



Division of Glacier Bank

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March 26, 2020

Mr. Robert E. 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 changes in the proposed regulation, we are opposed to several others because the proposal has several parts that are not clearly defined. Where there is a lack of clarity, there is disparity.

We agree that the current CRA regulation is seriously outdated and indeed needs reform; however, it is also disconcerting that the agencies are not in agreement with each other regarding these changes. All three agencies must be unified in their rulemaking and standards or the potential for chaos and inconsistency increases. Any changes in CRA must be made with all agencies in full agreement and consensus before they are ever implemented or enforced.

We agree that the thresholds for Small Businesses should be increased to \$2 million. 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 does necessitate the update of regulation to include those technological advances. However, banks are not all the same in either the technical products or services they offer, or in the span of their reach. 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 predominantly a traditional brick-and-mortar bank with branches in their community.

The current proposal would penalize banks for branch banking. For example, we have several assessment areas in our bank that have no low- or moderate-income census tracts, and no designated distressed or underserved middle income census tracts. We have no control over that factor, yet it appears we would be penalized under the proposed measurements for not having a branch in a census tract that is designated as low, moderate or distressed/underserved. If we are serving the individuals in our communities that are low and moderate income, or are in rural underserved areas, or in distressed areas, and we are providing convenient banking services and products that benefit them, isn't that the

intent of the regulation? Why should a bank be penalized because they don't have a branch in a low- or moderate-income, distressed or underserved area?

The competitive edge small and mid-sized organizations have can erode if investments in technology are not made. Workforce development programs that are geared toward providing technology training can only be counted for CRA if it targets low- and moderate-income individuals. The investment in new technology is often challenging for smaller and mid-sized businesses, yet if they do not "keep up" they will ultimately fail because larger organizations will monopolize opportunities.

Expanding broadband into rural areas that have low and moderate populations or who are underserved is included in CRA consideration, but technological efforts that are used to help stabilize communities and their workforce should also be considered. In one of our more rural areas, a major employer shut down, leaving most of the residents out of a job. While there were some low- and moderate-income individuals impacted by the closure of this employer, the majority of the employees who lost their jobs were middle income individuals. It was difficult for the area to attract new businesses because there was a lack of technological education among this population. An organization sought funding to provide new training to all the individuals who lost their jobs so they could find work in another field, and thus stabilize the community. However, we were not allowed to count our funding for this program in our CRA exam because it did not target low- and moderate-income individuals. It had a huge impact on the community however. Sometimes it seems like "community" impact is left out of the "Community" Reinvestment Act. Technology is the future, so helping to fund incubators that foster technology training should be considered for CRA credit because it builds the employability of individuals within the community, which helps to stabilize the economic base of the community and provide jobs. It attracts new businesses, new residents, and helps to promote entrepreneurial activities. All these things strengthen communities and makes them healthier and more stable.

High poverty rates should also be considered when reviewing bank activity. If we have middle or even upper income census tracts that have poverty rates above the State or national rates, that should be a considered standard as well. Currently, the regulation only addresses low, moderate and distressed/underserved middle non-metropolitan census tracts. Poverty rates above the State or national level should also be included in the definitions.

We are also having difficulties with Opportunity Zones. The intent of this designation is for low- or moderate-income census tracts that have been specially designated as Opportunity Zones to encourage investment and revitalization/stabilization. However, we find many census tracts that are not low- or moderate-income tracts have been designated as Opportunity Zones. We have seen middle income tracts that are not designated as distressed or underserved as well as upper income census tracts that have been designated as Opportunity Zones – even though they are shown as "low income" on the Opportunity Zone lists. Just because an activity takes place in an Opportunity Zone does not necessarily mean it benefits low- and moderate-income individuals.

The proposed changes include activities that partially benefit low- or moderate-income areas or individuals. In the past, the only pro-rata opportunities for CRA consideration were affordable housing. The proposed changes now make pro-rating activities across the board. This would dilute the true intent of CRA. Part of the proposal indicates that banks would count rental housing as affordable housing if lower income people could afford to pay the rent without verifying that the lower income people would be tenants. If there is no verification of income or specific restriction on income for the affordable housing, individuals of greater means could reside there, which would create additional strain

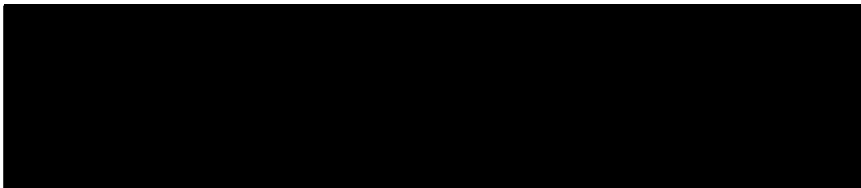
on the available housing units for truly low- and moderate-income individuals and their families. This would not meet the purposes of CRA. Income of residents must be measured to make rental housing fit the definition of affordable housing and to target low- and moderate-income individuals and families as intended by the regulation!

We are also 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. We utilize these programs to help them own their own homes. We sell those loans to investors so we can free up capital to make more of these loans without over-saturating our portfolio. 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 would discourage banks from continuing to make these types of loans. Perhaps there are some other avenues that should be explored, such as providing more incentive, including the compensation weight at the bank level to lenders making these kinds of loans. Loan programs that are specifically targeted to low- and moderate-income individuals should always receive full credit – isn't the intent of CRA to make credit accessible to low- and moderate-income individuals? If the agencies diminish the CRA credit received, it will also diminish the efforts of banks to participate in these programs.

Additional activities that should be included in consideration for CRA include housing that is specifically designated as "student housing". Although there are clearly some students attending institutions of higher learning that are not low and moderate income, there are many studies that show most students do fit that category. Many of our assessment areas have universities or colleges and our bank makes a considerable amount of loans to developers who strictly develop student housing for the universities or colleges. These apartment complexes are specifically designated as student housing and approved by the universities and colleges as such. As a rule, we cannot count these units unless they are construction loans or specifically part of a city's plans to revitalize or stabilize a low- or moderate-income area that is near the campus. Most of these students work low wage jobs, but they play a vital role in the economy of the community. The apartment complexes and housing usually do not track income; only whether the students are registered at the university or college. The intent is that this housing is offered primarily to students, although to prevent discrimination, they are open to others as well.

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,



Roslyn K. Duncan
President/CEO