NCRC
National Community Reinvestment Coalition

September 16, 2025

Re: **RIN 3064-AG10 — Establishment and Relocation of Branches and Offices (Notice of Proposed Rulemaking)**

Dear Mr. Feldman,

We appreciate the opportunity to comment on the establishment and relocation of Branches and Office. The rule would cut the approval process for FDIC-supervised banks to move branches from approximately 30 days to three business days; remove public comment and hearing requirements; and significantly reduce the FDIC's ability to review relocation for community impact. We are concerned that the net effect of the rule will reduce access to credit and banking services for people living and working in low-and-moderate income communities.

NCRC is a network of more than 700 community-based organizations dedicated to creating a nation that not only promises but delivers opportunities for all Americans to build wealth and attain a high quality of life. We work with community leaders and policymakers to advance solutions and build the will to solve America's persistent racial and socio-economic wealth, income, and opportunity divides, and to make a Just Economy a national priority and a local reality.

1. **Shortening the Approval Process to Three Days and Eliminating the Public Comment and Hearing Period Will Exclude Feedback From Local Communities.**

The proposed rule would shorten the approval process for banks to move branches from 30 days to three business days, making branch relocation moves easier, faster, and less visible. In doing so, the rule would reduce the chance for community members or regulators to ask whether the relocation meets local credit needs.

Currently, the process is already short and easy to miss for community members. Banks only need to file an application or notice under 12 CFR Part 303**;** publish a single notice in a local newspaper; allow a 15-day comment period**;** and allow 30 days for "deemed approval."

Therefore, we are especially concerned with the proposal to remove public comment and hearing requirements. We appreciate FDIC's perspective that the requirements have been seldom used. However, eliminating public comment periods combined with a shortened approval process means local residents will have no meaningful opportunity to give feedback before the three business days are up. Local issues such as the effect on businesses, parking, zoning, and traffic can be easily missed without public feedback, even if banks consider the move routine.

2. Relocation Can Create Hardship for Communities.

Physical branches still matter. In low-and-moderate-income neighborhoods, in rural areas, and for households with seniors, a staffed branch is often the best place to find low-cost accounts, small-dollar credit, relationship-based underwriting, check cashing, and dispute resolution. The practical effect of relocations[1] can be similar to closings: moving a branch several miles away or out of a neighborhood can make it inaccessible to seniors, workers without cars, or anyone relying on public transit increasing their reliability on high-cost alternatives including payday lenders.

The relocation of Southshore National Bank may be illustrative. In that case, South Shore Bank sought to move from Chicago's South Shore neighborhood to Chicago's downtown Loop, citing the composition of the neighborhood has made it unprofitable for the bank to do business there.[2] Local residents organized and convinced the Comptroller of the Currency to block the relocation. Instead, a group of community-minded bankers acquired the institution, kept it in the neighborhood, and turned it into ShoreBank, widely recognized as the first U.S. community development bank.

While this example is from the 1970s, it shows that branch relocation can be just as consequential as branch closing. The ability of regulators to pause and weigh in can completely change the trajectory of a community. Removing notice and reducing regulatory discretion, as this rule proposes, risks repeating the same patterns of disinvestment without allowing local communities a chance to respond. In addition, the lack of recent examples should not be taken as proof that harm is not occurring – rather, it highlights how hard it is for communities to mobilize even under existing rules.

The bottom line is we know the loss of trusted bankers erodes relationship-based lending. Credit underwriting is more challenging when the lender does not understand the business or have appropriate neighborhood context. Data shows a 13% decline in small business loan originations with LMI and minority neighborhoods experiencing the greatest impact when there is a loss of branch.[3] These declines can persist for up to 6 years, which will further discourage new business growth and limits job creation.[4] We appreciate that bank relocation is not the same as bank closing and is governed under different rules. However, we are deeply concerned that they are or may become functionally equivalent to the other under the new rule.

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[1] Relocation as defined in 12 CFR 303.41 "means a move of a branch or main office to a site that is not within the same immediate neighborhood as the existing branch or office."

[2] Grzywinski, Ronald (1991). "The New Old-Fashioned Banking." Harvard Business Review. https://hbr.org/1991/05/the-new-old-fashioned-banking.

[3] Nguyen, Hoai-Luu Q. 2019. "Are Credit Markets Still Local? Evidence from Bank Branch Closings." American Economic Journal: Applied Economics 11 (1): 1–32, https://doi.org/10.1257/app.20170543.

[4] Ranish, Ben, Andrea Stella, and Jeffery Zhang (2024). Out of Sight, Out of Mind: Nearby Branch Closures and Small Business Growth, Finance and Economics Discussion Series 2024-071. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2024.071.

3. **<u>Expanding to CAMELS 3 Means Banks With Moderate Supervisory Concerns Can Be Approved for Expedited Processing.</u>**

The proposal would allow CAMELS 3 institutions, banks with moderate supervisory concerns, to become eligible for expedited processing, reducing the public approval process for these banks to just three days. Currently only CAMELS 1 and 2 rated banks are eligible for expedited processing.

Allowing banks that are already underperforming to fast-track approvals disincentivizes the bank from correcting deficiencies and creates unnecessary systemic risks. For example, a regional bank with poor oversight of third-party vendors, inadequate internal controls, and heavy reliance on noncore funding such as brokered deposits – could still be rated as CAMELS 3 and get a three-business day deemed approval under the proposed rule; and outcome that is disallowed under current rules.

4. **<u>FDIC Discretion is a Helpful Check on the Process.</u>**

The rule would eliminate FDIC discretion to de-expedite qualifying filings. Under current rules, the FDIC can de-expedite an application even if the bank technically qualifies for fast-track review if the examiners see community concerns. The change means far fewer opportunities for regulators to take a deeper look when a relocation is especially problematic.

For all the reasons stated above, we respectfully make the following recommendations:

- Preserve a meaningful public-notice and comment window. If newspapers are outdated, we urge the FDIC to require digital notice on bank websites and the FDIC docket**,** with a minimum 21-day comment period for establishments and relocations that move service farther from the current location or out of an LMI or majority-minority tract.

- Disallow CAMELS 3 banks to receive expedited processing because these intuitions already have moderate supervisory concerns that require closer oversight. Fast tracking their branch relocations in just three days removes an important checkpoint.

- Maintain FDIC discretion to remove any filing from expedited processing where facts indicate potential adverse impact on LMI service, fair-lending concerns, or patterns of branch retrenchment.

- Encourage mitigation commitments when branch relocate by maintaining a satellite branch, mobile branch with video tellers; service protections such as fee waivers; small dollar lending targets; safe low or no cost accounts, and support for the community with financial education or partnerships. Banks should also provide accountability through impact reporting, advisory councils, or Community Reinvestment Act exam commitments so the community has a persistent voice in how services are delivered after the move.

Thank you for considering these comments from NCRC. In sum, we have serious concerns that the proposed rules will leave local communities with no opportunity to respond to changes affecting them, while creating greater systemic risks by expanding the approval process to include CAMELS 3 rated banks. While the rule does not cover closing branches, we are concerned that the rule will have the same practical effect, leaving rural and LMI communities with no opportunity to raise concerns. We urge you to keep the current regulatory framework.

Sincerely,

Jesse Van Tol
Chief Executive Officer
National Community Reinvestment Coalition