Date: February 15, 2021

To: Board of Governors of the Federal Reserve System

Re: Advance Notice of Proposed Rulemaking (ANPR) Community Reinvestment Act Regulations – Docket No. R-1723 and RIN 7 100-AF94

To Whom it May Concern:

Thank you for taking the time to read our comments regarding the CRA changes. As a small community Bank, we appreciate your goal to modernize the Regulation. The following are our comments and suggestions regarding the proposed rule.

1. We would prefer that the new rule clarify dollar amounts or percentages of benchmarks needed to comply with the rule. This would include number or dollar amount of community development loans, percentage of loans to deposits, number of service hours, dollar amount of qualified donations and dollar amount of qualified investments. These benchmarks would allow us to budget our people and resources in a more productive manner where the mutually desired goal of helping our communities is achieved by both complying with the regulation and helping our community.

2. As a small community bank, we offer auto loans, small business loans, home equity loans, consumer construction, bridge loans, investment property loans, credit card loans and overdraft protection loans. We don't have a dedicated mortgage lending department that sells loans in the secondary market, so our long term (HMDA) mortgage lending is limited. Currently we are examined using only the HMDA data and some small business loan data. We would recommend that the new CRA regulation allow for the examiners to utilize our home equity loans, construction, bridge loans and credit card loans. These are currently not reported on our HMDA report but are the bulk of our business. We believe these loans also help the community grow and help consumers obtain homeownership, and should be counted for CRA credit just as HMDA loans are counted.

3. It would be helpful if the Federal Reserve could create a CRA qualified investment, donation and service hour database. We have volunteered with Backstoppers St. Louis of for many years and made monetary donations. At our last Consumer Compliance Examination, this could not be counted for CRA credit, even though it helps the community in many ways. We believe that this area should be expanded so that more nonprofits could be helped in the community.

4. Small community banks are an important part of the community and considered essential. This was evidenced by the pandemic and the ability for us to quickly lend under the SBA PPP (1st and 2nd) programs to many small businesses. This service can be quantified in dollars how it helps the community. When we must hire employees to do work that is not directly related to helping people, such as collecting CRA data, training on CRA rules, tracking CRA service hours, scheduling CRA meetings, attending CRA webinars, collecting community development data, it directs dollars to paperwork and not people. For these reasons, we strongly recommend that the definition of a small retail bank be $1.0 billion or less. In reading the CRA proposal, it appears that deposit tracking may be added to the CRA rules. This will require our small community bank to hire at least one person dedicated to data entry, tracking, reporting, and

monitoring the deposits. This additional data collection does not help the community directly. The resources would be better spent directly helping individuals, nonprofits and small businesses in our community through lending and investments.

5. The current definition of Small, Intermediate Small, and Large Bank has caused a lot of confusion over the years. It is a great idea to eliminate intermediate small and to just have two categories of small or large. $1 Billion is an appropriate asset threshold to distinguish between small and large banks. It would be helpful to add a mechanism for allowing the threshold to adjust with inflation over time as has been done successfully with other regulations.

6. Historically, over 90% of banks have received a satisfactory rating. It appears that more banks are now achieving an outstanding rating. We would suggest that more incentives be offered to achieve and maintain this high level of compliance with the regulation. If more quantitative benchmarks are added to the new CRA regulation, it would be clearer as to what an outstanding rating requires.

7. Over the years the definition of rural and underserved has not helped our urban and suburban community bank. It is suggested that the definition of rural and underserved, be expanded to include urban and suburban areas.

8. Small community banks make many loans secured by rental property. Some of these are in moderate and middle income areas. We would recommend that the CRA proposal provide credit for these affordable housing loans even if not subsidized or Section 8 housing. In addition, rehabilitation loans in moderate and middle income areas should be given CRA credit as these funds have helped to improve the housing stock in these communities.

9. The Board should provide CRA credit when funds are advanced to small businesses. The small community bank should not be required to collect data on job creation, retention, etc. as this would prove onerous to collect, monitor, document, audit, and submit to the regulator. The quarterly call report data regarding small business lending that is already provided to the regulators, should suffice.

10. Overall, the CRA regulation has helped improve our communities and the proposed new CRA regulation should help direct and focus our resources to even greater community improvements.

Thank you for your time and for considering our comments.

Tricia Whelan
CRA Division
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