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April 8, 2020

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

RE: RIN 3064-AF22 -- Community Reinvestment Act Regulations

Dear Mr. Feldman:

Mt. McKinley Bank appreciates this opportunity to provide feedback to the Office of the Comptroller of the Currency's and Federal Deposit Insurance Corporation's request for comments in response to its Notice of Proposed Rulemaking on reforming the Community Reinvestment Act regulatory framework.

Mt. McKinley Bank was formed as a Mutual Savings Bank on December 3rd, 1965. The goal of our Bank was to encourage financial growth through savings and thrift. In addition, we wanted to provide a local alternative for those residents seeking home mortgages. Startup capital for the Bank consisted of \$357,000 in debentures that were issued rather than common stock. Those debentures were repaid to the investors, and to this day we are a "mutual" institution.

Mt. McKinley Bank's Assessment Area ("AA") includes the entire Boroughs of Fairbanks North Star, Denali and Southeast Fairbanks with its main office in Fairbanks, Alaska. Mt. McKinley Bank operates as a mutual savings bank with a commercial lending focus. The Bank operates five full service branches in the AA that offer a variety of products and services to its customers including deposit and loan products, as well as ATM/Debit cards, bank by mail, night depository, safe deposit, wire transfers, internet banking (bill pay) and cash management.

As of March 31, 2020, Mt. McKinley Bank reported total assets of \$447,851,670 and total gross loans outstanding of \$178,665,046. As previously noted, the Bank's primary lending focus is loans to small- to medium-sized businesses and 1-4 family residential consumer loans.

The proposed rule creates a new set of general performance standards that provide a quantitative framework for evaluating CRA performance. Banks with assets of \$500 million or less are allowed to choose whether to be evaluated under the existing performance standards for small banks or to "opt-in" to the revised framework.

While we support the opt-in provision, we believe it should be raised to meet the intermediary small bank threshold, which we believe should be raised to \$5 billion, because asset thresholds do not reflect the extensive growth and consolidation that has occurred since 1977 when CRA was adopted. Raising the threshold of what is considered a "small bank" would significantly diminish the CRA regulatory burden for our Bank and would not impact the ability of the regulators to assess our CRA performance.

The new general performance standards rely on a series of formulas or metrics to evaluate CRA performance. These metrics are applied both at the whole bank level, and in each assessment area, in order to generate

presumptive ratings of bank performance. The most important formula, the "CRA evaluation measure" is calculated by adding up qualifying activities and dividing that total by the amount of retail domestic deposits.

While we appreciate the agencies' efforts to ensure consistency in CRA examination, Mt. McKinley Bank believes the proposed metrics do not adequately achieve their intended goals because:

- certain thresholds need to be tailored to the circumstances of our Bank;
- the new framework to evaluate CRA performance are complicated, difficult to understand; and would require extensive training across all product lines;
- the data used to calculate thresholds is not available, so our Bank would be unable to determine how the standards would impact the Bank's performance.

Mt. McKinley Bank opposes the new data collection, recordkeeping, and reporting requirements that are imposed by the proposed rule. The cost of these new requirements is particularly burdensome for community banks. For example, the proposed rule requires banks of all sizes, including small banks that choose not to opt-in to the new framework, to delineate new assessment areas based on the location of deposits. In order to determine the location of deposits, all banks will be required to "collect and maintain data on the value of each retail domestic deposit account and the physical address of each depositor as of the close of business on the last day of each quarter."

Additionally, these requirements would burden our bank because:

- of the additional expense the Bank will have to incur through the purchase of an automated platform to track data and ensure its accuracy;
- the time and staffing needed to be dedicated to adhere to the new data collection requirements especially due to the transient nature of many Alaskans; physical addresses are difficult to keep current manually.

Mt. McKinley Bank has a strong track record of meeting the credit needs of our community, and the Bank takes its CRA obligations seriously. However, inconsistencies in the examination process due to exam team interpretations and subjectivity have created uncertainty and confusion. These inconsistencies make it difficult to plan and implement our CRA requirements responsibly. Transparency and guidance would be appreciated in order to identify what data and documentation would be accepted so that community development loans, service hours, and investments receive CRA credit.

Last but not least, it would be remiss of the Bank to not include our strong objection to credit union's statutory exemption from CRA. Credit unions, fintech companies, and any financial firm that serves consumers and small businesses should be subject to CRA in a manner comparable to banks and thrifts.

This uneven playing field places our Bank at a competitive disadvantage and our ability to serve our customers and community is severely compromised.

Thank you for the opportunity to comment on your agency's effort to reform and modernize CRA regulations. We urge you to remain mindful of the impact that increasing regulatory burden will have on community banks.

Sincerely,

  
Patty Mongold  
President & CEO