



April 3, 2020

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

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E–218 Washington, DC 20219
Docket ID OCC–2018–0008

Re: Community Reinvestment Act Regulations

Dear Madam or Sir:

State Bank of Southern Utah is a \$1.3 billion in assets, FDIC regulated Community Bank. We are headquartered in Cedar City, Utah and have sixteen branches located throughout Southwest Utah. State Bank of Southern Utah is a true community bank, offering the myriad of financial services required by the residents of our communities, including small business, small farm and consumer loan products.

We would like to thank the OCC and the FDIC for the opportunity to comment on the proposal. We are thankful for the hard work that has gone into researching and drafting a proposal on which stakeholders can provide feedback. We, as a bank, are committed to the goals of CRA and to meeting the credit and financial services needs of our customers and communities.

We take pride in being engines of economic growth. However, CRA regulation and supervision have become overly complex, unpredictable, and 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—to develop a final CRA rule that is issued on an interagency basis.

Qualifying Activities

We are supportive of the proposed change to the all or nothing approach to CRA credit and welcome the prospect of receiving pro rata credit for activities that partially benefit LMI individuals. There have been

activities that we have not previously been able to qualify that would be able to receive at least partial credit under the proposal.

We are concerned about the types of activities that have previously qualified for CRA credit and are not included in the proposal. Under the current rule, a large portion of our Community Development loans qualify under the Economic Development prong, as they create and retain jobs. This does not appear to be included in the list of qualifying activities in the proposed rule. This is a vital need in our assessment areas that we are currently meeting and receiving CRA credit for and believe that it meets the intent of the CRA.

Also, of concern is the fact that loans sold within 90 days of origination would only receive 25% credit. In order to provide mortgage loans in our assessment areas, which includes 37.5% moderate-income and distressed middle-income census tracts, most of our home mortgages are sold to FNMA or a correspondent shortly after origination. We continue to service most of these loans. It is necessary to sell these loans in order to for us to continue to provide the amount of mortgage loans we make in these LMI or distressed areas. We feel that receiving only 25% credit for all the work that goes into originating and servicing these loans is not sufficient.

CRA Performance Measurement

We are supportive of CRA performance measures becoming more objective. The current subjective nature of CRA can be frustrating and difficult to know where you stand going into an examination. However, there are many issues that remain unclear in the proposal and the data and analysis used to create these metrics is unproven in a real-world situation. Though we support a more objective approach, additional analysis of the proposed metrics and a possible pilot program to test the framework seems to be warranted.

Data Collection, Recordkeeping & Reporting

One aspect of the proposal is of major concern to our bank and likely to other community banks of similar size is the proposed data collection and reporting requirements. Our bank currently falls in the Intermediate-Small Bank category and as such does not report data for CRA. Under the proposal we would not qualify for the Small Bank category and would be required to collect the data described above and report on much of it. This would be a massive undertaking for a relatively “small” institution. The required information is located across numerous systems including our core system as well as multiple loan originating systems. Though the proposal describes a simple process, a check mark on the core for CRA credit, the reality of qualifying an activity for CRA credit is extremely cumbersome. Additional staff will be necessary in order to validate the information is complete and accurate and software will have to be purchased to combine the information from all these systems into a form that can be monitored and submitted.

Also, some of the data is not currently available for all customers. Specifically, the address information that is required to geocode the accounts. Though a physical address has been required on any account opened since the Patriot ACT, we have some accounts that were opened prior to that regulation. It has not been required to update this information on those existing accounts. In order to report these

accounts, mainly deposit accounts, we will have to do substantial work to update these records. Though much of the additional expense and time will occur during the implementation of any changes, there will be ongoing cost associated in the extensive collecting and reporting that is proposed.

Again, we appreciate the effort that has went into the drafting of the proposal and appreciate your consideration of our comments and concerns.

Respectfully,

Brooke A Hampton
VP Compliance Manager/CRA Officer