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**From:** Emma Morrison [Emma.Morrison@StockmanBank.com]  
**Sent:** 8/5/2022 10:03:31 PM  
**To:** Comments [comments@fdic.gov]  
**Subject:** [EXTERNAL MESSAGE] Community Reinvestment Act; Joint notice of proposed rulemaking; Comment Request (RIN 3064-AF81)

Afternoon,

I have been in the banking world for almost three decades. The last five years have been spent in CRA. I appreciate the opportunity to provide feedback on the joint CRA NPR.

This is an extremely complex proposal. I have read majority of it and am providing comments on specific questions.

1. Partial consideration should be given on all CD activities and not just limited to affordable housing.
2. Partial consideration should reflect true pro-rata consideration without any thresholds. If a minimum threshold were to be set for projects that are under the 50% for primary purpose of CD or less than half of the beneficiaries are LMI, then it should be set at 25%. The threshold to receive full credit should be not increased. It should remain at 51%, which everyone is familiar with and has worked for years.
4. Yes, affordable housing to middle-income in high opportunity areas should be considered under CRA. Also, it should be considered in communities if it is a documented need by a local housing agency or local government, especially if due to high cost of housing in the area.
6. Distressed and underserved census tracts should be included in the geography for affordable housing.
9. Mortgage backed securities should continue to be considered CRA qualified investments for as long as they remain on the bank's books. The MBS in our investment portfolio stay on the books until maturity and they always include LMI borrowers.
14. Not all place-based activities should be in conjunction with a government plan. If the project involves a non-profit that has a community development purpose or a CDFI, then it should be considered to qualify under CRA. In Montana, we have a lot of rural communities which may not have defined government plans but there may be obvious needs.
17. No other requirements are needed. If it is an essential infrastructure or facility and it benefits the whole community, including LMI, end of story.
25. Yes, if they have the same purposes as a regular MDI they should be included.
27. All financial literacy activities should be considered as it's not just the LMI who may have financial troubles and need the training. In Montana schools, our community bank financial literacy education programs may be the only financial education the students receive. For example, in 2019 we had employees provide financial literacy education at a school that was not majority LMI based on the free/reduced lunch program. The teacher commented "our lesson was better than any he's taught the kids. He *really* wants us to come back each semester since he has different kids." If the audience is majority LMI, then greater weight should be given.
30. Any activities on Native Land Areas should be not be limited to Federal, state, local, or tribal government plans, programs, or initiatives. It should also include activities in conjunction with tribal association or tribal designee plans, programs, or initiatives.
32. A 30-day time period should be sufficient for the process of accepting submissions and time to review.

35. All activities supporting MDIs, WDIs, LICUs, and Treasury Department certified CDFIs should be considered and receive CRA credit.
44. A bank should not be evaluated for all of its major product lines in each retail lending assessment area (RLAA). Only the product lines that trigger the RLAA should be evaluated. The thresholds need to be raised to 500 for both.
46. Any bank, regardless of size, with significant majority of its lending within the facility-based assessment areas (FBAA) should not have to delineate a RLAA. Based on wording in past PEs regarding significant or substantial majority, if a bank has 70-75% of lending within the FBAA, they should not have to delineate a RLAA.
47. No other approach is needed to encourage banks to conduct effective cd activities outside of their FBAA. Banks should not be required to delineate specific geographies where they will focus cd activities outside of their FBAA.
48. Yes, this will even the playing field.
55. Performance Context should always be considered.
56. Currently home mortgages are not separated out for review and this shouldn't change. If it's not broke, don't fix it.
60. Multi-family lending should only be considered under the Community Development Financing Test.
62. Once 1071 goes into effect, definitions and requirements under 1071 are the only ones that should be used. The size standard of \$5 million or less in GAR should be reduced to GAR \$1 million or less. This should also apply to 1071. Leaving the size of GAR \$5 million or less will impact bank's negatively as they will lose out on some possible impactful Community Development loans that will have to be reported under the retail lending test instead.
63. Yes, CRA small business and small farm definitions and reporting requirements should sunset with 1071. There should not be duplicate reporting under both CRA and 1071 for essentially the same thing.
66. In our world, auto lending accounts for roughly 1% of all our lending, if not less. Having to collect and report data on auto lending would be burdensome and very costly.
73. Performance Context should always be taken into consideration.
74. Lending in distressed and underserved census tracts should be taken into consideration for all products regardless if the bank has few or no LMI census tracts in their AA.
87. Banks who have 70-75% of their loans within their FBAA should not have to delineate a RLAA and should not be evaluated in an outside retail lending areas.
93. The proposed definitions of low branch access census tracts would be those in which there is only one branch within this distance or within the census tract itself, and very low branch access census tracts would be those in which there are zero branches within this distance or within the census tract itself should be sufficient. In Montana, there are 56 counties total with 14 of these counties have only one branch and 2 counties have zero branches. All but 2 of the 14 counties with one branch are comprised of only one census tract...the other 2 counties have two census tracts.
98. Yes, branches in underserved and distressed census tracts should be considered.
- 120 & 124. FDIC's Summary of Deposits (SOD) data is appropriate to use for the large banks under \$10 billion or less. Deposit data requirements would be burdensome for the smaller large banks.
127. All volunteer efforts made on behalf of the bank should be considered if they benefit LMI people or organizations that benefit LMI. Many organizations in Montana do not need board members. They need the boots on the ground

help. This should include helping to build a Habitat for Humanity house, stocking shelves at a food bank, delivering meals to the elderly, disabled, and shut-ins, and ringing the bell (fundraising) for Salvation Army during their annual Red Kettle Campaign.

129. If an activity is conducted on behalf of the bank by either bank staff, executives, or board members and benefits LMI, it should all be considered regardless if the person is full-time or not.

147-155. Additional guidance will be needed if deposit data collection and reporting is required. This should only be required by banks who do not have a physical presence (brick & mortar) but are mainly internet based.

156. This should not be required if CRA small business and small farm will sunset with 1071.

158. As stated before, in our world, auto lending accounts for roughly 1% of all our lending, if not less. Having to collect and report data on auto lending would be burdensome and very costly.

178. There needs to be at least a 2-year implementation period. Third party vendors for a bank's core system and other programs will need time to update programs and systems to handle the possible extra requirements. With the HMDA change in 2018, most vendors were not ready for that implementation.

As I stated before, this is a very complex proposal. Given the time frame for the comment period, which was too short, I did not have enough time to fully evaluate how the metrics and changes would impact our CRA program.

Thank you for taking my comments into consideration.



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