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October 16, 2001

Mr. Robert E. Feldman
Executive Secretary
Attn: Comments/OES
Federal Deposit Insurance Corp.
550 17th Street, NW
Washington, DC 20429
Fax: 202-898-3838

Ms. Jennifer J. Johnson, Secretary
Federal Reserve Board
20th Street and Constitution Ave, NW
Washington, DC 20551
Attn: Docket No. R-1112
Email: regs.comments@federalreserve.gov

Communications Division
Public Information Room
Office of the Comptroller of the Currency
250 E Street, SW Mailstop 1-5
Washington, DC 20219
Attn: Docket No. 01-16
Fax: 202-874-4448

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington DC 20552
Attention: Docket No. 2001-49
Fax: 202-906-6518

RE: Community Reinvestment Act

Dear Sirs or Madams:

The Community Bankers of Wisconsin ("CBW") is a trade association representing approximately 220 independent community banks domiciled in Wisconsin. Many of its members have commented to the association and the regulators over the years regarding the burdensome requirements for compliance with the Community Reinvestment Act ("CRA"). 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. In short, the underlying key objectives of CRA are subscribed to by the CBW members. Our concerns lie with the regulatory process and the particular requirements under the CRA rules.

Small Bank Test

Our major concern is that the size for a small bank is far too small based on Wisconsin's experience. Using the last available data (i.e. June 30, 2000 - FDIC Market Share Report), we have



observed that the nineteen (19) largest FDIC insured institutions in Wisconsin all over \$1 billion in deposits control approximately 52% of the state's deposits. There are 364 FDIC insured banks doing business in Wisconsin. Three hundred forty five (345) of those are \$1 billion or less in deposits and control 48% of all deposits. We believe that these statistics reflect that deposits are truly dispersed in the state over a wide number of institutions and that the appropriate level for a small bank is \$1 billion and less in assets. (By way of explanation, our data is drawn from the FDIC market share reports. Comparable information on asset sizes is not available. Thus, deposit share is the only data we can use to reflect variations in sizes of institutions. We understand, however, that an asset rather than deposit test is used for CRA.)

Furthermore, we would suggest that the holding company test be eliminated altogether. Most (although not all) bank holding companies hold a single institution. In those rare circumstances in which a holding company owns more than one bank, there are significant business reasons for such holdings such as slight variations in minority ownership outside of the holding company or other business factors. The holding company format is not used as a subterfuge to keep banks below the asset test size. Rather, the holding company structure is a product of other business and legal criteria. Alternatively, the bank holding company asset size should be increased to \$5 billion.

Investment Test

Those institutions that have found themselves in the large bank category have almost uniformly reported difficulties in meeting the investment test of the large bank exam. It is extremely difficult to identify investments that will satisfy the requirements of the CRA rules. Investment in worthwhile development projects are not enough. The investment must contribute to the particular community. Such investments are not available in the communities in which these intermediate size banks (that are arbitrarily forced to meet the "large" bank test) may be located. We do not believe that the investment test furthers the original objectives of the community reinvestment act. If the investment test is retained, however, it should be an option for a large bank rather than a mandatory component.

Thank you for this opportunity to comment. Again, CBW and its members strongly support the underlying goals of community reinvestment. We simply urge that the rules be fine-tuned to achieve those objectives without excessive regulatory burden.

Sincerely,



Daryll J. Lund
President and CEO