

**COMMUNITY BANKER ALERT FOR INSTITUTIONS BETWEEN
\$250 MILLION TO \$1 BILLION IN ASSETS**

TO: All Affected PACB Members

FROM: Frank A. Pinto

SUBJECT: FDIC Proposal for Streamlined CRA Exam -- \$1 billion

DATE: December 1, 2004

I am writing in follow up to our earlier alert on the FDIC's proposal to increase the threshold of what constitutes a "small institution" from \$250 million to \$1 billion under CRA requirements. Under the FDIC's proposal, if approved, 95% of its regulated institutions would qualify. The FDIC's plan follows an earlier OTS proposal that has 88% of federal thrifts qualifying for the new limit.

Since your institution's asset size falls within the new threshold, **we wanted to again take this opportunity to urge you to weigh in on this issue if you haven't already done so.** Even though the FDIC's comment deadline of October 20 has passed, we believe this issue is very much alive. Community groups across the nation have mobilized claiming that this proposed rule would eviscerate the CRA. It does no such thing.

What it would do is streamline your exam and allow you to focus more time and energy on serving your communities instead of complying with burdensome requirements.

We believe the potential exists for this issue to be brought before the Congress given the outcry from the community groups.

As a result, we are urging you to reach out to your Congressional representative and let them know how important the streamlined examination is and how much you support the FDIC taking a positive action in this matter. A sample letter is attached to this alert for your use. You may also find this sample letter on the PACB website, www.pacb.org, if the electronic format is more convenient for your use.

This is an opportunity for community bankers to see real red tape relief. Please do not delay in contacting your Congressional representative so that they have our side of this important issue.

Should you have any questions, please do not hesitate to contact Dave Transue, our Government Affairs Consultant, or me.

SAMPLE LETTER FOR INCREASE IN
CRA ASSET THRESHOLD FROM \$250 MILLION TO \$ 1 BILLION

The Honorable (Full Name)
House of Representatives
Washington, D.C. 20515

RE: Increase in CRA “Small Institution” Threshold from \$250 million to \$1 billion

Dear Mr./Mrs./Ms (Last Name):

I write in support of the FDIC’s proposal to increase the “small institution” threshold for a streamlined CRA examination from \$250 million to \$1 billion.

As the CEO of a _____ million community bank, I fully support this proposal.

My institution is committed to the communities we serve. It is simply the way we do business.

Moreover, the current asset size of \$250 million is unrealistic in today’s financial landscape and has been in place for many years. It is time for an adjustment.

Community banks are struggling with regulatory compliance. This is an area that could easily be changed to give needed relief without in any way weakening the CRA requirements. The tougher examination should be aimed at the \$15 billion institutions, not at my _____ million community bank that must serve our communities or we cease to exist as a viable business entity.

Thanks so much for your consideration of my viewpoint. Should this issue come before the Congress, I would ask for your support of this much needed change.

Should you have any questions, please do not hesitate to contact our state trade association, the Pennsylvania Association of Community Bankers.

Sincerely,