

COMMUNITY BANKER ALERT

TO: All PACB Members
FROM: Frank A. Pinto, President/CEO
SUBJECT: CRA Action Needed
DATE: April 28, 2005

PACB has been working for some time now to have the CRA threshold for small institutions increased to \$1 billion from the current \$250 million. We appreciate the members who have responded to our calls for action in the past and we once again need your help.

Three federal banking agencies have issued a proposal to amend the regulation that implements CRA. The amendments would:

1. Raise the small institution definition to \$1 billion in assets;
2. Add a community development rating to be used for “intermediate” small banks with greater than \$250 million in assets up to \$1 billion in assets;
3. Expand the definition of “community development” to include a broader array of activities in rural areas.

The comment period for the proposal closes on May 10, 2005 so action is needed now.

During the last rulemaking, a number of community groups and others mounted a strong campaign to oppose the small change so it’s important that community banks submit letters of support for this proposal.

The more letters the FDIC, the OCC, and the Federal Reserve receive from community bankers telling the agencies how important this change is, in your own words, if possible, the better. If you prefer to utilize a sample letter, we have included that for your use.

If you have any questions or need further information, please contact Dave Transue of PACB’s staff. Please send PACB a copy of anything you generate.

Contact information for the three agencies is as follows:

FDIC:

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Include the RIN Number 3064-AC89

You may email comments to: comments@FDIC.gov. Include the RIN Number 3064-AC89 in the subject line.

OCC:

Office of the Comptroller of the Currency
250 E Street, S.W.
Mail Stop 1-5
Washington, D.C. 20219

Docket Number 05-04

You may email comments to: regs.comments@occ.treas.gov. Include the Docket Number 05-04 in the subject line.

Federal Reserve:

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Docket No R-1225

You may email comments to: regs.comments@federalreserve.gov.

SAMPLE LETTER

Dear Sir:

As the CEO of a _____ million community bank that employs _____ people, I fully support the proposal to amend the definition of a small institution to be a bank under \$1 billion in assets.

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 can be easily changed to give needed relief without weakening the Community Reinvestment Act and its requirements. We are committed to community reinvestment and in order to survive, thrive and compete, we must meet the needs of the customers and communities we serve. We believe in our community and in our customers and want to work with them to provide products and services that best meet their credit needs.

It is absurd that a bank thousands of times larger than my community bank should be examined using the same procedures. I strongly urge you to amend the definition of a small bank for CRA purposes to be an institution with less than \$1 billion in assets, regardless of whether the bank is part of a holding company. This is a good proposal and the right thing to do.

Thank you for considering my views.

Sincerely,