

August 5, 2022

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551.

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

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW, suite 3E-218
Washington, DC 2021

Via Federal eRulemaking Portal – Regulations.gov

Re: RIN 1557-AF15; RIN 3064-AF81; RIN 7100-AF[•]

Ladies and Gentlemen,

On May 5, 2022, the Office of the Comptroller of the Currency (“OCC”), the Board of Governors of the Federal Reserve System (“The Board”), and the Federal Deposit Insurance Corporation (“FDIC”) (collectively, “the agencies”) promulgated a Notice of Proposed Rulemaking, proposing major revisions to the implementing regulations of the Community Reinvestment Act.

NBT Financial Bank formerly known as The National Bank of Texas at Fort Worth (“NBT”) was established in 1973 to meet the banking needs of the residents and businesses located in North Fort Worth. The bank opened its first location at the corner of IH-35W and NE 28th Street on Fort Worth’s North Side which is located in a moderate income tract that has a minority percentage of 79.29% according to the FFIEC 2021 Census Demographic Data. NBT converted from a national bank to a state nonmember bank in 2022 and has approximately \$430 million in assets. I am the CRA and Compliance Officer for my bank and have served in this role for 3.5 years. As such, I have collected data and been responsible for planning and tracking our CRA activities.

NBT primarily supports the proposal. Below we have included our position on various aspects of the proposal. NBT is currently an intermediate small bank and it is critical that our institution be able to continue under the current basic rules because expanded data collection and new tests will be a significant burden. Our bank will likely need to retain 1-2 additional staff in order to comply as most small banks have one person who acts as both the CRA and Compliance Officer and is responsible for multiple roles within the bank that are not all specific to CRA.

Asset Thresholds Should Be Adjusted

We appreciate the increases in the asset thresholds for small banks. NBT was recently a national bank and with the passing of the OCC's CRA Modernization Act we had remained a small bank under revised thresholds; however, when the Act was rescinded at the end of 2021, NBT immediately transitioned to an intermediate small bank January 1, 2022 causing increased burden to implement a satisfactory program when the bank did not anticipate transitioning to a new bank classification. The proposal would cause the bank to go back to a small bank classification and would allow more time for the bank to prepare a robust program as our institution grows and transitions in several years back to an intermediate small bank. We are in support of the banking industries discussions and strongly recommend that "small" should be set at \$1 billion in assets, "intermediate" at \$2 billion, and "large" at \$10 billion. These thresholds are reflective of the bank's ability to commit resources to not only meet the requirements of the rule but also have committed staff to programs that make a true impact in the communities that they serve.

Small and Intermediate Small Bank Opt-In

NBT believes that the ability to opt-in to certain tests is beneficial and urge the agencies to ensure that the option be retained. We believe that banks all have unique programs and strategic goals and the ability for banks to opt-in to what fits their bank best is critical.

CRA-Qualifying Activities Should Be Expanded and Consistently Applied.

This is an area that has been a topic among CRA officers for years. Many banks spent time on activities that they believed qualified but at the time of the exam found that the activity did not due to "general" guidance and examiner subjectivity. An illustrative list should be maintained but not exclusive and we urge the agencies to still allow for consideration of activities that are not on the approved list at the time of the exam without requiring a formal approval process to add it to the list.

Assessment Areas

NBT has always maintained an assessment area including whole counties; however, NBT only has 4 locations in Dallas-Fort Worth metroplex. We believe that with the changes in technology such as online banking and mobile deposit services, the bank has the ability to service customers that would like to bank with us. We urge the agencies to allow the bank to continue to maintain large assessment areas to avoid limiting small business and consumer access to deposit and credit services but take into consideration the realistic impact a small bank can have on such a large assessment area compared to their larger counter-parts and grade our performance accordingly.

Home mortgage loans

Our institution has a small in-house mortgage program that was designed specifically for those consumers that cannot qualify or do not meet secondary market guidelines, as well as, a special credit purpose program for ITIN customers. We believe that all closed-end home mortgage loans of all purposes should be aggregated and if the bank is not required to report

under the Home Mortgage Disclosure Act (HMDA) that these loan originations can be considered as financing for affordable housing, if applicable.

Small business loans

NBT believes the CRA rule and section 1071 should be consistent and any new data collection requirements for purposes of section 1071 should be incorporated in the same reporting used for CRA. NBT also believes that the new definition of small business and small farm sets a gross annual revenue that far exceeds a typical small business. An increase to \$5 million in gross revenues would mean that the majority, if not all, of the current businesses that NBT banks would be subject to data collection.

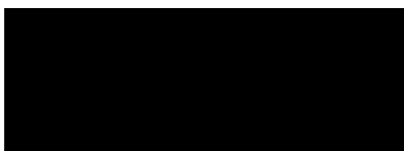
Credit for Activities outside CRA Assessment Area

As a CRA Officer, it has been my experience that it is difficult to find lending opportunities that qualify as community development because the majority of our loans qualify as small business loans. The expansion of the credit for activities outside the CRA Assessment Area would allow the bank to identify communities within their state that are in need; however, I believe there should be benchmarks that measure performance in and outside of the assessment area and/or give greater consideration for those that are within the assessment area. In a large metroplex like Dallas-Fort Worth, many community development projects are financed by large institutions that have the capacity within their lending limit to finance the entire project when small banks may not have that ability.

Transition

Due to the complexity of the changes and the increase in regulatory changes, not only related to CRA, NBT believes a minimum applicability date of 24 months after publication is warranted.

Respectfully submitted,



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