North Cascades Bank
Division of Glacier Bank

April 3, 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 (NPR), specifically the Community Reinvestment Act (CRA). While North Cascades Bank is in support of some of the changes in the proposed regulation, we are opposed to several others. The intent of the CRA is to combat the practice of redlining and discrimination that significantly inhibit low and moderate individuals and families from becoming homeowners and achieving other socioeconomic levels. Because redlining and discriminatory practices predominantly impact minorities and poorer populations, such practices are a detriment to building strong, healthy, and vibrant communities where there is equal opportunity to thrive.

We agree that the thresholds for Small Businesses should be increased to $2 million to keep up with the economic environment we have. Too many businesses were being excluded because they continued to thrive, and yet, they are small businesses in terms of number of employees and service areas.

The advance of technology has changed the banking environment considerably and would necessitate the update to the regulation to include those technological advances. While most banks, if not all, have some form of using technology to serve and help their customers, not all banks are the same in terms of the technical products or services they offer. Treating all banks over $500 million the same is not a fair application because we are not all the same. Those who choose to engage primarily in technology as a delivery system are not the same as those who are a smaller community bank unable to offer the same services. Further, the regulation should also have provisions for funding technological incubators that will help strengthen communities through increased technological training. If technological training were to be available to all segments of our communities, there would be more opportunities to find employment and increase employment capacity. Technology would also help the workforce of a community develop skills necessary to improve the economic stability of individuals, benefiting the entire community, including those who have low and moderate income jobs. It is essential that our communities be able to keep up with evolving technology.

I also support the removal of the requirement to lend "financial expertise" in our volunteer activities within the community. We are very engaged in helping our communities through volunteering that benefits low and moderate income individuals and families. However, not everything we do can currently count towards CRA as it does not lend "financial expertise".

volunteering that benefits low and moderate income individuals and families. However, not everything we do can currently count towards CRA as it does not lend "financial expertise". Removing this barrier will improve our ability to further serve our communities where help is needed.

Additionally, the NPR inquired about other activities that should be considered for CRA credit. I believe that disability should be a qualifying criterion for CRA. It is important that disabled individuals, regardless of income status, are acknowledged through the CRA. This vulnerable population is twice as likely to live in poverty. Therefore, I think that supporting programs and services that target this segment of the population should qualify for CRA credit.

I also think that "Creative Placemaking" efforts should also be included as a qualifying activity. Creative Placemaking allows us to link an area of low to moderate income or a distressed/underserved area to other areas that are more economically sound. 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, improve local business viability and public safety, and bring 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.

I also noticed that 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 issues 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 (i.e. foreclosure and repossession), 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.

Additionally, we are concerned about the proposed changes to only give partial credit to banks that originate and sell mortgage loans. Government loans, such as FHA, USDA, and VA loans, are important in providing affordable credit options to low and moderate income individuals. These programs are utilized to allow these individuals to purchase homes. This is a high need in our community as we have a low supply of rental options so being able to purchase a home is essential to our community development. Penalizing banks by giving them only partial credit for these loans would dissuade banks from providing these targeted loan programs, which are much more labor intensive. We understand the agency's attempt to minimize multiple banks from receiving credit for the same transactions, but this type of action may discourage banks from continuing to make these types of loans. I think that loan programs that are specifically targeted to low and moderate income individuals should always receive full credit. After all, the intent of CRA is to make credit accessible to low and moderate income individuals.

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,

[redacted]

Charlie Guldner
President

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