

Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act

Description:

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From: New Tripoli Bank, Ann Bavaria

Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act

Subject: R-1723 Community Reinvestment Act

Comments:

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Your comment: I am submitting comments on behalf of New Tripoli Bank, a Federal Reserve Bank with \$540 million in assets based in Lehigh County, Pennsylvania.

We are only submitting comments on certain questions which pertain to us as a "small" community bank under the regulation.

Questions 3 and 4

If a small bank would be able to exclude parts of a county where we do not have a nearby branch, we would effectively eliminate ALL low-moderate census tracts in our assessment area. If we did this, we would clearly be inviting a Reg BB violation so this is not a viable option for us and therefore would not reduce our reporting or tracking responsibilities.

Question 7

Banks should have the option to delineate their Assessment Area (AA) around deposit taking ATM's, but not required to do so.

Question 9

A nationwide AA should only apply to internet banks. Internet banks should be defined as banks who obtain at least 80% of their deposits outside of the location of their branch offices. And internet banks should also be required to report location of their depositors.

Question 11

We would support having the ability to opt in or opt out of the metrics-based approach. Since we do not have an indication, how we would perform under that test, the flexibility to opt in or out of this would be important to us. We are concerned that these metrics will not distinguish between available low-moderate income (LMI) housing available for PURCHASE versus rental properties which comprise a high percentage of available housing in LMI tracts.

Question 12

We have often felt that our commitment to the community we serve (specifically our financial donations) did not receive sufficient credit under the current CRA guidelines. We will elaborate more on this in reply to Question 23 and 72.

Question 13

\$1 billion is an appropriate threshold to distinguish between small and large banks. This threshold should be automatically adjusted or tied to an economic index, such as inflation over time.

Question 14

The retail lending screen MAY be an appropriate metric as long as it can demonstrate deposits a bank has in a given Assessment Area (AA). We are concerned if the "market benchmark" would take into account a bank's asset size and overall size ranking in the AA.

Question 17

Adding consumer lending to reporting for CRA increases a bank's reporting responsibility which is already VERY burdensome. Consumer lending is also NOT a major product line for us, so the benefit of adding those loans is negligible. Additionally, we would then have to code consumer loans by census tract.

Questions 19, 20 and 21

Frankly, we need to rely on the Fed's assertion that if we obtained a satisfactory in our last CRA exam, than one will have to presume that our bank will be amongst the 62% of banks that passed in non-metropolitan areas for banks between \$300 m and \$1 billion.

Question 23

Examiners should have the authority and flexibility to consider other factors that demonstrate a bank's commitment to LMI tracts or LMI borrowers. A bank may offer and market products to LMI tracts and LMI borrowers but because the bank does not have a branch in those neighborhoods, the bank's products are not utilized. Banks with an actual brick and mortar presence in those tracts will naturally attract walk-in residents/borrowers. Other factors need to be considered. Perhaps more credit should be given to efforts made, broaden the list of community donations (to include essential services – such as fire companies, ambulance services, infrastructure projects etc.) that help support LMI communities.

Question 26

Non branch delivery channels should absolutely be looked at as the banking industry is moving towards more on-line services such as internet banking, bill pay, account opening on-line, mobile banking apps. If a bank offers these services, there should be a scorecard, so they are credited for these services and other innovative solutions.

Question 27

Although reporting the location of our depositors would entail an additional reporting burden, we would be able to do that. However, some banks have not coded their depositors to specific census tracts. If they do not have that capability, that is an expense to upgrade bank reporting systems to do that. The other question is do we want to create yet another HMDA type report to provide this information to regulators? We would need to allocate additional resources to verify the data as well, not just submit it. It can be an arduous process to ensure accuracy.

Question 72

We would suggest that a bank be able to develop their own strategic plan so that it accurately reflects community development opportunities in its market. We are a small bank in a rural area. We do not have low/moderate income housing developments that we can finance every year. Our opportunities revolve more around development of parks and recreation facilities, senior citizen gathering places, fire departments (which in our area are the HEART of the community and host many social events). Other essential services are ambulance services, helping bring internet/cable to rural areas, and other facilities and programs dedicated to the health and wellbeing of the community.

In summary, New Tripoll Bank does not view these changes as making CRA "easier" for us. In actually, depending upon the final rule, it could add man hours and expense to an industry already overburdened with regulatory reporting that frankly, hardly anyone looks at. Additionally, we are concerned how the metrics portal will work and the market data that it will utilize.

Submitted by:

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