

COMMUNITY BANKER ALERT

TO: All PACB Members

FROM: Frank A. Pinto

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

DATE: October 5, 2004

As you may be aware, the FDIC has proposed to increase the threshold of what constitutes a “small institution” from \$250 million to \$1 billion under CRA requirements. The proposal also adds a community development provision to performance standards for institutions of that size.

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 \$1 billion limit.

PACB has loudly and consistently advocated for an increase in the exemption over the years. The \$250 million limit must be increased. There is absolutely no reason why a “\$275 million community bank”, for instance, should be treated like a “\$20 billion” institution.

We applaud the OTS and FDIC and hope the OCC and Federal Reserve will follow their positive red tape relief actions.

Because the community activist groups are organizing against the FDIC proposal, we urge community bankers, particularly those who would be favorably impacted by the FDIC’s plan, to comment no later than **October 20**.

Your comments should be addressed to: Robert E. Feldman, Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 29429. Include RIN Number 3064-AC50 in your subject line. Comments may also be emailed to comments@FDIC.gov. Include RIN Number 3064-AC50 in the subject line. Please send PACB a copy of any comment letter you may send.

Comments that explain how community bankers need this critical regulatory relief proposal can make all the difference.

PACB will remain vigilant on this vital matter. Please do not hesitate to contact Dave Transue of our staff should you need assistance with this or any other government-relations issue.

Thank you for your attention to this issue.