



Our One Priority Is You.™

Member FDIC



8/5/2022

James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
Attention: Comments RIN 3064-AF81

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street SW
Suite 3E-218
Washington, DC 20219
Attention: Comment Processing, Docket ID OCC-2022-0002

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Attention: Comments Docket R-1769; RIN 7100-AG29

Re: Community Reinvestment Act Regulations

Dear Madam or Sir:

I am writing on behalf of PriorityOne Bank. PriorityOne is a Fed member, CDFI bank based in Magee, MS and operates fifteen offices in twelve Mississippi communities: Collins, Seminary, Sumrall, Hattiesburg, Magee, Mendenhall, Richland, Brandon, Ridgeland, Flowood, Pelahatchie, and Morton. The Bank has assets of approximately \$1 Billion.

I want to thank the agencies for their leadership and hard work to draft a joint proposal on which stakeholders can provide feedback. We appreciate the coordinated effort of all three banking agencies—the OCC, FDIC, and Federal Reserve—to develop a final CRA rule that is issued on an interagency basis.

PriorityOne Bank is committed to the goals of CRA and to meeting the credit and financial services needs of our customers and communities. Given that several of our markets are made up of rural and low-to-moderate income census tracts we understand the need to work with community groups to understand the needs of these communities.

PriorityOne Bank supports the modernization of CRA. CRA regulation and supervision have become overly complex, unpredictable, and has become out of sync with the way the consumers expect to use technology to access financial products and services. The need to update CRA has been present for years and will grow more pressing as technology and the financial services industry continue to evolve.

As a community bank, we appreciate the agencies' sincere effort to enhance and modernize CRA. Most notably are a few of the following changes that we view positively:

- Efforts to improve the current CRA rule to create a more consistent, uniform structure around examinations and prevent ratings that are overly subjective and often dependent upon the examiner.
- Adjusting the caps for Small Banks and Intermediate Banks to \$600 million and \$2 billion, respectively to avoid imposing regulatory burden on the smallest banks.
- Allowing Small Banks and Intermediate Banks to have the option to opt-in to new CRA evaluation framework or continue to be evaluated under the status quo retail lending and community development tests.
- Creating a comprehensive list of term definitions that are applicable for examinations.
- Creating a publicly available, non-exhaustive list of qualifying CRA activities and process to confirm eligibility prior to examination.

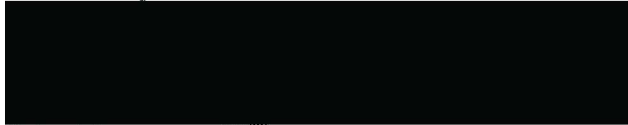
Upon reviewing the proposal, we would ask the agencies to consider the following comments and suggestions:

- Consider removing or revising the Retail Lending Volume Screen to avoid disincentivizing banks from maintaining locations in rural markets or markets that are incidental to the bank's business strategy and where the bank does not actively market its loan products but rather provides depository products as community service.
- The current weighting given to the Retail Lending Test makes it difficult for a bank to achieve an "Outstanding" rating overall.
- Consider adding a provision whereas a presumption of "Satisfactory" is granted in favor of CDFIs given the existing annual certification requirements in place for these institutions.
- Branch-based banks of any size should be exempt from tracking deposits location and delineating deposit-based assessment areas.

We hope the agencies will strongly consider the comments and suggestions provided above as part of the ongoing efforts to modernize and enhance CRA. It is our belief that the absence of these recommendations in the final rule could lead to unintended consequences disproportionately impacting

rural and low-to-moderate income communities, as well as the small and intermediate banks providing services to those customers. Lastly, we appreciate the amount of time, effort, and commitment the agencies have given to this draft proposal and look forward to seeing the final rule.

Sincerely,



Robert Barnes
President and Chief Executive Officer