



500 Fourth Avenue
P.O. Box 73880
Fairbanks, Alaska 99707
(907) 452-1751
Fax (907) 456-5982
www.mtmckinleybank.com

August 5, 2022

James P. Sheesley, Assistant Executive Secretary
Attn: Comments RIN 3064-AF81
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 200429

RE: Joint Notice of Proposed Rulemaking – Request for comment: Community Reinvestment Act
RIN 3064-AF81

To Whom It May Concern,

The Community Reinvestment Act (CRA) states that “regulated financial institutions have continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered.” Our community bank, with five locations in the heart of Alaska, has done exactly that since CRA was enacted in 1977. In fact, our community bank has met the credit and financial needs of low-to-moderate income (LMI) populations in the communities we serve since our doors opened in 1965.

Mt. McKinley Bank was formed as a Mutual Savings Bank to provide a local alternative for community residents seeking mortgage loans and banking services. We continue to serve our community and remain a “mutual” institution to this day. Currently, our assets are just over \$600 million. The Bank is committed to the goals of the CRA and meeting the credit and financial service needs of our customers and communities. Our suite of products, including checking accounts, savings accounts and affordable housing mortgage loans were designed to help meet the banking needs of LMI individuals.

Mt. McKinley Bank appreciates the opportunity to provide feedback to the agencies in response to its Notice of Proposed Rulemaking on reforming the CRA regulatory framework. Although the proposal was massive in size and difficult to comprehend, we would like to provide some comments as outlined below.

Asset Threshold

Most small and intermediate banks have a limited number of employees responsible for CRA. Increasing data collection for these banks will provide additional regulatory burden when staff is already stretched thin. Mt. McKinley Bank believes the asset threshold for a small bank should be increased from \$600 million to \$2 billion. To create uniformity with several regulatory definitions laid out in the Dodd-Frank Act, the asset threshold for large banks should be increased from \$2 billion to \$10 billion.





MEMBER FDIC

500 Fourth Avenue
P.O. Box 73880
Fairbanks, Alaska 99707
(907) 452-1751
Fax (907) 456-5982
www.mtmckinleybank.com

Increased Transparency Regarding Community Development

Mt. McKinley 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.

Ratings and Benchmarks for Retail Lending Test

The proposal would raise the bar for the performance on the Retail Lending Test. As a result, the bank would have to exceed its past performance to attain the same CRA rating that it received on a prior exam. Rather than incentivize banks to increase lending to underserved communities, the proposal performance benchmarks may be unachievable and may discourage banks to put forth the effort. According to the proposal, 34% of banks would fail the Retail Lending Test and 39% would receive a low satisfactory rating on the test. Using these weights, a bank could not achieve an overall rating of outstanding unless it receives an outstanding rating on the Retail Lending Test, regardless of how well the bank performs on the Community Development Financing test. This proposal, if finalized in this form, could have the opposite effect, and discourage banks from meeting those benchmarks, which could in turn reduce lending to the LMI individuals CRA is meant to help.

Credit Unions

As mentioned earlier, the intent of CRA mandates that "regulated financial institutions have continuing and affirmative obligation to help meet the needs of the local communities in which they are chartered." But the regulation does not apply to all financial institutions. Credit Unions are excluded from CRA and are therefore not held accountable for providing loans and financial services to LMI individuals and communities. Community reinvestment should not just be the duty of banks. All financial institutions should be held to the same threshold standards and regulatory provisions as banks, and we believe the final rule should include Credit Unions.

In conclusion, Mt. McKinley Bank believes in the intent of the Community Reinvestment Act. However, this proposal, if finalized, could discourage banks from serving the people CRA is intended to benefit.

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

Sincerely,

[Redacted Signature]

Jacque Debbaut
Vice President, Compliance Officer

