

From: Bill Sedgeman [mailto:bills@communitybanknow.com]
Sent: Tuesday, May 10, 2005 12:34 PM
To: Comment
Cc: psmith@aba.com
Subject: RIN 3064-AC50/AC89

Mr. Robert E. Feldman, Executive Secretary
Attention: Comment/Legal SS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: RIN 3064-AC89: Proposed revisions to the Community Reinvestment Act Regulations

Dear Mr. Feldman:

I am writing to comment on the March 11, 2005 proposed Community Reinvestment Act changes. I serve as Chairman and CEO of Community Bank of Manatee, located in Bradenton, Florida. Our primary service area and CRA Assessment Area consists of the Counties of Hillsborough and Manatee, part of the greater Tampa Bay Area in the central gulf coast of Florida. My bank is currently \$168 million in asset size, and we expect to grow to \$250 million during 2008. Our lending is primarily commercial in nature with a strong specialty in the loan programs available through the U. S. Small Business Administration.

We strongly support raising the threshold of "Small Bank" under CRA to \$1 billion without regard to the size of the holding company, and to indexing the size thresholds annually based on the Consumer Price Index. To truly result in the relief impact that was intended by the promise to review and revise the 1995 CRA changes, I believe that the threshold for small banks subject to the existing small bank streamlined examination should be raised to at least \$500 million, and do not support the proposed \$250 million - \$1 billion "Intermediate" category. Our bank and others below the \$500 million would continue to focus on meeting the credit needs of our communities and continue to be evaluated by the FDIC for that performance. With banks in the \$250 to \$500 million category comprising only 5% of the industry assets, it is fundamentally not economical to gear up to accomplish anything significant in the Community Development arena and regulator effort to examine them would be exhausted with little meaningful impact.

We would support the addition of a "intermediate small bank" test for community banks over \$500 million, including the Community Development Test, but oppose separating the CD from the overall evaluation. CD lending, services and investments in our assessment area, at a level in which we can participate, tend to be limited. Our primary focus should remain on meeting the lending needs of our entire communities. Attaching an increased and separate weight to the CD test could divert the resources of a community bank away from the primary objective of the CRA regulations original intent. For the larger banks between \$500 million and \$1 billion, we would support the proposal to put a Community Development test in place of the large bank investment test and believe that arrangement would keep more local dollars in the assessment areas of these banks and result in less churning of the investment vehicles, which tend to be more regional in nature anyway.

Particularly in our area of Florida, we strongly support the proposal to expand the definition of "community development" to include affordable housing and revitalization and stabilization in underserved rural areas and designated disaster areas. We agree that the current definition of community development focuses on low- and moderate-income individuals and areas. Although many rural areas and designated disaster areas do not have low- or moderate-income census tracts, a need continues to exist for community development loans, investments, and affordable

housing in these areas. In our assessment area and in neighboring areas, many of the rural census tracts are outdated because of rapid housing and population growth.

I appreciate your consideration of my comments. Please contact me by email or at the address or phone number shown below if you have any questions.

Sincerely,

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