



April 7, 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:

Maine Community Bank began a few years ago as a collaboration between two community banks in Maine, Biddeford Savings Bank and Mechanics Savings Bank. In 2016 we created a holding company to own both banks, allowing the banks to maintain their independence while sharing certain resources. On January 2, 2020 the two banks merged and changed their name to Maine Community Bank. Our combined total assets on 1/31/20 were \$947,762,000. We are regulated by the FDIC. Our footprint includes portions of Southern and Central Maine.

Thank you for your leadership and hard work to draft a proposal on which stakeholders can provide feedback. It has long been recognized that the Community Reinvestment Act needed to be revised; however, it obviously was a challenging undertaking.

We at Maine Community Bank are committed to the goals of CRA and to meeting the credit and financial services needs of our customers and communities. We have organizations as customers, and employees involved in various organizations, that provide some of the most basic needs for those in need in our communities. Currently, given the increased needs caused by COVID-19, our Contributions Committee had held extra meetings and have increased our donations to organizations providing food.

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

The proposal would establish a process under which a bank could ask its regulator to confirm that an activity qualifies for CRA credit. Within 6 months, the agency will notify the requestor whether the activity qualifies (incorporating any conditions, if applicable). If the agency does not object within this timeframe, the activity would be confirmed as a qualifying activity. This will be a beneficial process for us as we strive to increase our community development activities. There have been times in the past when management has asked whether the bank would receive CRA credit for certain opportunities, but passed when I was unable to give them the assurance they sought.

We applaud the proposed change to qualify educational efforts that are aimed at preventing, rather than treating, low income.

We also agree with counting rental housing as affordable housing if lower income people could afford to pay the rent without verifying that lower income people would be tenants. We do quite a bit of lending for apartment buildings that are not part of the state's subsidized program. Trying to verify income of renters that are not part of a program is challenging for multiple reasons, including privacy concerns and units that are vacant at the time of loan closing.

Assessment Areas

A bank would be required to delineate a facility-based assessment area encompassing each location where the bank maintains a main office, a branch, or a non-branch deposit-taking facility as well as the surrounding locations in which the bank has originated or purchased a substantial portion of its qualifying retail loans. Banks will no longer be allowed to define their Assessment Areas based on the area they can "reasonably be expected to serve". The smallest geographic unit a bank will be able to use to define their assessment area are counties.

Maine Community Bank is strongly opposed to proposed geographic makeup of assessment areas.

Currently our bank's assessment area consists of one full county and portions of four other counties. We will of necessity remove the small portions we have of two of those counties since we do not have a physical location near them and cannot serve the full counties. However, the bank would be required to include the remaining portions of the other two counties even though we only have a presence in certain areas within those counties. The bank currently serves fifteen low- and moderate-income (LMI) census tracts; that would increase by twenty, to thirty-five low-and moderate-income census tracts. Twelve of the twenty new LMI tracts are located in the city of Portland, the largest city in Maine with a population of 66,417 based on the US Census Bureau's estimate for 2019. Maine Community Bank does not have a



branch in Portland because there are already 31 branches from 14 banks serving that city; and while credit unions do not comply with CRA, for competition purposes we must consider the 11 credit unions with 23 branches also located in Portland. Maine Community Bank does not have the resources to compete in that market. While we have 3 branches in Cumberland County, where Portland is located, we have less than 1% of the market share because we are not located in the larger cities. The proposed change to the assessment areas would put us at a disadvantage trying to compete for loans with larger banks that actually have a presence there. Additionally, all other banks with branches in that county but not in or near the city would also be vying for the same loans and community development opportunities. By changing the make up of our assessment area, and based on the numbers above, Maine Community Bank has the physical presence, marketing power, resources and ability to meet the credit needs of only 43% of the total LMI tracts. That would put us in a position that we likely would not be able to obtain a Satisfactory rate. Defining assessment areas as proposed would be devastating to smaller banks with a limited presence in certain counties or MSAs. It could also inhibit future growth of banks as they look to expand slowly in new areas.

Deposit-Based Assessment Area

In addition, a bank that sources 50 percent or more of its retail domestic deposits from outside its facility-based assessment area(s) would be required to designate deposit-based assessment areas that include the non-overlapping geographies in which the bank sources 5 percent or more of its retail domestic deposits. At this time, Maine Community Bank does not have the technology to make this determination. We have the ability to pull reports of our deposit customers based on addresses, but not census tracts. An investment in either technology or an additional relationship with a third-party vendor would be needed to meet this requirement.

Large Bank Threshold

Maine Community Bank believes the threshold of \$500 million for banks to be considered large is onerous. For a bank that size to be held to the same standards as multi-billion-dollar banks is not reasonable. We do not have the same resources, technology, or staffing available to large banks that enable them to meet the required standards.

The FDIC estimates that complying with the proposed CRA changes would pose \$665,802.45 in annual costs for small, FDIC-supervised entities subject to the new general performance standards. As one of those intermediate-small banks that would be subject to the new rules under the new definition of a large bank, we cannot afford to spend \$2 million dollars for one exam cycle, on top of what we already spend. As we consider the volume of added responsibilities for our bank, that may be a conservative estimate.



CRA Performance Measurement

We are concerned about the application of the performance measurements. Using a quantified value puts the larger banks at a distinct advantage. Smaller banks (including those above \$500 million) often rely on activities that do not include dollar figures to best meet the needs of their communities. With loans, our bank would not be able to compete with the dollar amounts of loans offered by banks in cities where the housing market is at a much higher level. Comparing the number of loans instead of the amounts would be a more comparable test.

Thank you for your time. Please take these considerations into account as you finalize the CRA amendments.

Respectfully,

Marianne Mason
Senior Vice President/Compliance Officer