Montgomery
BANK

August 4, 2022

James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
Attention: Comments RIN 3064–AF81

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street SW
Suite 3E–218
Washington, DC 20219
Attention: Comment Processing, Docket ID OCC—2022-0002

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Attention: Comments Docket R-1769; RIN 7100-AG29

Re: Community Reinvestment Act Regulations

Dear Madam or Sir:

Thank you for your leadership and hard work to draft a joint proposal on which stakeholders can provide feedback. We appreciate the coordinated effort of all three banking agencies to develop a final Community Reinvestment Act (CRA) rule that is issued on an interagency basis.

Montgomery Bank is a $1.16 billion financial institution, headquartered in Sikeston, Missouri, with ten branches located across Southeast Missouri and St. Louis. Our bank holds a state of Missouri banking charter and is primarily regulated by the Federal Reserve.

Montgomery Bank is committed to the goals of the CRA and meeting the credit and financial service needs of our customers and communities. Our "New Start" suite of products, including checking accounts, savings accounts and affordable housing mortgage loans were designed to help meet the banking needs of low-to-moderate income (LMI) individuals. In 2012, Montgomery Bank partnered with the St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) to demonstrate our dedication to identifying and ensuring equitable access to the financial service needs of our LMI customers and communities.

Montgomery Bank values the importance of the agencies' joint mission to strengthen and modernize the CRA regulation, and we appreciate the opportunity to provide our comments on the proposed rulemaking for the CRA regulation as detailed in the sections below.

CRA Performance Evaluation- Asset Size

Montgomery Bank supports the agencies' proposal to create a separate Intermediate Bank category that would include banks with assets of at least $600 million and not more than $2.0 billion. Increasing the average asset size threshold would allow community banks room for expansion in continuing to meet the needs of their communities without facing the additional burden of collecting and data that is required for Large Banks. Such requirements come at a potentially onerous cost associated with implementing new data systems and adding additional compliance staff, and therefore, potentially at the expense of engaging in community reinvestment activities.

Increased Transparency and Certainty Regarding Community Development

Montgomery Bank generally supports the agencies' proposal to publish a list of qualifying activities since such a list would provide clarity regarding eligible activities and would emphasize activities that are responsive to the community needs of LMI individuals and communities, small businesses, and small farms. However, we do not view the publication of such a list to be beneficial to banks or to the communities they serve, if publishing a list will eliminate from consideration activities that historically have been viewed as community development activities. Therefore, Montgomery Bank supports the publication of a list of qualifying community development activities in conjunction with continued dialogue with examiners in order to determine which activities meet community development qualifications.

Geographic and Borrower Distribution Weights

While Montgomery Bank believes both geographic and borrower distributions are an important measure of how a bank meets the credit needs of its community, we recommend the agencies give consideration to the geographic distribution being weighted more heavily in rural areas or in areas with few low-and moderate-income census tracts. Rural areas typically less densely populated and frequently consist of industrial and vacant real estate and therefore have a much lower demand for credit and other financial services. Therefore, weighting the two distribution results equally could result in a misrepresentation of data and the measures of how a bank is meeting the credit needs of the communities they service and ultimately could negatively impact community banks servicing rural areas.

Definition of Small Business and Small Farm Loans

Montgomery Bank recommends the agencies continue to define "small business loans" and "small farm loans" as defined in the instructions for preparation of the Call Report. Increasing the small business and small farm threshold definitions to $5 million could have a substantial negative impact to the number of loans that intermediate size financial institutions could consider for community development loans. Many intermediate size financial institutions may not have significant opportunities to finance businesses or farms with revenues exceeding $5 million.

Implementation Period

Montgomery Bank recommends that the implementation period be 2 years after the final CRA rule is published. This timeframe will allow for banks to make necessary adjusts to their systems and processes and to train personnel in order to prepare for the implementation of the final rule.

Thank you for allowing us the opportunity to submit our comment letter on the proposed modernization of the Community Reinvestment Act regulation.

Sincerely,

[redacted]

Kenneth A. Witbrodt, Jr.
Chief Executive Officer
Montgomery Bank