FIRST BANK of Montana
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DIVISION OF GLACIER BANK

April 2, 2020

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

Re: FDIC RIN 3064-AF22 Proposed Changes to Community Reinvestment Act

Dear Mr. Feldman:

I am submitting comments regarding the Notice of Proposed Rulemaking regarding the Community Reinvestment Act. While our bank is in support of some of the proposed changes, we are opposed to other changes recommended in the proposal because we do not feel the changes remain true to the heart of CRA. The primary intent of CRA was to combat the practice of redlining and discrimination that significantly inhibited low and moderate individuals and families from becoming homeowners and achieving other socioeconomic levels. Because redlining and discriminatory practices predominantly impacts minorities and poorer populations, such practices are a detriment to building strong, healthy and vibrant communities where there is equal opportunity to thrive. We feel that many of the proposed changes will actually work against the intent of CRA.

Some of the proposed changes are needed, such as the inclusion of technology, because the regulation is seriously outdated. In addition to including the evolution of technology, the regulation should also have provisions for funding technological incubators that will help strengthen communities by increasing technological training and making it available to all segments of our communities to enhance opportunities to find employment or increase employment capacity. If the workforce of a community lacks the skills to help attract new businesses, or to improve the economic stability of the individuals within the community, the entire community suffers, including those who have low and moderate income jobs. Our world is becoming more and more technology based and our communities need to be able to keep up with that evolution.

We also applaud the removal of the requirement to lend "financial expertise" in our volunteer activities within the community. We are heavily engaged in helping our communities by providing volunteer labor – but cannot count much of it because it does not lend "financial expertise". The communities, including the low and moderate income individuals and families, benefit nonetheless. Removing this barrier will improve our ability to serve and encourage more service throughout the community where it is needed.

Lewistown • 224 West Main • P.O. Box 540 • Lewistown, MT 59457 • (406) 538-7471 • Fax (406) 538-7477
Chinook • 337 Indiana • P.O. Box 9 • Chinook, MT 59523 • (406) 357-2244 • Fax (406) 357-2757

The NPR inquired about other activities that should be considered for CRA credit. Although disabilities are not restricted to the poorer individuals in our communities, disability should be qualifying criteria for CRA. The disabled communities are notoriously underserved by the financial industry. While the ABLE Act has improved this situation, there is still need and opportunity to do more. This is a highly vulnerable segment of the population that is twice as likely to live in poverty; therefore supporting programs and services that target this segment of the population should always qualify for CRA credit.

Additionally, Creative Placemaking efforts that link a low or moderate income area or a distressed/underserved area to other areas that are more economically sound should be included in activities that qualify for CRA consideration. Creative Placemaking brings together partners from public, private, non-profit and community sectors to strategically shape the physical and social character of a neighborhood, town, city or region to include arts and cultural activities. This type of collaboration helps to revitalize areas, rejuvenate structures and streetscapes, and improve local business viability and public safety while bringing diverse populations together. By so doing, it fosters entrepreneurial opportunities and cultural industries that create jobs, income, new products and services, attracts and retains unrelated businesses and skilled workers. It is an important component to building communities where all people with different backgrounds, socioeconomic factors, race and cultures, and ideas can be brought together to share opportunities and promote community growth and awareness.

However, we are opposed to how the recommended changes treat all banks over $500 million the same. We are not the same. Additionally, the agencies are making the standards and ruling more complex and confusing with all of their formulas and the additional reporting that will be required. There are vague generalities, such as the term "significantly" which is used extensively in the proposal but there is no definition of what "significant" is. Responses from the agencies have been that "significant" will be determined by the examiner. It has been our experience that examiners don't always agree, and when things are not clearly defined in the regulation and are left up to the subjectivity of the examiners, the banks suffer for it. What one examiner's opinion was for one exam was not shared be another examiner in the next exam and the bank suffered for it.

Measuring the quantitative factors alone while neglecting the qualitative factors will make banks look for fewer large dollar opportunities that really don't impact very many low and moderate individuals at the expense of more of the smaller dollar opportunities that will have greater impact. How can the qualitative factors not be a part of the exam?

There is an emphasis in the proposal regarding activities in "Indian Country". We have many Indian Reservations in our footprint – and we are willing and able to provide assistance to those living on these reservations, but we are hampered by the restrictions of the tribal governments themselves. The reservations are a sovereign territory, and there are restrictions that inhibit our ability to lend. For example, we cannot perfect liens on collateral, if the collateral exists, in the reservation. Foreclosure and repossession are also an issue when a loan goes into default. We cannot make the loans unsecured because most of the applicants do not qualify for unsecured credit. Making unsecured loans on the premise that the borrowers live on an Indian Reservation would be a safety and soundness issue because they do not qualify and present a higher risk due to the restrictions imposed by the tribal governments; and it is a discriminatory issue because we don't make unsecured loans to other unqualified minorities just because they need a loan. The only way we can currently serve "Indian Country" is through donations, investments and service activities such as helping them set up their own CDFI and funding the CDFI with EQ2 investments or other donations. We will continue to provide these services – but until we are able to properly perfect liens and take action when loans go into default that would include foreclosure and repossession when no other remedy is available, lending activities cannot be safely conducted. Banks should not be penalized for not lending in "Indian Country" when these conditions exist. We must be able to make loans in a safe and sound manner and have access to the collateral in the event of default.

We are also opposed to the proposal regarding how selling loans on the secondary market will be treated. Government loans, such as FHA, USDA, and VA loans are important to our bank. They target low and moderate income individuals with opportunities to own their own homes. The intent of the proposed partial credit is to limit banks receiving multiple credits for making loans and selling them on the secondary market and to restrict multiple banks from receiving credit for the same transaction. However, if banks receive only partial credit for making and selling these types of loans, banks will likely be deterred from making them. They are more time consuming to make. Selling the loans on the secondary market enables the bank to provide more loans in these programs because they are not carried on their books. The approach in the proposal would not incentivize a bank to engage in participating in these government loan programs.

Please consider our comments in your proposal for changing CRA. Any changes to CRA should maintain the focus of targeting low and moderate income individuals, small businesses and small farms, and strengthening our communities.

Respectfully,

FIRST BANK OF MONTANA

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Division President