From: AARON & CATHY WILLIAMS [redacted]
Sent: Thursday, April 09, 2020 9:54 AM
To: Comments
Subject: [EXTERNAL MESSAGE] January 09, 2020 - Community Reinvestment Act Regulations; Notice of Proposed Rulemaking; Comment Request (RIN 3064-AF22)

Greetings,

On March 16, 2020, the OCC hosted a webinar for ICBA members to discuss its CRA modernization NPR and open the call to questions. At the end of the call, OCC mentioned that they were open to other ideas. I sent in a response to the NPR, but after the OCC webinar I thought it needed to be updated with another method for monitoring CRA performance.

The CRA regulation describes it purposes: “In enacting the CRA, the Congress required each appropriate Federal financial supervisory agency to assess an institution's record of helping to meet the credit needs of the local communities in which the institution is chartered, consistent with the safe and sound operation of the institution, and to take this record into account in the agency's evaluation of an application for a deposit facility by the institution. This part is intended to carry out the purposes of the CRA by: (1) Establishing the framework and criteria by which the FDIC assesses a bank's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank; and (2) Providing that the FDIC takes that record into account in considering certain applications.

The CRA modernization proposal has a requirement of a presumptive rating based on the comparison of its average bank-level CRA evaluation measure to established empirical benchmarks. The proposed calculation of qualifying activities is complicated. To calculate 25% percent of sold loans and assign hourly salary of CD services would take a large amount of work. There needs to be an efficient method for this measurement since the end result is a gauge on a bank's CRA performance, for example, the use of the loan-to-deposits ratio provides similar results.

The additional data collecting requirement of qualifying activity, certain non-qualifying activities, a retail domestic deposit data are steps requiring significant efforts and time.

The additional reporting to the regulatory agencies of performance standards data, qualifying activities, assessment area data, and retail domestic data are step requiring significant efforts and time.

The current approach of measuring CRA based on loan volume has been effective in determining if a bank is lending to its entire community. I think that the time it takes to calculate quantified values, collect domestic deposit data, and report data to the regulatory agencies will come at a high dollar cost not worth the benefit of producing the data. There are current measures provide an accurate rating.

Other possible method to assist with calculating CRA rating

First Security Bank, a large CRA bank, which merged with another bank in 2018, had a CRA program which used current peer data information released by the bank regulatory agencies to prepare monthly reports that measured where is stood with CRA. The following is summary of reporting used to monitor CRA activity:

Report 1 – Summary of Loans by Income – This report compares the Bank’s percentage of HMDA reportable loans to low-to-moderate income individuals by each assessment area to peer bank percentages.

Report 2 – Summary of Loans by Geography – This report compares the Bank’s percentage of HMDA reportable loans in low and moderate income census tracts by each assessment area to peer bank percentages.

Report 3 – Community Development Loans – This report lists the Bank's identified commercial Community Development Loans in the Bank's assessment areas. The examiners look at quality of these loans and they are measured against peer performance.

Report 4 – Small Business Lending – This report lists small business loans as identified for regulatory purposes either: 1) loans to businesses in an amount of $1 million or less with gross revenues over $1 million; or 2) small business loan in an amount of $1 million or less with gross revenues $1 million or less. The targets are peer bank percentages.

Report 5 – LMI Geographic Distribution of Small Loans to Businesses – This report compares the Bank's percentages of small loans to businesses by each assessment area to peer bank percentages.

Report 6 – Investments – This report lists investments purchased that benefit low-, moderate-income individuals and geographies in the Bank's assessment areas or areas outside the Bank's assessment areas provided the Bank has adequately addressed the community development needs of its assessment areas.

Report 7 – Service Hours – This report lists community services targeted to low or moderate income individuals in the Bank's assessment areas.

Report 8 – Donations – This report lists community donations targeted to low-or moderate-income individuals in the Bank's assessment areas.
Banks could use existing data to conduct ongoing monitoring of CRA performance rather than take the additional steps of having to calculate a presumptive rating, collect domestic deposit data, and report data to the regulatory agencies. Banks that benefit from using the "deposit based"

determination of assessment areas should be able to use existing data to conduct ongoing monitoring of their CRA performance.

Sincerely,

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