



**IOWA BANKERS**  
ASSOCIATION

January 24, 2005

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

Re: No. 2004-53; RIN 1550-AB48

Ladies and Gentlemen,

Iowa Bankers Association (IBA) is a trade association representing nearly 95% of 417 banks and savings associations in the State of Iowa. We appreciate this opportunity to comment on the notice of proposed rulemaking regarding the Community Reinvestment Act (CRA).

IBA supports the Office of Thrift Supervision (OTS) proposals to change the definition of "Community Development" to include rural and underserved non-metropolitan areas, and to revise how the OTS assigns its CRA ratings by allowing large savings associations to allocate weighting of the lending, service and investment tests in determination of overall CRA performance evaluations. While the proposals will impact only one institution in the State, we support the OTS proposal because it sends a clear message to the industry that the OTS is serious about regulatory burden reduction combined with the availability of credit in non-metropolitan areas. We are hopeful that the OTS leadership will set a precedent for other regulatory agencies to follow suit.

Specifically, IBA supports the OTS recommendation to re-define "community development" to include rural areas as well as any other areas affected by natural disaster or other major community disruptions, without regard to low- or moderate-income requirements. Of the 417 banks and savings association in the State, 326 are located outside a Metropolitan Statistical Area (MSA). Some of these institutions are located in communities having no low- or moderate-income areas, and, as a result, find it difficult to meet existing lending and investment tests. On occasion, these institutions must invest outside their local communities simply to meet the current definition for community development lending and qualified investments. If all regulatory agencies amended the definition of "community development" as proposed by the OTS (and also by the FDIC in its pending CRA proposal), these rural institutions would be able to focus on priorities to revitalize and stabilize their own communities.

IBA also supports the OTS proposal to change how CRA ratings are assigned, allowing large institutions to allocate weights for lending, investment and services tests to more accurately reflect their record of meeting the credit needs of the communities they serve. Each institution faces unique challenges within its own community, based on demographics, competition and the economic stability of the community. This proposal provides each institution the flexibility to derive a score that most accurately reflects its efforts in meeting the needs of the community, whether that reflects an emphasis primarily on lending, or on investment and services.

We applaud the OTS for its innovative efforts to improve the CRA regulations, reduce regulatory burden, and broaden the availability of credit to rural and underserved non-metropolitan areas by these enhancements to the definition of "community development" and flexibility in CRA rating assignments for large institutions.

Thank you for your consideration of these comments. Feel free to contact me at 515-286-4391 or [dbauman@iowabankers.com](mailto:dbauman@iowabankers.com) should you have questions.

Sincerely,

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