

Bridgewater Savings

April 9, 2004

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 President and CEO of Bridgewater Savings Bank, a **mutual** savings bank with **\$270 million** in assets located in Raynham, **Mass.**

The **small** bank CRA examination process was an excellent innovation. As a community banker, I applaud the agencies for recognizing **that** it is time to expand this critical burden reduction benefit to **larger** community banks. **At this critical time** for the economy, this will allow **ore** 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 time their **size**. The proposed change recognizes **that** it's **riot** 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 a minimum of \$1 billion.

Ironically, community activists **are** oblivious to the costs and burdens. And yet, they object to bank **mergers** that remove the local bank from the community. This is a contradictory. **If** community groups want to keep **the** local banks in the community where they **have** better **access** to decision-makers, they must recognize **what** regulatory burdens **do** to smaller institutions.

Increasing the **size of banks** eligible for the small-bank streamlined CRA examination **does** not relieve banks **from** CRA responsibilities. Since the survival **o** **f 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** important to reducing regulatory burden. 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 **arc** **drowning** in **regulatory** red-tape. I also urge the agencies to seriously consider raising the size of **banks** eligible for **the** streamlined examination to **\$4 billion** in assets to better reflect the current demographics of the banking industry.

Sincerely,



James C. Lively
President and CEO

Administrative Offices
756 Orchard Street
Raynham, MA 02767-1028
(508) 884-3300 • (800) 356-8622
www.bridgewatersavings.com