

October 18, 2004

The Honorable Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Dear Chairman Powell:

The undersigned associations, fully committed to ensuring a wide range of financial products and services is provided to our nation's communities, strongly support the FDIC's proposal to increase the asset size limit of banks eligible for the streamlined Community Reinvestment Act (CRA) exam.

The proposal would: set the asset limit for the streamlined exam at \$1 billion; add a new community development criterion to the small bank performance standards for banks with assets between \$250 million and \$1 billion that considers lending, investment and services; and expand the definition of community development to include a broader range of activities in rural areas.

The proposal would, in fact, free up human and financial resources that can be redirected to the community and used to make loans and provide other services, a goal that is completely consistent with the purposes of the CRA.

In addition, the proposal would permit banks in rural areas to support a wider array of local community and economic development projects that do not qualify for CRA credit under current rules. Indeed, the narrow "qualified investment" test under the large bank CRA exam can actually take resources away from the bank's local community as some banks are forced to invest in regional or statewide instruments when investments that meet current CRA restrictions are not available locally.

We believe the added efficiency and flexibility under the FDIC proposal will encourage more lending and investment in local communities, supporting small businesses, community development, home ownership, and entrepreneurship.

Thank you for considering our views. Please note that some of the undersigned associations have individually submitted more detailed comment letters with some additional recommendations.

Sincerely,

American Bankers Association
America's Community Bankers
Independent Community Bankers of America
National Bankers Association

Agricultural Retailers Association
Alabama Farmers Federation
American Farm Bureau
American Society of Farm Managers and Rural Appraisers
American Sugar Cane League
National Cattlemen's Beef Association
National Cotton Council
National Milk Producers Federation
USA Rice Federation

cc: John M. Reich, Vice Chairman, FDIC
James E. Gilleran, Director, Office of Thrift Supervision
Julie L. Williams, Acting Comptroller of the Currency
Thomas J. Curry, Director, FDIC
Susan Schmidt Bies, Board of Governors of the Federal Reserve System
Edward M. Gramlich, Board of Governors of the Federal Reserve System
Mark W. Olson, Board of Governors of the Federal Reserve System