

May 5, 2005

Via Electronic Transmission

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429
comments@fdic.gov

FDIC – 12 CFR part 345 – RIN 3054-AC89 Proposed Revisions to CRA Regulations

Good Morning:

On behalf of the Association's 270+ member banks we submit this letter in support of the recent proposal to raise the small bank examination threshold for CRA examination purposes to \$1 Billion, without regard to the size of the bank's holding company (if any). We also support indexing the threshold amount for inflation going forward.

We do not support creating a separate community development test for banks between \$250 Million and \$1 Billion that is given equal weight in coming up with an overall CRA rating. We believe this proposal actually results in less flexibility for banks that are now subject to the large bank CRA exam and does not take into consideration the necessity of meeting unique community needs, particularly in rural areas.

Here's the problem as we see it: ***the consequence of achieving a less-than-satisfactory rating on the community development test, no matter how outstanding the bank's rating is on meeting the lending needs of its community, is an unsatisfactory CRA rating overall.*** Not even the large bank investment test was given this level of importance.

As one banker said recently, only in Washington could a single regulation be proposed, turned into two different regulations and made more complex, all in the name of regulatory relief.

We think that, at best, the community development test should be a factor only in determining the overall CRA result. When the CRA went into effect, banks with

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less than \$250 Million in total assets held 14 percent of the industry's assets, and the largest bank was \$220 Billion in size. Today, all banks under \$1 Billion hold only 14 percent of the bank assets, and the largest bank has nearly \$1 Trillion in total assets.

We also believe that the current CRA requirements short-changes rural Oklahoma. Too many banks have had to make contributions, investments or loans outside of their rural communities solely to satisfy the requirements of the current "large bank" test. "Rural" should include those counties designated as "non-metropolitan" by the Office of Management and Budget – a standard definition that's easily found and is the most equitable treatment of this issue.

Thank you for considering our comments.

Sincerely,

R. Dale Nichols, Chairman
Oklahoma Bankers Association