

February 26, 2004

In Re: Comment on Proposed Amendments to the Community Reinvestment Act Regulations

Thank you for this opportunity to comment. Sevier County Bank is a 95-years young, non-member, state-chartered \$290 million, independent community bank. It is a charter member of the FDIC and is solely owned by Sevier County Bancshares, Inc. a one-bank holding company with approximately 190 stockholders. We have always done our best to follow sound principles of banking, all the laws and regulations including such social directive type rules as CRA. We understand the intent of this law and believe that our Bank has always focused on the myriad credit needs of our community, both current customers and not. This was the Bank's practice long before CRA and is just good, basic business.

As of January 1, 2003, Sevier County Bank has been classified as a Large Bank and therefore has to comply with Large Bank CRA requirements.

The burden of preparation resulting from this has been very time and labor intensive, in other words, very costly. An institution our size does not have the extra manpower or room in our budget for all the work "Big Bank CRA" requires.

We believe that banks in general, beginning around \$250 million in assets and continuing up to \$1 billion – are in a huge transition with management structure, evolving technology, and reorganizing jobs to maximize efficiency. During the period of transition, employees must begin specializing in certain areas rather than wearing many hats. It has been extremely difficult going from Small Bank CRA requirements immediately to Large Bank CRA requirements.

In general, compliance requirements are time consuming and expensive, but we realize that these are necessary. We feel that banks need more growing time to develop into Large Bank requirements in numerous areas. The period between \$250 million to \$1,000 billion would be an effective time for this. With this in mind, we believe that banks should not be under Large Bank CRA reporting requirements until they reach at least one-billion (\$1,000,000,000) in assets. It seems to us that about that size is when re-investing in one's community takes back seat to "other priorities" thus making BIG bank CRA rules more effective in serving the intent of the law.

Sevier County Bank

Catherine Wolfe, VP – Accounting
Mary Summitt, VP – Compliance