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March 29, 2004

Communications Division
Public Information Room
Mailstop 1-5
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219
Docket No 04-06
Regs.comments@occ.treas.gov

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Re: Docket No. R-1181
Regs.comments@federalreserve.gov

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
comments@fdic.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552
Attention: No. 2004-04
Regs.comments@ots.treas.gov

Re: Community Reinvestment Act Regulations

Dear Sir or Madam:

The Independent Bankers Association of Texas (IBAT) would like to comment on the Community Reinvestment Act (CRA) proposed regulations. IBAT is a trade association made up of approximately 650 community banks and savings banks domiciled in Texas and Oklahoma.

The CRA was passed some 25 years ago in response to allegations that some banks were redlining, or refusing to make loans in certain areas of their communities. The law, in this respect, was to correct an injustice to those persons within a bank's community that were not being served. Although we cannot categorically deny that community banks have never redlined or refused to serve a segment of their community, we do assert that for community banks to thrive, they must, by their very nature, serve the communities in which they are located. They are not like the big interstate banks that are able to define their market area first and then locate a branch there. Thus, IBAT takes no issue with the CRA; rather we take issue with the way that CRA has been implemented by regulation. It is axiomatic that regulations are burdensome inversely proportional to the size of the bank. IBAT was pleased when the regulations were changed some years ago to streamline examination and evaluate CRA compliance by distinguishing large banks from small banks, with the small bank examination procedures and evaluations being applicable to banks with assets of up to \$250 million or less.

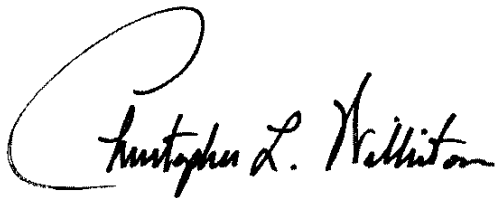
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The current proposal would apply the small bank examination procedure and evaluation to banks with up to \$500 million in assets. While IBAT believes this is a step in the right direction, we would urge that an even larger threshold be established. Due to consolidation and growth, there would still be approximately 50 Texas banks exposed to the large bank examination and evaluation procedure. It seems unfair to us that a \$500 million community bank be examined with the same examination standards and evaluation guidelines as a multi-state bank with hundreds of billions of dollars in assets. As an example, the 15-page FDIC Community Investment Guide, applied to large bank CRA evaluation, lists investment vehicles such as Qualified Housing Projects and Community and Economic Development Entities, which may not even exist and would be too complicated to create in communities with banks of less than \$500 million in assets.

Therefore, IBAT respectfully requests that the small bank examination and evaluation be raised from the proposed \$500 million to at least \$1 billion. As an alternative, we would suggest a mid-sized examination procedure and evaluation category for the banks in the \$500 million to \$1 billion asset size range. Increasing the size of banks eligible for small-bank examination and evaluation does not relieve them from their CRA responsibilities. As noted previously, community banks must, by definition, serve their communities or they will not prosper. Rather, we would like to see the regulatory burden, both for the banks and the regulators, be more size-appropriate.

Thank you for the opportunity to comment.

A handwritten signature in black ink that reads "Christopher L. Williston". The signature is written in a cursive style with a large, looping initial "C".

Christopher L. Williston
Chief Executive Officer

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