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September 7, 2004

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC

Office of the Comptroller of the Currency
250 E Street, SW
Public Information Room
Mailstop 1-5
Washington, DC 20219
Attn: Docket Number 04-17

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Attn: Docket No. R-1205

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attn: No. 2004-28

Re: Community Reinvestment Act – Joint Interim Rule

Dear Sir or Madam:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to comment on the agencies' interim rule changes to the Community Reinvestment Act (CRA) regulations, as announced in the *Federal Register* of Thursday, July 8. The agencies have adopted several adjustments to the CRA regulations unrelated to the pending proposal to expand eligibility for the streamlined small bank CRA exam. These changes, effective on publication, are primarily technical in nature.

First, the revisions update the definition of metropolitan statistical areas to reflect revisions adopted by the Office of Management and Budget. Second, to reflect changes made by the Census Bureau, all references to block numbering areas have been dropped since all counties have been assigned census tract numbers. Third, following recent

¹ The Independent Community Bankers of America represents the largest constituency of community banks of all sizes and charter types in the nation, and is dedicated exclusively to protecting the interests of the community banking industry. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace. For more information, visit ICBA's website at www.icba.org.

changes to the Home Mortgage Disclosure Act (HMDA) regulations by the Federal Reserve (Regulation C), the CRA revisions redefine a “home mortgage loan” to include “refinancings” along with home purchase loans and home improvement loans.

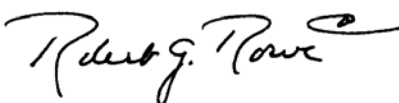
Inasmuch as these changes are designed to coordinate the CRA rules with existing regulatory changes, the ICBA does not object to the revisions. However, we also believe it is important to point out that these are the very types of change that do so much to add to the regulatory burden that has the potential to cause the small community bank to become an endangered species, as shown by in recent testimony the Vice-Chairman of the FDIC² and separately in an article by two economists of the Federal Reserve Bank of Dallas.³

While the changes contemplated in the interim rule may seem minor, like a pebble tossed in a pond, they produce a ripple effect. Each adjustment will require all banks to changes policies, review and update procedures, and review and update forms. Software will have to be updated. Then, appropriate staff will have to be trained. Constant rule changes, no matter how innocuous they may appear, also add to confusion among bankers and examiners – further compounding regulatory burden. And finally, banks will have to update compliance and audit procedures to reflect the changes.

Moreover, each rule change does not take place in a vacuum. There are many other revisions and changes being imposed under other rules and regulations, such as those being applied under the Fair and Accurate Credit Transactions Act. Therefore, the ICBA urges the agencies to be ever mindful of the impact and costs of each regulatory change, even those that are only “technical” in nature, such as those contemplated in these interim rules.

Thank you for the opportunity to comment.

Sincerely,



Robert G. Rowe, III
Regulatory Counsel

² Statement of John M. Reich, Vice Chairman, Federal Deposit Insurance Corporation on Consideration of Regulatory Reform Proposals before the Committee on Banking, Housing and Urban Affairs, United States Senate, June 22, 2004

³ “*Small Banks Far From Thriving*,” *American Banker*, August 20, 2004, p. 10