

From: Diane Foltz [mailto:Diane_Foltz@fsbmail.net]
Sent: Monday, May 09, 2005 4:56 PM
To: Comments
Subject: RIN 3064-AC50

May 9, 2005

Robert E. Feldman, Executive Secretary
Attn: Comments/Executive Secretary Section
Federal Deposit Insurance Corporation
500 17th Street NW
Washington, DC 20429

Dear Mr. Feldman:

I am the Compliance/CRA Officer for a community bank in Iowa with an asset size of \$450 million. The bank has seven offices and our assessment area consists of only one county in which are branches are located. I appreciate the opportunity to provide comments on your proposal to amend the Community Reinvestment Act (CRA).

First, I am in favor of increasing the asset threshold for being considered a large bank from \$250 million to \$1 billion. I think that given there has been no adjustment for this in the past, this is fair. I do think that the annual adjustment based on the CPI is fair as well. Had this been initiated long ago, the need for burden relief for mid-sized institutions may not be quite as imperative as it is today.

Second, overall, I am not in favor of the new class labeled "intermediate small bank" for those institutions with assets between \$250 million and \$1 billion. I strongly feel that these institutions are small banks and should be evaluated as such. I do not believe bankers or examiners are going to be helped in any fashion by having so many different examination guidelines to follow based on asset size. The regulatory burden will only increase for institutions with several banks of different sizes that are under one holding company.

With that being said, I would like to offer additional comments should the intermediate small bank be adopted as proposed. In regards to the community development test, I do not feel it is appropriate to require a bank to receive a satisfactory here, in addition to the lending test, in order to receive a satisfactory overall. If a bank can prove it is lending community wide to individuals, businesses and farms of all income levels, but is unable to find and secure some investments or it's services aren't quite where they should be, they are unable to receive a satisfactory? Small and large institutions are not subject to that same standard. For example, a large bank receiving outstanding on their lending test will not receive less than a satisfactory overall. Also, I think there needs to be more defined criteria on what constitutes a satisfactory on this community development test. Must an adequate number of community development loans, services and investments be reached or can one area "carry" another? I feel without additional guidance this is going to be determined by each examiners interpretation and allow for little consistency.

In regards to your proposal to expand the definition of community development to include rural, underserved areas I offer my support. I do agree that there needs to be a better definition of “underserved” again, to promote consistency and avoid different interpretations. I would support a definition using criteria from other federal programs, such as the CDFI rules. I also feel that community development should be expanded to include a total amount a community bank such as ours invests into the community overall. Our institution does so many things such as: investing in school and municipal bonds to keep up our schools, streets and utilities; providing funding necessary to keep many of our community art and entertainment activities free to the public; and providing services on many community boards that promote programs to keep kids involved in different activities and off of the streets. Unfortunately, we receive no CRA credit for activities such as these because we have no low or moderate census tract in our community. It is because of the things community banks such as ours provide the community that keep it thriving and full of good jobs. Without our help, the community would not be surviving as it is, but apparently, this is not considered reinvesting in our community under the Act.

Finally, a comment on the section entitled “Effect of Certain Credit Practices on CRA Evaluations”. I agree that abusive practices of banks are to be considered in an overall evaluation of a bank for CRA. Your proposal states that you are listing examples of violations that give rise to adverse CRA consequences. I would request additional guidance here to help allow for standard interpretations. Will a single violation of HOEPA land on our CRA evaluation or are you looking for patterns of abuse, for example? Again, any additional clarification can only help.

Again, thank you for the opportunity to comment. If you have further questions in regards to these comments, I can be reached at (319) 377-4891.

Sincerely,

Diane Foltz