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Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552
Attention: No. 2004-53

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.

We are very pleased to publicly support your proposal to revise the "large" bank threshold to \$1 billion in assets. With the accelerating mergers in the industry, the definitions of large and small should be adjusted to reflect current economic reality.

Perhaps more significantly, however, is the regulatory burden that results from an institution moving from the "small" to the "large" category. While community banks find little difficulty in meeting the loan and services tests, the "investment" test presents challenges in rural settings. The result is artificial investments that sometimes actually divert needed assets away from the local area.

Serving the needs of the local community is the whole purpose of community banks. If they fail to do so, then they are not successful. Unrealistic stimuli from the Community Reinvestment Act are not necessary to achieve this result!

Finally, we would like to point out that regulatory burden falls more heavily on the smaller institutions. As a cost of doing business, the myriad of regulations and laws cost more incrementally for the smaller banks. This, in turn, diverts assets from the business of making loans and providing services locally. In short, saving regulatory costs converts to benefits locally.

Thank you for this opportunity to comment. Your efforts to reduce burden and keep the CRA rational are greatly appreciated by this sector of the financial institution community!

Christopher L. Williston, President