

From: [Stacey White](#)
To: [Comments](#)
Cc: [Rebeka Hamilton](#)
Subject: [EXTERNAL MESSAGE] RIN 3064-AF22 - comments on CRA proposed rulemaking
Date: Tuesday, April 07, 2020 3:27:13 PM

April 7, 2020

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

RE: Community Reinvestment Act Regulations – RIN 3064-AF22

Dear Mr. Feldman, et.al:

I am writing to you on behalf of Providence Bank of Texas (PBT), a community bank with just over \$150 million in assets in the Dallas/Fort Worth region. We appreciate that the agencies are working towards updating CRA regulation and bringing clarification to the CRA examination process. The opportunity to voice an opinion on the proposed changes is also appreciated.

There are a few areas of concern with the proposed rule. First, is the change in definition of Assessment Area (AA) which could disproportionately affect small banks. Although small banks would continue to be evaluated according to the small bank performance standards, they would be required to utilize the new definition of AAs to the same extent as other banks. Under the proposed rule, the smallest area a bank could choose as its AA is the whole county where its facilities are located. It may have to expand from more than one county based on the deposit-based assessment area definitions. PBT's main office and its one branch are located in the northeast corner of Tarrant County where it converges with Dallas and Denton counties. Currently, the bank's AA is based on contiguous census tracts which cover part of each of the three counties. We encourage an alternative of continuing the ability of a bank to be able to choose its AA based on an area that it can reasonably be expected to serve. Otherwise, small banks would have the same performance standards as those banks who have the facilities and the capacity to cover the larger areas and would be competing at a substantial disadvantage. There are also Fair Lending considerations with establishing an assessment area which is larger than a bank can reasonably be expected to serve. These considerations were not mentioned as part of the proposal.

The deposit-based AAs discussed above bring us to another concern, the proposed changes in data collection, recordkeeping and reporting. We would encourage the agencies to consider exempting small banks from any record keeping requirement associated with the designation of deposit-based AAs – which is designed to capture non-traditional business models of internet banks or other bank that have one or a few physical locations but operate on a national basis – if the bank demonstrates that it has a traditional business model to the agencies satisfaction. Under the proposed changes, small banks would be required to collect and maintain information on retail domestic deposits, based on the physical address of the depositor. This will involve considerable effort in terms of time and staffing to research this data for existing customers. It may also result in the possible requirement of purchasing and implementing expensive software to enable tracking. PBT has not had to purchase expensive software to date to manage its current CRA recordkeeping. Also, if the bank could demonstrate that it has a traditional business model, this exercise would not be necessary for the determination of a deposit-based AA. If the bank were not subject to the deposit-

based AA, then the additional burden of this expense could be avoided.

Thank you for your consideration. We understand that it is a challenge to tailor regulations that will reflect the performance of the variety of financial institutions subject to them.

Sincerely,

Stacey White

CRA Officer / Credit Administration



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