From: Alison Tower <atower@bankesb.com>
Sent: Monday, December 16, 2019 9:26 AM
To: Comments
Subject: [EXTERNAL MESSAGE] RIN 3064-AF22

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corp.
550 17th Street NW,
Washington, DC 20429

RE: Community Reinvestment Act Regulations - RIN 3064-AF22

Dear Mr. Feldman, et. al:

I appreciate the opportunity to comment on the proposed CRA rule. While the current CRA framework is badly in need of updating, I urge you to ensure that any proposed changes are agreed upon by all regulatory agencies. The Federal Reserve Bank has not yet signed onto this proposed rule. In the interest of being able to adequately compare data to peer groups, the FDIC should refrain from finalizing any rule that will not be adopted by all prudential regulators.

There are many aspects of the proposed rule that will benefit banks of all sizes and the communities they serve. For example, acknowledging the importance of financial literacy across all demographics is important. Financial literacy is not only important to LMI communities but important to preventing today's youth from being over indebted in the future. Additionally, it is great to recognize the importance of contributions that banks make to LMI communities and individuals in the form of volunteerism. This is a great change in position from the existing regulation although it is unclear from the proposal how this will be measured.

One aspect of the proposed rule that will be beneficial is removing the definition of an ISB. By lowering the asset size threshold for CRA reporting, community banks just over the current threshold will have a more accurate and robust data set to compare to. Currently, a bank with $1.3 billion in assets is often left comparing to just a handful of peers where small deviations can skew the results. Further, expanding the definition of small business by increasing the loan size and gross revenues is long overdue. The proposed change to gross revenues however does not go far enough by capping at $2 million. Instead, the FDIC and other prudential regulators should consider adopting the NAICS size standards based on industry to gage small business lending.

There are several components of the proposed rule however that are troublesome. First, the change in definition of Assessment Area is particularly troublesome and will disproportionately impact smaller banks. It will also disproportionately affect the New England region where town governments operate independently of county governments. In particular, under the proposed rule, banks operating in suburban areas outside of larger metropolitan cities in the same county will be forced to expand their assessment areas in a way that will disadvantage them when comparing to the peer group. It is important that banks continue to have flexibility in delineating their assessment area.

Also troublesome in the proposed rule are the specific metrics proposed with respect to comparing small business loans to the number of small businesses in a given assessment area. Like the changes to assessment area, this will disproportionately impact community banks that don't have the same lending reach and capacity as large national banks.

I thank you for your time and consideration,

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