

FDIC

RE: RIN 3064-AF81 Proposed Changes to CRA

To whom it may concern;

Thank you for providing the opportunity to make comments regarding the proposed changes to the CRA regulation. It is long overdue.

Question 1: I think there should be partial consideration given in some of the other activities we do, particularly with high-impact activities that benefit a large number of LMI including LMI, such as with Broadband, health care facilities, and other essential infrastructure or community facilities because in some of our areas, rural areas don't get the attention or funding they may need to improve access to health care or broadband, as examples, because it is cost prohibitive and there may not be a lot of low- or moderate-income geographies or individuals living in those areas to provide a bank with the CRA incentive to fund those activities. For an example, a bank invested in upgrading Broadband for a more rural area, but we could not receive credit for it because the majority of the population was middle- or upper-income and there were no low- or moderate-income geographies although there were low- and moderate-income individuals within those communities. In many cases, those living in the rural areas have to travel great distances to receive health or mental health care services. Funding health care facilities should count for CRA purposes regardless of whether low- and moderate-income individuals are a majority of their business or not. Is not the purpose of CRA to help low- and moderate-income individuals have access to essential services?

Question 2: Will a minimum threshold eliminate opportunities to help low- and moderate-income individuals in the scenarios given above? I'm ok with the 25% but maybe it should be a little lower to provide more opportunities to help LMI?

Affordable Housing is a crisis for many of our Assessment Areas due to the high cost of housing materials and labor and builders favoring the construction of higher priced homes that bring them more profit than in building homes that are more affordable for those truly in need. Rental prices are soaring, and displacing many people who cannot afford their rent any longer. We have seen an increase in homelessness as a result. People can be employed but still unable to afford housing. The housing needs within each community should be a determining factor because not all communities have the same exact needs – some need housing units while others need rehabilitation to housing stock.

Question 3 – I think there should be a restriction for affordable housing to meet a certain restriction, such as rents not exceeding 30% of 80% of median income and verify that rents don't exceed the Fair Market Rent for the area.

Question 4 and 5 – Affordable Housing for middle-income families should be considered where there is a documented need by the local government or housing agencies due to the high cost of housing in the area compared to cost of living and locally available job/wages.

Question 8 – Homeownership for LMI families should be weighted heavier.

Question 11 – No, I do not think lending to small businesses and small farms that also support job creation, retention, and improvement for low- and moderate-income individuals would sufficiently be recognized through the analysis of small business and small farm loans in the Lending Test.

Question 13 – Yes, the agencies should retain a separate component for job creation, retention, and improvement for low- and moderate-income individuals. This is an important element for low- and moderate-income individuals to be able to have better opportunities for their financial and social future.

Question 14 – I don't think all place-based activities should be required to be conducted in conjunction with a government plan or program as long as it is clearly supported by documentation that identifies the activity as a need in the community. Urban areas are more likely to have formal governmental plans whereas rural areas don't – they often don't even have any formal governmental documents or comprehensive plans for their Counties.

Question 17 – I don't think we need additional requirements. If it is essential and for the use of all residents regardless of income level, and includes benefitting LMI, that should be sufficient.

Question 19-23 - Disasters don't target LMI and impact all income levels. Being prepared should be something addressed with all residents regardless of income level. I don't think we should confuse the issues with additional categories.

Question 26 – No.

Question 27: Yes, Financial illiteracy is not reserved just to low- and moderate-income individuals and it impacts our communities. Financial literacy within a community helps to strengthen the whole community with financial health and good financial habits, which impacts the entire community, including low- and moderate-income individuals. However, activities that are just targeted to LMI should carry greater weight.

Question 29 -30 - It is important that we be allowed consideration on all activities without too many restrictions because our experience has been that tribal governments often are rigid or restrictive on their end. We need to make things as easy as possible to receive CRA credit in activities directed at helping the LMI on Native Lands. Therefore, if they have tribal plans, programs, or initiatives, and the activity is in conjunction with those plans, it should be considered for CRA credit.

Questions 31-32 – A list of non-qualifying activities isn't necessary as long as a qualifying list is maintained and there are clear FAQs that can help us ascertain the eligibility of an activity. A 30-day timeline would be helpful to allow for discussion between the agencies and the bank about the activity. If the activity qualifies based on that discussion, it should be added to the qualifying list in a timely manner.

Question 40 – I'm ok with the definition of the facility-based Assessment Area. However, there should be consideration for deposit-based Assessment Areas for banks that collect a significant amount of their deposits remotely without relying on a branch or remote service facilities.

Question 43 – Banks should have the option to choose.

Question 45 – Performance context is critical to consider when evaluating banks of all sizes. Agencies should always take Performance Context into consideration during the exam.

Question 46 – If a large bank primarily lends in their facility-based Assessment Areas, then they should be exempted from delineating a retail lending Assessment Area. We have many areas where we have no branches, but customers have businesses in more than just our primary location and we finance those activities from our primary location because our customer is there, not in the outside areas.

Question 55 – We do Community Needs Assessments to identify the needs within each of our Communities. The purpose of doing the Needs Assessment is to identify the needs so we can strategically meet those needs in each community and to add some performance context. This helps our branches be focused on needs that are not “low hanging fruit” or have more impact.

Question 66 – I’m not sure collecting Automobile lending data is going to impact CRA that much. It may lead to increased burden to the banks, and therefore costs for the consumers and the banks, especially if dealers are offering financing without the added hassle and added data burden.

Question 83 – Borrower income distribution should be given higher weight than geographic distribution because low- and moderate- income borrowers do not just live in low- and moderate-income geographies.

Question 87 – Banks that make more than 80% of their loans in facility-based assessment areas should be exempted from the need to establish a retail lending Assessment Area or be evaluated under the retail lending Assessment Area.

Question 95 – If credit union access is considered, membership requirements for the credit union will need to be determined to properly evaluate if it is a comparable alternative.

Question 98 - Yes, branches in underserved/distressed areas should be considered.

Question 99 – If a branch serves LMI individuals or geographies and underserved/distressed middle-income areas, consideration should be given even if the branch is located outside of those areas.

Question 113 – 114 – Weighting should be determined based on the business model and performance context.

Question 129 – All volunteer activities conducted on behalf of the bank by any employees, officers or board members should be considered because those activities help strengthen our communities, which benefits everyone of all income levels.

Questions 147-155 – if deposit data collection and reporting does become a requirement under CRA, there will need to be significant guidance provided. It only appears to be necessary and beneficial if the banking model is not facility based. There should not be any additional data collection requirements towards the customer. Guidance will need to be provided for instances where the physical address collected dates back several decades when the customer first opened the account; where the most current address is a PO Box; where the customer spends part of the year at one address and part of the year at a different address; when mail is returned and there is no accurate address on file, etc. Any data collected and compiled for statistical analysis should be made available in a public dataset.

Question 156 – There should be no changes made to the current data collection requirement that is going to be rescinded anyway once 1071 goes into effect.

Question 164 - Allowing the banks flexibility to demonstrate responsiveness is better, while providing guidance in the form of examples.

Question 173 – Providing demographic data without appropriate context may lead to confusion and significant misinterpretation of the data, particularly with consumer advocate organizations that jump to a conclusion of discrimination or exclusion when they don't have all of the data or the context.

Questions 179-180 - The two regulatory requirements should be lined up in a way that there is no dual collection and reporting.

Respectfully submitted,

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