

CENTRAL BANCOMPANY



May 5, 2005

Office of the Comptroller of the Currency
Attn: Docket No. 05-04

Federal Deposit Insurance Corporation
Attn: RIN 3064-AC89

RE: Community Reinvestment Act Regulations Proposed Revisions

Thank you for the opportunity to offer comments on the proposed revisions to the Community Reinvestment Act (CRA). As the Compliance Officer for Central Banc company, Inc., a \$6.6 billion community bank holding company with thirteen affiliate banks, we would have six of our banks with an asset size between \$250 million and \$1 billion that would be affected by the changes in the proposal.

I do support the proposed changes to the definition of small bank to increase the threshold from \$250 million to \$1 billion and eliminating the relationship of being owned by a bank holding company. Our banks are community banks, evaluated independently of the holding company, but have been held to higher CRA requirements from other banks of equal size in their community due to the holding company affiliation.

I also support the proposal to adjust the asset size for small banks on an ongoing basis based on the changes to the Consumer Price Index. However, I do not support adding a new category of “intermediate small banks” which would be subject to a new community development test. This new proposal retains the most problematic elements of the large bank examination – finding, making, and documenting community development lending, services, and investments in small to mid-size rural communities. Plus, we would have to receive a “satisfactory” in this test, something we do not have to do today in the large bank exam in order to get an overall satisfactory.

These banks track their record of community involvement, which is considerable. Bank personnel strive to have a better community, as they live, work, and take pride in the community in which they live. We are judged by the residents of the towns where our banks are located by how much we help. Our citizens also know whether we are willing to loan money in low income areas and loan money to lower income residents. Locally owned, locally managed community banks invest far more in America’s small towns than large, multi-state banks. That business necessity negates most of the need for external rules such as CRA to mandate such investments.

The specific rules of CRA are designed in such a way that some of our qualifying investments cannot even be made in our local community, so we invest outside our community, which is counter to the intention of the regulation. By adding the “community development test” to those small banks between \$250 million and \$1 billion, I see no regulatory relief. We might as well stay a large bank for CRA, since we already have our CRA compliance system in place.

In summary, I want to reiterate that the intent of our holding company banks is to serve our communities. I encourage you to revisit the definition of an “intermediate small bank”.

Sincerely,

Nancy Justice
Vice President, Compliance
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