



Northpointe Bank

73

March 8, 2004

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

**Re: No. 2004-04 (Community Reinvestment Act Regulations)**

To Whom It May Concern:

I am the President of Northpointe Bank, a \$194 million bank located in Grand Rapids, Michigan. As a community banker, I strongly support 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. I also support the elimination of the holding company size limit (currently \$1 billion). I am in favor of this proposal because it will greatly reduce regulatory burden.

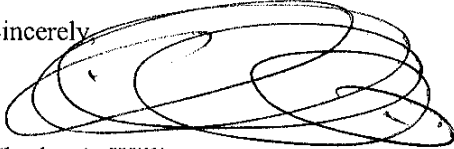
The small bank CRA examination process was an excellent innovation, and I commend the agencies for recognizing that it is time to expand this critical burden reduction benefit to larger community banks. The passage of this proposal will allow more community banks to focus on what they do best – fueling America's local economies. When a community bank such as Northpointe 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 local community.

Adjusting the asset size limit will also serve to more accurately reflect the significant changes and consolidation that has occurred within the banking industry in the last 10 years. The proposed change recognizes that it's not right or fair 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. Furthermore, while the proposed increase in asset size is a good first step, I strongly believe that the size of banks eligible for the small-bank streamlined CRA examination should be increased to \$2 billion, or at a minimum, \$1 billion.

I would also like to point out that increasing the asset size of banks eligible for the small-bank streamlined CRA examination does not relieve banks from their CRA responsibilities. Since the survival of many community banks, including Northpointe Bank, 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 distinct 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,

A handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above the typed name.

Charles A. Williams  
President & CEO