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May 10, 2005

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Attention: RIN 3064-AC89
Comments@FDIC.gov

Re: Community Reinvestment Act Regulations

Dear Mr. Feldman:

As a 4th generation community banker, I strongly support any steps that will ease the regulatory burden that community bankers confront every day and that divert time, energy, and financial resources that should be devoted to serving our customers and communities. The agencies' CRA proposal to increase the threshold for the streamlined CRA exam to $1 billion is a step in the right direction.

With the many changes our industry has undergone since the streamlined CRA examination was introduced, especially the many mergers and the appearance of huge banks that operate nationwide; it is time to adjust the CRA rule and set a $1 billion benchmark for tiered examinations. Simply applying the current streamlined CRA exam to banks with up to $1 billion in assets would reduce burden more than the current proposal. However, adding a separate review for community development activities for intermediate banks (between $250 million and $1 billion) is an acceptable compromise.

As the survival of community banks is intertwined with the health of the local economy, a separate community development test that is applied by the examiners as it is intended, will still examine community banks for community reinvestment activities they would undertake with or without CRA.

The proposed review of a combination of community development lending, investments, and services under a community development test appears to be much more flexible than the existing separate and overly restrictive large bank tests. This flexibility will allow intermediate sized community banks across the company to serve their markets in the most appropriate way, given their own strengths and the needs of their communities. However, for burden reduction to be realized, examiners must understand how to apply this flexibility. This is the most critical part of any change.

For over 80 years our bank has, as have many of our peers, been a leader in sponsoring economic development in our community. Now as we become subject to the Large Bank CRA examination in the coming year, we find that we will have to re-direct some of the resources we have traditionally invested in our community, to more regional and statewide investments, in order to satisfy examiners enforcing the current regulations. In the process of preparing for this change, we have found that some Banking Examiners actually encourage community banks to invest in some of these "cookie-cutter" type of investments because they are easier to examine with the regulators shrinking resources, rather than encouraging us to create our own types of CRA qualified investments. This is contradictory to what the CRA legislation is intended to do, yet examiners continue to encourage this practice. It is ironic that in the process of the enforcement of legislation meant to improve a banks investment in their community, community bank dollars are actually steered away from our own community where we want to invest.

Lastly, I support expanding the definition of community development to include activities that benefit areas designated as disaster areas. This is a welcome change that should encourage banks to become even more creative with their solutions in their communities times of need. It should be a simple matter for the bank to determine if an area is qualified, such as designation by a government authority. As disaster areas have special redevelopment needs, it is fitting that activities benefiting these area qualify under CRA.

Regulatory burden disproportionately impacts community banks. Many are merging or selling under the pressures presented by regulatory burden. Without changes such as this, more and more community banks like mine will find they cannot sustain independent existence because of the crushing regulatory burden, and will opt to sell out. For many small towns and rural communities, the loss of the local bank is a major blow to the local community. It is not the competitive pressures of the marketplace that cause community banks to sell; it is the constant and overwhelming burden of regulation that we face on a daily basis. By easing this regulatory burden, it will provide a direct impact upon those of us that meet our communities needs as part of our mission. It will make it easier for community banks like mine to continue to provide committed service to local communities that few other financial service providers are willing to do.

Thank you for the opportunity to comment.

Sincerely,

John H. Buhrmaster
Sr. Vice President