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April 1, 2004

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of  
the Federal Reserve System  
20<sup>th</sup> & Constitution Avenue, NW  
Washington, D.C. 20551  
Docket No. R-1181

Re: Proposed Rules – Community Reinvestment Act Regulations

Dear Sirs and Madams:

First National Bank South Dakota appreciates the opportunity to comment to the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency on the proposed amendments to the Community Reinvestment Act.

First National Bank South Dakota has over \$415 million in assets and five branch offices in South Dakota. First National Bank South Dakota is majority owned by First National of Nebraska, a Nebraska-based interstate financial holding company. First National of Nebraska controls twelve bank charters and managed assets of over \$14 billion.

First National Bank South Dakota strongly endorses the agencies' proposal to amend the definition of "small institution" to mean an institution with total assets of less than \$500 million, without regard to any holding company assets. We agree with the agencies that this change will reduce unwarranted burden on small institutions such as ours. As the agencies note in the joint notice of proposed rulemaking, there have been significant changes in the marketplace since this regulation was adopted in 1995. Raising the threshold from \$250 million to \$500 million recognizes the substantial asset growth that has occurred. It also recognizes that banks should be evaluated against their peers and not banks hundreds of times their size. Eliminating the reference to the institutions' holding companies recognizes the reality that affiliation with a holding company does not relieve the regulatory burden imposed on small institutions classified as large institutions due to the holding company's asset size. As a small bank subsidiary of a holding company, we have, at times, struggled with the burden of large bank status and the regulatory requirements of that status. The streamlined "small bank" test, while substantially less burdensome, continues to provide adequate information to determine whether an institution is meeting the credit needs of its entire community, including low- and moderate-income communities, consistent with safe and sound lending practices,

If you have any questions, please do not hesitate to contact me at 605-665-9611.

Sincerely,

A handwritten signature in black ink, appearing to read 'Randall A. Johnson', written over a light gray rectangular background.

Randall A. Johnson  
President