

Evans, Sandra E

From: Mike Nelson [mnelson@firstarizona.com]
Sent: Monday, March 15, 2004 10:52 AM
To: regs.comments@ots.treas.gov
Subject: CRA Legislation

59

March 15, 2004

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Dear Sir or Madam:

As a community banker, I strongly endorse the federal bank regulators' proposal to increase the asset size of bank eligible for the small bank streamlined Community Reinvestment Act (CRA) examinations from \$250 million to \$500 million and elimination of the holding company size limit. This proposal will greatly reduce regulatory burden. I am the President/CEO of First Arizona Savings, a \$245 million bank located in Scottsdale, Arizona.

The small bank CRA examination process was an excellent innovation. As a community banker, I applaud the agencies for recognizing that it is time to expand this critical burden reduction to larger community banks. At this critical time for the economy, this will allow more community banks to focus on what they do best - fueling America's local economies. When a bank must comply with the requirements of the large bank CRA evaluation process, the costs and burdens increase dramatically. And the resources devoted to CRA compliance are resources not available for meeting the credit needs of our communities. Adjusting the asset size limit also more accurately reflects significant changes and consolidation within the banking industry in the last 10 years. To be fair, banks should be evaluated against their peers, not banks hundreds of times their size.

Increasing the CRA small-bank ceiling to \$500 million will support the survival of community banks. It is difficult enough to compete with the conglomerate banks. When regulators hold us to the same examination process of these large institutions, it restricts us from doing what CRA was intended for - serving our local communities.

In summary, I believe that increasing the asset size if banks eligible for the small bank streamlined CRA examination process is an important first step to reducing regulatory burden. I would encourage the agencies to give consideration to raising the asset size of banks eligible for the streamlined examination to \$1 billion. An increase to this level would more closely reflect the current demographics of the banking industry.

Sincerely,

Michael D. Nelson

Michael D. Nelson
President/CEO
First Arizona Savings
Scottsdale, AZ