

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

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Re: Community Reinvestment Act Regulations

Dear Sir or Madam:

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.

I am the Regulatory Compliance Officer of FIRSTBANK a \$190 Million institution located in Clovis, NM. We have just filed our third report and the number of hours required during the year to compile the HMDA/LAR information and to prepare it for reporting is definitely a burden. While small community institutions continue to struggle to compete with the nation-wide banks, who have enormous resources and are providing technology such as internet banking and check imaging to customers at no cost, the ever increasing regulatory burden forces the local institutions to deploy funds and personnel to meet the regulatory burden rather than to serve customers. Smaller institutions, such as FIRSTBANK, would not continue to survive if they did not adequately meet the credit needs of their communities. If any institution knows its community and its customers, and will serve its community to the best of its ability, it is the small institution where decisions are made by the people who live in that community.

Increasing the size of banks eligible for the small-bank streamlined CRA examination will 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. Ironically, community activists seem oblivious to the costs and burdens. 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.

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.

Sincerely,

Kevin Mitchell
Sr. Vice President
FIRSTBANK Clovis, NM