

August 4, 2022

James P. Sheesley  
Assistant Executive Secretary  
Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington, DC 20429  
Attention: Comments RIN 3064–AF81

Chief Counsel's Office  
Office of the Comptroller of the Currency  
400 7th Street SW  
Suite 3E–218  
Washington, DC 20219  
Attention: Comment Processing, Docket ID OCC—2022-0002

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551  
Attention: Comments Docket R-1769; RIN 7100-AG29

Re: Community Reinvestment Act Regulations

Dear Madam or Sir:

MidWestOne Bank is a \$6 billion-dollar financial institution regulated by the FDIC. We are a multi-state commercial bank headquartered in Iowa City, Iowa, and we have a CRA footprint within Minnesota, Colorado, Wisconsin, and Florida.

MidWestOne Bank is committed to the communities we serve and the goals of the CRA relative to meeting the credit and financial service needs of our customers. We partner with multiple community groups to promote community development lending, investment, affordable housing, and humanitarian efforts. We maintain a community development foundation that supports these efforts directly, as well as, providing budgets that support local and grass-root opportunities.

The MidWestOne management team and its employees volunteer numerous hours annually and we support CRA modernization. Frankly, CRA regulation and supervision have become overly complex, unpredictable, and the regulation has not kept up with the way consumers expect to use technology to access financial products and services. Thus, the need to update CRA has existed for years and will grow more pressing as technology and the financial services industry continues to evolve.

One of the significant challenges in relation to the proposed CRA modernization is the concept of heightened performance metrics relative to the Retail Lending Test for large banks. For example, requiring a large bank to exceed its past performance to attain the same CRA rating it received on a prior performance evaluation is potentially unattainable and contingent upon forces that may be outside of the bank's control (e.g., recession, rising interest rates, competitors joining your market space, etc.). By placing a nearly 50 percent weighting on the Retail Lending Test, it becomes difficult and a two-prong approach relative to CRA. The question of unintended consequence may permeate relative to the retail and community development aspects within the industry, thereby, lessening the effort to promote investment, if an outstanding rating is generally perceived as unachievable. Furthermore, the question of the heightened benchmark may promote excessive risk-taking to meet goals and could it lead to eased credit standards making for an unsafe and/or unsound credit environment and additional unintended adverse consequences for those that the CRA was intended to benefit.

MidWestOne shares in the agencies goals to increase services to Low- to Moderate-Income families and communities, however, we believe community development and outreach is equally important to lending metrics. This is especially true for large community banks (\$2 Billion - \$10 billion) that compete with larger super regional banks (extra-large banks/+\$10 billion) and their peer metrics that may be silent relative to smaller large bank performance context or resources necessary to generate peer leadership.

Lastly, ensuring that our assessment areas (new and existing) comply with the rule's newly established benchmarks will require major changes in data collection, recordkeeping, and ensuring reporting integrity which exceeds existing CRA requirements. Our Bank and the vendor systems we must utilize currently will need more than twelve months to implement this regulation. In fact, we will likely need a two-year implementation period and hire an additional employee (FTE) to help manage the data collection and recordkeeping necessary for the addition of certain business lines and geographic markets resultant the retail lending assessment areas and performance metrics.

Thank you,

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Vice President – CRA and Fair Banking Officer  
MidWestOne Bank