

BANK CENTER

F I R S T

April 1, 2004

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Customer Relations Consultant

Judy Greff-Pfeifle
Retired Vice President
Compliance Consultant

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street & Constitution Ave NW
Washington, DC 20551

RE: Docket#R-1181

As a community bank, Bank Center First strongly endorses the federal bank regulators proposal to increase the asset size of banks eligible for the small bank stream-lined Community Reinvestment Act (CRA) examination from \$250 million up to \$500 million, and the elimination of the holding company size limit, currently at \$1 billion. This change would greatly reduce the regulatory burden for small community banks. Bank Center First is a \$210 million bank located in Bismarck, North Dakota.

The small bank CRA examination process was an excellent innovation. As a community banker, I applaud the agencies recognizing that it is time to expand the critical burden reduction benefit to larger community banks. At this critical time in the economy, it will allow the community banks to refocus on what they do best and that is the support of America's local communities. For small banks, such as ours, have to comply with the requirements of large CRA valuation process, the cost and burdens increase dramatically and the resources devoted to such a CRA compliance would not then be available to meet the credit demands of our local community. In the State of North Dakota, populations are concentrated with very little opportunity to expand outside of our community and, therefore, we as bankers fully understand the need to service all segments of our local economy to ensure mutual survival of both the bank and our communities.

Adjusting the asset size limit also more accurately reflects significant changes in consolidation within the banking industry over the past ten years. To be fair, banks should be evaluated against their peers and not banks substantially larger and crossing many states. In short, we at Bank Center First feel that it is not right to access a CRA performance evaluation on a \$150 million or \$300 million bank under the same exam procedures that is used for a \$500 billion bank. We would kindly ask

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future consideration to increasing the size of banks eligible for small streamlined CRA examinations to be substantially increased in the neighborhood of \$1.5 billion to \$2.0 billion in the future.

Increasing the size of banks eligible for small bank streamlined CRA examinations does not relieve banks from CRA responsibilities and since the survival of many community banks are closely intertwined with the success and liability of their communities, the increase will merely eliminate some of the burdensome requirements.

I would like to thank you in advance for your very serious consideration of this request. If you or any one within your agency would like additional comments or input, please do not hesitate to contact Bank Center First at any time.

Sincerely,

BANK CENTER FIRST



Jerry L. Hauff
Executive VP/COO

JLH/wo