 7, 2004

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

FDIC RECEIVED
2004 SEP 16 P 3:57
THE OFFICE OF
EXECUTIVE SECRETARY

Re: RIN #3064-AC50, Community Reinvestment

Dear Mr. Feldman:

I would like to extend my appreciation to the many individuals of the FDIC who have been working diligently to enact appropriate Community Reinvestment Act revisions. Your resolve to put forth an equitable solution is to be commended.

I firmly support the FDIC's proposal to increase the small bank threshold to \$1 Billion and to expand the definition of "community development" to include activities in rural areas. I vigorously applaud your recognition of the regulatory burden and community efforts of smaller, local banks across the country.

First Security Bank, whom I represent, is one such bank, and I'd like to share a real example of the difficulties we face in satisfying Large Bank criteria.

As a \$400 million, state chartered community bank in southwest Montana, we serve "rural" communities, in which agriculture, ranching, and recreation are major industries and the nearest Metropolitan Area is many miles away. We have an excellent record of LMI lending and services, but obtaining qualified CRA investments is extremely difficult. In fact, our peer group of five other large banks invest little to nothing in this area, as they invest in distant Metropolitan Areas for their CRA credit.

My bank is left, then, with a difficult choice. We can either pursue national, qualified CRA investments and receive CRA investment credit for them (thereby shipping investment dollars to populations outside our assessment area and outside our state), or we can invest in our area, understanding that most investments will not qualify because they "only" help rural areas.

Is not the purpose of CRA to "encourage institutions to help meet the credit needs of the local communities in which they are chartered"? There is something hypocritical in outsourcing investments in order to receive a favorable Community Reinvestment rating. Please adopt your amendments as proposed, as doing so would greatly enhance the effectiveness of the CRA and reinforce the purpose to which it was written.



Mr. Robert E. Feldman, FDIC
Page Two

I further support your proposal to create a separate community development performance criterion for mid size banks, and prefer that approach to a separate community development test (in addition to the existing streamlined exam). Allowing banks flexibility to best assist their unique communities would only strengthen the Community Reinvestment Act. Please don't create more complexity than what is necessary – a simple, clear cut approach would benefit examiners, banks, and communities alike.

Thank you for this opportunity to comment.

Respectfully,

A handwritten signature in cursive script that reads 'Rebekah F. Leonard'.

Rebekah F. Leonard
CRA / Compliance Officer