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April 6, 2020

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation (FDIC)
550 17th Street NW
Washington, DC 20429

RE: FDIC RIN 3064-AF22

Mr. Feldman:

Thank you for the opportunity to comment on this important development in CRA performance measurement. MountainOne is an FDIC-regulated Intermediate Small Bank with a 2019 year-end asset size of \$888,194,000. We are a 6-branch community bank chartered and fully located in Massachusetts. We currently operate under a mutual holding company.

We have consistently received Satisfactory CRA ratings, and both our management team and our Board of Directors place an emphasis on CRA performance and monitoring. We provide ongoing analysis and reporting of our CRA relevant data to management and the Board.

We have participated in numerous industry educational sessions and have researched the impact of the proposed CRA modernization legislation on our particular institution. There are many areas of this complex plan that we could have commented on, however in an effort to be succinct and impactful, we have chosen just a few primary areas of concern.

First, let me say that we appreciate the attention and thoughtfulness given to this update. Your approach in addressing each item was comprehensive and appeared to have the intention of targeted impact. We are particularly looking forward to having the ability to clarify the acceptance of Community Development activities in advance of our exams.

The switch in reporting from a HMDA-based model to a call report and deposit-based model is a cause of great concern for us. The complexity of the proposed tracking is daunting. The learning curve will be substantial and will require significant additional investments of staff time and technology resources. We estimate needing to add 2 – 3 FTE's to manage the complexity of the reporting process on an ongoing basis, which will include a much more extensive data analysis requirement. We would need to purchase updated software for our core system, our mortgage system, and our CRA monitoring software. The reliance on third party vendors to update their systems in a timely and efficient way will also present its challenges. This will also require the merging of data from several sources and because the systems are not integrated, it will require more time and resources to facilitate. We anticipate our technology costs to increase exponentially.

We have also spent a great deal of time and resources over the past few years implementing, monitoring and reporting the updated HMDA data fields, which could be lost in this process. The data captured and reported is very comprehensive and we place a significant value on the insights provided by this data and don't want to see the emphasis changed away from monitoring direct impact to LMI borrowers. Last, we don't currently collect this type of data on consumer loans, which will also require a new process, from a systems and human approach. All these factors will present a substantial impact to us, adding to the disadvantage of a smaller bank competing with regional and national mega-banks to serve our communities.

The proposal to devalue loans sold within 90 days, will on an ongoing basis unnecessarily complicate the monitoring and reporting process. These proposed changes create a deep challenge to banks such as ours who originate a majority of our loans within our assessment areas, but then sell them to the secondary market. We currently report them on our HMDA LAR and indicate that they are sold by type of investor. This process would require additional steps to track when loans are exactly sold to report accordingly. Also, since we originate these loans, we are conducting all of the work to originate, process and close the loan, which we currently get credit for, but based on the proposal we would lose this half the value. As we compete with regional and national peers in very saturated markets, we would struggle to match peer comparison requirements since we don't hold the majority of loans in our portfolio. Forcing us to arbitrarily hold loans on our books to receive full credit is in direct opposition to the safe and sound banking practices central to CRA and regulatory expectations.

We are also concerned about the impact of the proposed asset-size threshold changes. In participating in the American Bankers Association (ABA) preparatory conference calls, it became abundantly clear that at less than a billion dollars in assets, we have very little in common with what would be considered our peer large banks. Our challenges, loan programs, and community development resources are vastly different and to require comparison would be detrimental to what we provide to our communities. The ABA has done extensive data analysis and is recommending that the large asset-size standard should start at \$2.43 billion. Larger banks have the resources and the requirement to be innovative in their lending and investments, which would add additional burden on a much smaller institution, now being included in this group.

Again, thank you for the opportunity to comment on this important CRA update. We look forward to seeing the final modernization plan.

Sincerely,



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