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Chief Counsels Office
Office of Thrift Supervision
1700 G. Street, NW
Washington, D.C. 20552

Re: Docket No. R-1112

Advance Notice of Proposed Rulemaking Regarding Community Reinvestment Act Regulations

The Community Bankers Association of Indiana (CBAI) appreciates the opportunity to comment on the Advance Notice of Proposed Rulemaking Regarding Community Reinvestment Act ("CRA") Regulations. CBAI represents the interests of approximately 115 financial institutions in the state of Indiana.

We emphasize that Indiana's insured financial institutions are dedicated to serving the credit needs of their entire communities. We 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. We also ask the federal banking regulators to recognize that banks are often placed between a rock and a hard place with the competing requirements of CRA and prudent lending.

The small bank CRA examination process was an excellent innovation. 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 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.

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.

Holding Company banks are separately chartered entities, with separate local boards, addressing the local credit needs of their individual communities and should be allowed to qualify for the "Small Bank" Evaluation on the basis of their asset size, without regard to the aggregate bank and thrift assets of the holding company.

Small community banks are the backbone of communities all across Indiana and the United States. They admirably serve the credit needs of their entire communities – and should not be put to extraordinary effort and expense to get this recognition. In particular, small banks should be able to get an "Outstanding" rating on the basis of lending activities alone, but in highly competitive markets investments and services should be considered in the mix for an "Outstanding" rating.

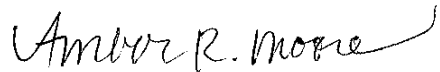
In summary, we believe that increasing the asset-size of banks eligible for the small bank streamlined CRA examination process is an important first step to reducing regulatory burden. We also support eliminating the separate holding company qualification for the streamlined examination, since it places 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. We 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.

Thank you for the opportunity to provide comments about the content and operation of the CRA Regulations. These regulations are complex, burdensome, and costly. We hope that dialogue opened during this comment period will encourage you to simplify and streamline these regulations in recognition of the generally excellent performance of insured depository institutions.

Sincerely,



S. Joe DeHaven
President /CEO



Amber R. Moore
Director of Governmental Relations