



BALTIMORE COUNTY SAVINGS BANK

ADMINISTRATIVE OFFICES

Mailing Address: P.O. Box 397, Perry Hall, MD 21128
Office Location: 4111 E. Joppa Road, Baltimore, MD 21236
410-256-5000
www.baltcosavings.com
E-Mail: mail@bcsb.net

1226

February 1, 2005

Regulation Comments, Chief Counsel's Office
Office of Thrift Supervision
1700 G Street N.W.
Washington, DC 20552

Attention: No. 2004-53

Re: Community Reinvestment Act –
Community Development, Assigned
Ratings 69 FR 68257 (November 24, 2004)

Dear Sir or Madam:

On behalf of Baltimore County Savings Bank, we appreciate the opportunity to comment on the proposal issued by the Office of Thrift Supervision that would provide additional flexibility to savings associations in meeting the requirements imposed by the Community Reinvestment Act. We strongly support the proposal to provide additional flexibility to the definition of "community development," and believe that this change is long overdue. We request the OTS to adopt the proposal because we view it as real regulatory relief.

Further, we strongly support the proposal to provide flexibility in assigning ratings for CRA purposes. We meet the needs of our community everyday but the burden of meeting the requirements of the CRA regulation diminishes our ability to use the resources where they are most needed in our community. Permitting institutions to determine how best to allocate the time, financial support and human capital will help those in the community who need it the most – and all the bank regulators should recognize this. In order to meet the CRA investment test, we find it necessary to purchase mortgage-backed securities (MBS) which are CRA qualified. We do this because there are few properties available and given the intense competition for these type loans, it is practically impossible to originate them on our own. Furthermore, the securities dealers know that the demand is high for CRA eligible MBS. The pricing is indicative of this. These type MBS cost more than similar regular MBS pools.

We appreciate the OTS's creative and innovative efforts to help us solve the conflict which sometimes arises in trying to comply with a regulation and yet meet the real needs of our community. Providing us the flexibility to determine how much weight should be assigned to the lending, investment and service tests will permit us to make choices involving our community that are based on what it needs, whether it is lending, investment or service, and not governed by goals that are established elsewhere.

Community banks are burdened by so many regulations that impact all aspects of

ABINGDON - 402 Constant Friendship Blvd., 410-569-4019
BEL AIR - 563 Bel Air Plaza, 410-836-7100
CARNEY - 9613 Harford Road, 410-668-8830
CATONSVILLE - 6335 Baltimore National Pike, 410-747-8800
DUNDALK - 1736 Merritt Blvd., 410-288-4700
ELLCOTT CITY - 9416 Baltimore National Pike, 410-465-8668

Savings Locations

ESSEX - 515 Eastern Blvd., 410-574-6858
FOREST HILL - 2105 Rock Spring Road, 410-838-3600
GOLDEN RING - 8767 K. Philadelphia Road, 410-686-2225
HARFORD ROAD - 4228 Harford Road, 410-254-6800

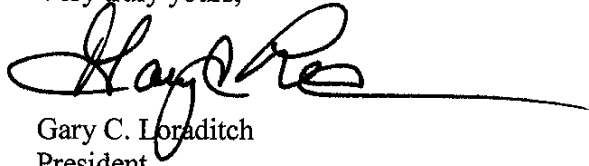
HICKORY - 2128 Fountain Green Road, 410-838-9226
LUTHERVILLE - 1505 York Road, 410-583-8700
PERRY HALL - 4208 Ebenezer Road, 410-256-1300
TIMONIUM - 2185 York Road, 410-561-0580
WHITE MARSH - 5340 Campbell Blvd., 410-933-1555
WOODLAWN - 2101 Gwynn Oak Avenue, 410-944-7070

operations, we need relief from the requirements that result in no benefit for our community or customers. We welcome relief from the arbitrary burdens imposed by the current CRA examination weightings. Adding flexibility to the definition of "community development" follows last year's change in the definition of "small institution" from \$250,000,000 to \$1 billion in assets. Baltimore County Savings Bank directly benefited from this change because our assets are \$775,000,000, more or less. We have grown from about \$250,000,000 in 1998 to today's asset total and opened eight offices since that time. We also acquired four offices and \$150,000,000 in assets through an acquisition in 2002. By itself, this demonstrates our commitment to our community. Regulatory relief will help us eliminate the burden of compliance, yet still achieve the goals of the CRA.

Serving the needs of our community is why we are in business. We urge all of the federal banking regulators to look for ways to eliminate some of the burden of compliance. This is a good step and we strongly support the OTS.

Thank you for the opportunity to comment on this proposal.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary C. Loraditch", with a long horizontal line extending to the right.

Gary C. Loraditch
President

GCL/pjh