

**From:** Rebekah Leonard  
**Sent:** Tuesday, May 10, 2005 3:08 AM  
**To:** Comments  
**Subject:** RIN No. 3064-AC89 - CRA Regulations.

Robert E Feldman, Executive Secretary  
Attn: Comments, FDIC  
550 17<sup>th</sup> Street, NW  
Washington DC 20429

Via e-mail: [comments@FDIC.gov](mailto:comments@FDIC.gov)

RIN 3064-AC89

To Whom This May Concern:

Thank you for your continued efforts to bring meaningful changes to the Community Reinvestment Act. As the CRA Officer of a community bank with \$430 Million in assets, I am very interested in the proposed amendments, especially following our first "Large Bank" examination in March.

Having now experienced the Large Bank exam, I can-whole heartedly confirm the need for an intermediary test and a change to the definition of "community development". With only three Metropolitan Areas, Montana is primarily represented by rural census tracts, in which agriculture and outdoor recreation dominate the economy. As you are aware, such rural areas average toward middle income, effectively leaving little to no low- or moderate-income areas. This disparity places us at a distinct disadvantage under the Community Reinvestment Act, which favors urban areas. Time and again during our exam, various loans, investments, and services were excluded as "qualified" activities, solely because they did not occur in an area deemed acceptable by the regulation. In effect, activities to rural areas were of no value under the present rules.

This inequity will be lessened by including rural areas under the definition of "community development". Much care must be given to properly defining "rural", however. If a definition is adopted, it should encompass all non-metropolitan areas. This definition, as used by the US Office of Management and Budget when they determine Metropolitan Area boundaries, would provide consistency with important geographic divisions used in HMDA and CRA data.

Great care must be taken in defining "underserved" rural areas as well, if a definition is created at all. I am against adopting a formal definition, due to the danger of placing cookie-cutter labels on particular areas, instead of looking at the unique characteristics of each location. Due to the tendency of large rural areas to average toward the middle, many rural counties would not "fit" within the definition of an underserved area, even though portions of that county may have severe economic or geographic concerns. In addition, several rural governmental agencies are slow to formally target areas for redevelopment. If a definition is tied to such a designation, those areas would ultimately suffer, as banks may look to other "qualified" areas to conduct community activity.

I again thank the agencies for their concerted efforts to find an equitable solution for overburdened community bankers. I fully support the proposed amendments to increase the small bank threshold to \$1 Billion, allow flexibility in the intermediary bank exam, and broaden the definition of community development. I appreciate the opportunity to share my concerns in developing an appropriate definition, and look forward to the final amendments.

Thank you for your consideration,

Rebekah F. Leonard, AVP  
Compliance and Security Officer  
First Security Bank  
208 E. Main  
Bozeman, MT 59715