



Glacier Bank  
PO Box 27  
Kalispell, MT 59903  
March 25, 2020

Mr. Robert E. Feldman, Executive Secretary  
Attention: Comments, Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington DC 20429

Re: FDIC RIN 3064-AF22 Proposed Changes to Community Reinvestment Act

Dear Mr. Feldman:

We agree that the current CRA regulation is outdated and in need of reform; however, it is also problematic that the agencies are not in agreement with each other regarding these changes.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 confusion 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 to keep up with the current economic environment. 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.

As proposed, a list of qualified activities, that would be extremely helpful, but we question whether the agencies have sufficient staffing to manage such a list on a timely basis, or to answer questions we may have on certain activities in a timely manner. The proposal indicates that this list would be reviewed every 3 years or so, but that may cause issues and confusion if an activity was added to the list, then subsequently removed, if the revisions to the list fall between exams.

The process for updating of an illustrative list should be consistent across all agencies and should be published on each agency's website, not the Federal Register. Also, it is unclear if each regulatory agency will have its own list or if this will be a coordinated list. Our concern is that the Agencies will not be able to maintain a list in a time frame that benefits the bank. In the age of technology a list maintained in 'real time' would be preferable.

The current proposal would actually penalize banks that serve in rural areas for branch banking. For example, we serve several assessment areas 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, but yet it appears we would be penalized under the proposed measurement 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, then we are meeting the intent of the regulation. A bank should not be penalized because they don't have a branch in a low or moderate income, distressed or underserved area.

We perform a significant mortgage lending and are opposed to the proposal that would only allow partial credit for the loans we sell. We understand the purpose for the agencies wanting to restrict the selling of loans from receiving multiple credits for making loans and selling loans, and for multiple banks receiving credit for the same transaction. However, when we sell loans on the secondary market, it frees up additional capital to make additional loans to low and moderate income individuals. We utilize several loan programs that target low and moderate income individuals and provide the bank a safe and sound means to extend qualified applicants credit. Penalizing the banks for selling these loans by only assessing partial credit could dissuade banks from offering the programs.

Our bank prides itself on community service – and we agree that the requirement to provide “financial expertise” in the community service we provide should be removed from the regulation.

Finally, we believe the threshold for banks to be considered large banks will be onerous on small banks. Banks with assets of greater than \$500,000 are in reality small banks. An Intermediate Bank status is imperative for the smaller community banks to survive and to build up staffing over time and increase their asset growth in order to remain compliant. We frequently hear from our smaller, local banks that the Compliance needs are nearly sinking them. We encourage the Agencies NOT to go to a two-tiered level.

As a recent ‘large’ bank, having exceeded the \$10 billion mark a few years ago, we can attest as to the increase the designation had on our CRA-Community Development, Small Business Small Farm and HMDA staffing. Our CRA-specific Compliance Officers alone increased from 1 to 5. Staff that had been able to balance HMDA with CD and Sm Bus/Sm Farm duties prior, were unable to handle the workload. Duties were segregated and we increased personnel in order to meet the compliance demands. It is doubtful that a small bank could survive this type of change.

We thank you for considering our comments your proposal for changing CRA.

Respectfully,



Robert A. Nystuen  
Market President  
Glacier Bank