New Market BANK

[redacted]

October 22, 2025

Jennifer M Jones, Assistant Executive Secretary
Attention: Comments-EGRPRA, RIN 3064–ZA39
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

RE: Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996

Dear Madam:

I appreciate the opportunity to respond to the Agencies regarding the ("EGRPRA") process. My name is Jeff Jacobson and I'm the Compliance and CRA Officer for New Market Bank ("NMB"). To provide some background and perspective, New Market Bank is a family-owned community bank serving the southwest Twin Cities Metropolitan area primarily in Dakota and Scott counties of Minnesota with offices located in Elko New Market, Lakeville, and Prior Lake. The communities we serve are on the fringe of the metropolitan area where the city meets farm fields. One way that New Market Bank serves our communities is providing employment opportunities for about 45 team members or 35 FTE's. We have just over 184 million assets as of 09/30/2025. As a state chartered, Fed non-member bank the FDIC is our prudential regulator.

As a 2nd generation community banker, I've had the privilege of serving our communities as a teller, retail banker, consumer, commercial, and mortgage lender and serve community banks in loan operations, mortgage servicing, information technology, Compliance, CRA, and BSA officer roles. I have over 25 years of experience as a compliance officer, with a strong focus in mortgage lending and servicing related activities. With that said, there are several comments I would like to raise for the Agencies to consider.

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Community Reinvestment Act (CRA):

New Market Bank believes the 2023 CRA rule should be rescinded and a return to the 1995 framework is appropriate. The 2023 rule excessively increased the regulatory burden of financial institutions ("FI") and discourages investment in communities outside of an FI's assessment area. The rule was overly complex by requiring calculations and data that may not even be available to financial institutions at this time. It also exceeds its statutory authority by extending CRA obligations beyond local communities via Retal Lending Assessment Areas.

New Market Bank urges regulators to finalize rescinding the 2023 rule timely and consider targeted improvements to the 1995 framework that includes reducing the following regulatory burdens on community banks:

- The CRA regulation applies to financial institutions which are defined as banks and savings associations, which are out of date to the current banking industry.
- Credit Unions are increasingly engaging in small business and mortgage lending practices and should be held to the same CRA standards as a bank or savings association. Failure to hold credit unions accountable eliminates their compliance costs related to CRA (implementation, monitoring, auditing, reporting, training, etc.), which contributes to an unfair advantage in their practices and pricing.
- Regulatory agencies are tasked to assess a financial institutions record of meeting the credit needs of an entire community and to ensure lending practices aren't prohibitive within low to moderate income (LMI) areas. Excluding credit unions from this review creates an opportunity for discriminatory lending practices to go undetected which could cause irreparable harm, especially to LMI neighborhoods.
- The asset thresholds for Small, Intermediate Small, and Large bank are outdated and need to be increased. In addition to immediate substantial threshold increases, future threshold adjustment frequency should be implemented and based on a more appropriate index matrix.
- Most of the CRA public file requirements are now available on our bank's web site or the prudential regulatory agency web sites, therefore requiring banks to maintain a public file is duplicative. In over 25 years serving as a Compliance and/or CRA Officer in small community banks I've only received 1 request to review the CRA Public file. The cost to maintain a file in a landscape where information is readily available to the general public is excessive. While elimination of the requirement would be preferred, if that's not possible, revising the rule to allow financial institutions flexibility on how the public file is available such as the FI's web site would be a more conducive and would actually promote broader consumer access.
- Regulators defined small business and small farm loans in the early 1990's (C&I or CRE loans of $1 million dollars or less; agricultural production and farmland loans of $500,00 or less) and they have not been updated for inflation since then. FI's & regulatory agencies can agree that the average loan size has increased substantially since that time and the failure to adjust the definition of a small business and small farm loan disparately impacts community banks as loans that are truly made to a small business are excluded as small business loans from the lending tests due to the loan thresholds not being increased.

During CRA Examinations New Market Bank has received conflicting feedback on whether a CRA Assessment Area can include partial counties. Field examiners have directed that "whole counties" are required, yet when asked to provide regulatory citations and/or guidance it has not been provided. This topic is challenging as a small community bank we have 3 locations that are all on the edge of 2 counties. It is more than 30 miles across each county and some communities on the other side of the counties are saturated with other FI's, so there isn't a community need for NMB to market services to those over saturated areas. Therefore, NMB encourages clarity from the agencies about Assessment Areas partial counties and that field examiner directives are rooted in the regulation.

In conclusion, New Market Bank requests the Agencies to carefully consider our comments and address our concerns. As a community bank we pride ourselves in serving the needs of our communities, which includes embracing and following regulatory requirements. Redirecting our resources to meet the over burdensome, duplicative, and contradictory regulatory requirements diverts us from fully meeting the community's needs. We appreciate the opportunity to participate in the hearing on 10/30/2025 and provide written comments. Thank you.

Sincerely,

/s/

Jeff Jacobson

Vice President, Compliance & CRA Officer