Rio BANK
Your Kind of Bank
Your Kind of Banker

A. Ford Sasser III
President and CEO

February 11, 2020

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NM
Washington, DC 20429
Attention: Comments, RIN 3064-AF22

Re: Community Reinvestment Act (CRA) Regulations

Dear Sir:

Rio Bank is a state chartered bank. We are $550 million in total assets and are located in deep South Texas along the border with Mexico. We have 14 offices in three counties along the border. Our offices run from the town of Brownsville in Cameron County to the town of Roma in Starr County. We are regulated by the Texas Department of Banking as well as the Federal Deposit Insurance Corporation (FDIC). Our geographic area of the country is primarily Hispanic with many first and second generation immigrants from Mexico. We are also an area with a large low to moderate income (LMI) population.

I want to thank both the Office of the Comptroller of the Currency (OCC) and the FDIC for their leadership and hard work to draft a proposal on which stakeholders can provide feedback.

Our bank is committed to the goals of the CRA and meeting the credit and financial services needs of our customers and of our communities we serve. We have several of our offices that are located in low to moderate income areas. We are conducting financial literacy classes in our Elsa Bank branch location because of the lack of financial knowledge of many in that community and the value and safety of having a relationship with a bank.

We take pride in being engines of economic growth. But, CRA regulation and supervision have become overly complex, unpredictable, and they have not kept up with the way the consumers expect to use technology to access financial products and services. The need to update CRA has existed for years and will grow more pressing as technology and the financial services industry continue to evolve.

We urge all three banking agencies – the OCC, FDIC and Federal Reserve Bank – to develop a final CRA rule that is issued on an interagency basis.

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We would hope that there would be expanded criteria for qualifying activities and these would be well defined. The proposed qualifying activities criteria generally would include activities that qualify for CRA credit today as well as other activities that are consistent with the purpose of CRA, but may not qualify under the current regulatory framework. Examples of qualifying activities would include: activities supporting community support services (such as child care, education, and health services), essential community facilities, essential infrastructure that serves LMI individuals, naturally occurring affordable housing and rental housing for LMI individuals residing in high-cost areas. Banks could receive credit for activities that partially, but not exclusively, benefit LMI individuals, such as financing mass transit that serves LMI neighborhoods and other geographies.

The proposal would establish a process under which a bank could ask its regulator to confirm that an activity qualifies for CRA credit. Within 3 months, the agency will notify the requestor whether the activity qualifies (incorporating any conditions, if applicable). If the agency does not object within this timeframe, the activity would be confirmed as a qualifying activity. This would help a bank know it is meeting the spirit of CRA based on the feedback from its regulators.

The agencies would maintain on their website a non-exhaustive list of examples of qualifying activities and non-qualifying activities. In addition to updating the list in response to requests submitted pursuant to the confirmation process described above, the agencies will publish the qualifying activities list at least every three years for public notice and comment. This would be a tremendous value to banks. It would begin clearly defining what is or is not a qualifying activity.

The regulatory agencies need to understand that while CRA is a law, it is a law that only outlines what banks have known well before its passage. It is, and always has been, considered part of their business model for banks. That is how banks are successful is to meet the needs of the communities that they serves. It is just good business. So the question should be how do regulators monitor how well the banks they regulate are meeting the needs of their communities by adding the least amount of cost and regulatory burden to the banks to allow them to succeed in meeting the needs of their communities and the spirit of CRA.

Kindest Regards,

[redacted]

A. Ford Sasser III
President and CEO