



April 8, 2020

Mr. Robert E. Feldman
Executive Secretary,
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20129
Attn: Comments
Re: RIN 3064–AF22
Via email: Comments@fdic.gov

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219
Attn: Comment Processing
Via email: cra.reg@occ.treas.gov

Re: Proposed rulemaking regarding the Community Reinvestment Act

Dear Sirs and Madam,

On behalf of First Utah Bank, we would like to thank the FDIC for its leadership in soliciting input on the proposed modernization of the Community Reinvestment Act (CRA). We appreciate this opportunity to provide feedback on this important effort.

Before turning to our specific comments, we fully support and join the comment letter submitted by the American Bankers Association (ABA) and the Utah Bankers Association (UBA). The following comments are intended to supplement the ABA and UBA letters.

First Utah Bank is a \$425 million dollar bank, headquartered in Salt Lake City, Utah. We have 6 branches located and serving Salt Lake County. Currently, Salt Lake County is designated as the Bank's assessment area which is represented as a whole Metropolitan Statistical Area (MSA). First Utah Bank's primary regulator is the FDIC.

Since the implementation of the CRA, the financial services industry has evolved, yet the original CRA requirements have remained unchanged. First Utah Bank believes that reform is necessary to support the lending initiatives community banks deploy to advance our communities and strengthen CRA effectiveness. In fact, changes that empower financial institutions while promoting greater transparency will improve the way we serve all communities and foster economic growth.

There are a few aspects of the proposal that would be beneficial to consumers, community organizations and banks. These include:

- Expansion of the criteria for CRA service qualifying activities and allowing Banks to receive CRA credit for volunteer activities without requiring a financial literacy component.
- Considering financial literacy activities for all income levels, not only the low to moderate income population.
- Increasing the threshold for defining a small farm or business from \$1 million in revenues to \$2 million in revenues more accurately reflects the size of a small farm or business.
- Providing an illustrative list of qualifying CRA activities and including a preapproval process for CRA credit activities (with an increased response time).

Unfortunately, First Utah Bank is unable to support much of what is set forth in the proposal because it appears to be unnecessarily complex and burdensome for banks of all sizes but specifically the community banks. As written, significant additional resources will be required without adding additional benefit to the low to moderate income individuals and families our Bank aims to serve. Therefore, we urge all three banking agencies -- the OCC, FDIC and Federal Reserve -- to join forces to develop a single rule that is issued on an interagency basis based on feedback from banks, individuals, public sector, nonprofits and association groups. To aid in this effort, we have summarized our comments below.

- Under the proposed CRA regulation, the Intermediate Small Bank classification would no longer exist. First Utah Bank could be evaluated under the Small Bank test, or we could opt-in to being evaluated under the General Performance Standards; however we would not opt-in to the General Performance Standards under the current proposal as it creates significant financial burden for our Bank. Unfortunately, the significant cost of complying with the General Performance Standards is not something that smaller banks would be able to absorb. As a result, the regulation could potentially have the unintended impact of increasing costs of products and services. This would adversely affect the very people that CRA was created to help.
- Even when First Utah Bank reaches \$500 million in assets, the General Performance Standards will still create a substantial financial burden on a small community bank and the unintended consequence would be a \$500 million dollar bank would be expected to have the same CRA framework as the largest banks in the United States without the same infrastructure to support the CRA requirements. Therefore, First Utah Bank strongly recommends the agencies take time to study how these measures would affect smaller banks. Additionally, we recommend the agencies increase the proposed definition to identify a Small Bank from \$500 million to Banks with assets less than \$2.5 billion.

- The current proposal would significantly expand data collection and reporting requirements and create unintended regulatory cost and burden to the community banks as the proposed data gathering is not compatible with the bank data systems and structure. The current data collection and reporting would be costly for community banks initially and ongoing from technological, third party vendor and human capacity perspective. Currently our bank has one FTE assigned for all CRA data collecting, reporting and monitoring; keep in mind that CRA is not the only function this employee is responsible for. The CRA officer's time is shared with other assigned responsibilities which splits time by 50 percent or greater. Based on the limited number of responsible staff compiling data, formatting, hitting deadlines and publishing data would be a burden on the CRA Officer of the community banks who often is responsible for multiple duties within community Bank not just CRA.
- Monetizing CRA Service hours would be a burden to the Community Banks and does not strengthen or provide evidence of a Bank's commitment to CRA rather create an additional recordkeeping responsibility on an already limited staff.

Over the years, CRA regulation and supervision have become incredibly complex, unpredictable, and have not kept up with changes in the financial services industry. The need to update CRA has existed for years and will continue to grow as the financial services industry continues to evolve. 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.

We remain committed to the goals of CRA and to meeting the credit and financial service needs of our customers and communities. Thank you for considering First Utah Bank's comments related to CRA modernization.

We appreciate the opportunity to submit these comments and hope you find them useful.

Very truly yours,

Angie Williams
CRA Officer