

April 19, 2004

Mr. John M. Reich, Vice Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429-0002

Dear Mr. Reich:

This letter is in reply to your correspondence dated January 22, 2004 requesting recommendations to reduce regulatory burdens derived from lending-related consumer protection rules involving community banks.

It seems only a short time ago when the regulatory authorities were requiring banks to prove that their services were available to prospective customers. At that time regulators were making a serious effort to require community banks to identify all loans in order to prove that their service was being extended within our lending policies almost as if we were guilty until proven innocent.

The CRA certainly fell into this category although we recognized there has been some reduction in requirements. Our real point is regulators must administer CRA recognizing that locally owned community banks have little, if anything, to gain by refusing to do business in their own community. Surely your examiners can pick up a bank, which is buying all of their loans outside of their communities, and call for a CRA examination. It should not take the effort to document our files which is not only expensive but time consuming taking away a great deal of our service capabilities from the public. At this point, we have been of the opinion the FDIC and probably other related regulators are even guiltier of eliminating service for the public by financial institutions.

The new Patriot Act has a number of major problems where the community bank is concerned. The need for community banks to acquire identification from lifetime known customers to be documented with picture ID's is again an expensive waist of time.

The Privacy Act now requires banks to send annual privacy statements to our customers. Surely most of your examiners can confirm it is not beneficial for everyone to acquire printed privacy act information handed to them by their bankers, their doctors, their dentist, their attorney and so on. Surely, the public has the ability to protect themselves through the courts of a flagrant violation of their privacy by community banks or any other financial business.

Requiring community banks to develop an independent valuations for all lending functions which seems non productive and non-consumer friendly. An individual buying a car and borrowing \$25,000.00 on his \$100,000.00 house requiring an outside appraisal at a cost of \$120 or more, time wise, is subject to lose his opportunity to purchase a certain car in this manner due to the time involved in developing a real estate transaction. We admit this example is probably excessive, however, we can think of a hundred similar situations. Many people today are using their real estate for the purchase of land, second homes, equipment, the consolidation of debt as well as automobiles. In many cases the time and expense sacrifices the service contemplated due to the excessive effort to regulate. Please believe me, there are many many opportunities available to reduce bank regulation to the advantage of the consumer.

Sincerely,

A. J. King
President

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