



**Community Bankers
of Wisconsin**



Representing Wisconsin's
Genuine Community Banks

Communications Division
Public Information Room
Mailstop 1-5
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219
Docket No. 04-06
regs.comments@occ.treas.gov

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Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 200551
Re: Docket No. R-1181
regs.comments@federalreserve.gov

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
comments@fdic.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attention: No. 2004-04
regs.comments@ots.treas.gov

Re: Community Reinvestment Act Regulations

Dear Sir or Madam:

The Community Bankers of Wisconsin ("CBW") is a trade association representing approximately 220 independent community banks domiciled in Wisconsin. On behalf of CBW, 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. Community banks by their very nature are committed to the success and the activities of their local communities. The banks' future is intimately intertwined with the local community. Thus, even without a community reinvestment act, such institutions would still be involved in reinvesting in their 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. 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,



Darryl J. Lund, CAE
President & CEO