



January 21, 2005

Regulation Comments, Chief Counsel's Office  
Office of Thrift Supervision (OTS)  
1700 G Street N.W.  
Washington, D.C. 20552

ATTN: No. 2004-53

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

Dear Sir or Madam:

On behalf of First Savings Bank of Perkasio, we appreciate the opportunity to comment on the proposal 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 sue 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. As an example of the diversion that results from unintended consequences of the CRA regulation, our Institution has invested \$5,950,000 over the last 15 months in specific CRA pools which are outside of our community in order to satisfy the CRA regulations and the waiting systems used and buy regulators to give CRA credit for institutions. Its \$5,950,000 was lost as a resource to our community in looking to investments, which would directly impact the continued economic growth and success for the communities we serve.

We appreciate the Office of Thrift Supervision's creative and innovative efforts to help us solve the conflict that 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 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 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.

Regulation Comments, Chief Counsel's Office  
Office of Thrift Supervision (OTS)  
Page -2-

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.

Sincerely,



JOHN D. HOLLENBACH  
President and C.E.O.

JDH:ddg

cc: FDIC