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Sent: Thursday, August 26, 2004 10:12 AM
To: Regulatory Comments FRB; comments@fdic.gov; regs.comments@occ.treas.gov;
regs.comments@ots.treas.gov
Subject: EGRPRA

Regulators,

I would greatly appreciate an honest effort to reduce regulations. I am the president of a small bank in rural Indiana, \$139,000,000. Regulations have reduce our efficiency greatly. We spend resources, both financial and personnel, to make sure we aren't going to violate some regulation knowing full well that we will because there are so many and they are so complicated. The government bureaucrats think that this regulation won't cost much. Maybe individually they don't but they add up quickly.

We are in the process of mailing out our annual privacy notice that nobody reads. We are a small institution that mailed our 5,845 notices. Postage, printing cost, envelopes, mailing labels and staff time cost us about \$5,000 or almost \$1 per notice. Take that times the number of notices sent by all banks, how about all those required to send notices. Now, how many notices does the consumer read from their credit card companies, banks, insurance companies, investment providers etc. This is one of the most costly regulations that provides very little return. It would seem that if we provide the notice to a customer once and anytime we changed our policy we provided a new notice. If we made the notice available upon request that should provide sufficient opportunity to review it. It is posted on our web site also.

Take a mortgage loan file and see how many documents are required. First, consumers have no idea what the file contains and just sign were ever they are required to. It would make sense to consolidate and better yet eliminate some of the documents. Regulations are added and changed which cost the bank and the consumer. We now charge \$250 to process a mortgage loan. That is to cover mostly the compliance costs and that doesn't include the flood determination for property no where near a river or a flood area. Every mortgage pays \$18 for a flood determination when we would have to go back to Noah's time to flood that property.

We just had our CRA examination. The examiner said that a community bank would have a difficult time receiving an outstanding rating because we have to prove that we actively have programs for low income areas. It doesn't matter that our loan portfolio reflects that we loan in all areas and are serving our communities. That we have staff involved in community organizations etc. It matters how much we spend on programs for window dressing to make it look like we are doing things specifically for CRA.

It is my opinion that the regulators would like to see fewer banks and that the small ones can be choked out by overhead costs related to compliance. How can a \$50,000,000 bank afford the compliance burden that has increased with GLB and other new regulations? There will be more consolidations among the small banks. Do the regulators care what it does to a small community when they loose their local bank. We employ about 25 peoples in a town of less than 1,000. If we were to sell or merge with a bigger institution it would take 6 to run the branch. More importantly will be the loss of community leaders which there is already a shortage of. We are at the point that we need to merge with another community bank to reduce our overhead costs. If we can't control the costs we will no longer be competitive in our markets.

I hope this effort is serious and that there will be reductions in compliance cost. I have a hard time believing it will happen while I'm in banking but let's hope so.

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