Philip Gipson
P.O. Box 128
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April 6, 2004

Dear OTS:

As a community banker, I strongly endorse the federal bank regulators' proposal to increase the asset size of banks eligible for the small bank streamlined Community Reinvestment Act (CRA) examination from $250 million to $500 million and elimination of the holding company size limit (currently $1 billion). This proposal will greatly reduce regulatory burden.

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 benefit 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 demands of the community.

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 time their size. The proposed change recognizes that it's not right to assess the CRA performance of a $500 million bank or a $1 billion bank with the same exam procedures used for a $500 billion bank. Large banks now stretch from coast-to-coast with assets in the hundreds of billions of dollars. It is not fair to rate a community bank using the same CRA examination. And, while the proposed increase is a good first step, the size of banks eligible for the small-bank streamlined CRA examination should be increased to $2 billion, or at a minimum, $1 billion.

Ironically, community activists seem oblivious to the costs and burdens.
And yet, they object to bank mergers that remove the local bank from the community. This is contradictory. If community groups want to keep the local banks in the community where they have better access to decision-makers, they must recognize that regulatory burdens are strangling smaller institutions and forcing them to consider selling to

larger institutions that can better manage the burdens.

Increasing the size of banks eligible for the small-bank streamlined CRA examination does not relieve banks from CRA responsibilities. Since the survival of many community banks is closely intertwined with the success and viability of their communities, the increase will merely eliminate some of the most burdensome requirements.

In summary, I believe that increasing the asset-size of banks eligible for the small bank streamlined CRA examination process is an important first step to reducing regulatory burden. I also support eliminating the separate holding company qualification for the streamlined examination, since it places small community banks that are part of a larger holding company at a disadvantage to their peers. While community banks still must comply with the general requirements of CRA, this change will eliminate some of the most problematic and burdensome elements of the current CRA regulation from community banks that are drowning in regulatory red-tape. I also urge the agencies to seriously consider raising the size of banks eligible for the streamlined examination to $2 billion or, at least, $1 billion in assets to better reflect the current demographics of the banking industry.

Sincerely,

Philip A. Gipson

Dear Officials of Federal Bank and Thrift Agencies:

As a concerned citizen and active community developer, I write to urge you to WITHDRAW the proposed changes to the Community Reinvestment Act (CRA) regulations.

For more than 25 years, the CRA has encouraged banks to better serve U.S. communities, resulting in increased access to homeownership, strengthened economic development in stagnant local economies, and expansion of small businesses in the nation's minority, immigrant, and low- and moderate-income communities. Your proposed changes promise only to halt and even reverse that economic progress.

By empowering citizens with the tools for close oversight of their local banks, the CRA has "completed the market" - it has added millions of community residents to the "eyes and ears" that the regulatory agencies need for responsible oversight; it has added stakeholders to stockholders and regulators in the ongoing work of fine-tuning "financial intermediation" to best serve the convenience, needs and advancement of the

country's local, regional and national economies.

Yet now, you propose to block that citizen oversight of 1,111 banks that account for more than $387 billion in assets! Those not-so-small banks may seem small in comparison with the megabanks, but they are HUGE to the communities they serve, and those communities deserve the right to watchdog and, if necessary, to discipline their banks to fulfill every bank's public obligation to serve ALL of their community, without unfair exclusion and without predatory practices.

You already have many letters detailing the serious drawbacks of the proposed Interagency Regulations - drawbacks that promise to undermine and even cripple efforts to expand fair access to high-quality financial products and services. I won't reiterate them here, but instead I will urge you to keep your eye on the goal, a goal that CRA has served with increasing effectiveness over the past two-and-a-half decades: To make fair access to capital, credit and banking services available to everyone, in order to help individuals, families and communities build assets toward a more prosperous and resilient economic future.

CRA is a law that makes capitalism work for all Americans. It is far too vital to be gutted by harmful regulatory changes and neglect.

Thank you for your attention to this critical matter.

Sincerely,

David Grillo
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