

April 1, 2004



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

Ms. Leneta G. Gregorie
Legal Division
Room MB-3082
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429
Attention: Comments/Executive Secretary

Re: Proposed Rules – Community Reinvestment Act Regulations

Dear **Sirs** and Madams:

Shelby County State Bank 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.

Shelby County State Bank has \$200 million in assets and 7 branch offices in Shelby County, Shelby County State Bank is majority owned by Lauritzen Corporation, a Nebraska-based interstate financial holding company, Lauritzen Corporation controls ten bank charters and has total assets of approximately \$1.50 billion.

Shelby County State Bank 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 *sire*. 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 712-755-5112.

Sincerely,

Kathy M. Hillberg
Kathy M. Hillberg

Personal Banking Officer/Compliance Officer

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