



February 15th, 2021

Proposal: **Regulation BB: Community Reinvestment Act [R-1723]**

Docket No. R-1723

RIN 7100-AF94

Delivered via email: regs.comments@federalreserve.gov

The Rural Wisconsin Health Cooperative (RWHC) appreciates the opportunity to comment on the Board of Governors of the Federal Reserve System (Board) advanced notice of proposed rulemaking to solicit public input regarding modernizing the Board's Community Reinvestment Act (CRA) regulatory and supervisory framework.

Established in 1979, RWHC is owned and operated by forty-three, rural acute, general medical-surgical hospitals. Our vision that Rural Wisconsin communities become the healthiest in America has led us to a twin mission of advocacy and shared services. RWHC also believes it is critical to have a strong rural economy to have strong rural access to health care.

Requests for Feedback:

Question 1. Does the Board capture the most important CRA modernization objectives? Are there additional objectives that should be considered?

RWHC appreciates the Board's acknowledgement that lending and deposit-based collection can occur far from physical bank branch locations, particularly in rural areas. RWHC would encourage further consideration of rural communities, specifically those without physical bank branches, when delineating assessment areas to ensure that CRA investment in these locations is not disincentivized due to regulatory barriers.

RWHC values the Board's proposed process to obtain pre-approval of a project's CRA eligibility. We feel this would incentivize more variety and innovation in CRA lending that could help meet the unique challenges rural areas face. However, we would caution against a lengthy pre-approval process that could inhibit project progression. Certainty on the timeline of pre-approval would add great value to the process. A committed turnaround time would ensure that any proposed projects can stay on track and on time while still being able to take advantage of this added regulatory certainty.

Question 2. In considering how the CRA's history and purpose relate to the nation's current challenges, what modifications and approaches would strengthen CRA regulatory implementation in addressing ongoing systemic inequity in credit access for minority individuals and communities?

Geographic inequality extends to both urban and rural areas. Rural areas have been specifically challenged by decreasing investment and credit access. In order to stem this loss and rebuild rural banking capacity, RWHC would recommend the Board include the perspectives of community banks, credit unions and

community development finance institutions (CDFIs) in conversations surrounding inequity and CRA regulatory implementation, as these institutions have expertise serving rural banking needs. Rural borrowers consistently face higher credit costs and tighter loan approval standards that exacerbate lending inequities. RWHC would encourage the Board to include a rural lens when examining issues of inequity and how CRA modernization could alleviate some barriers to rural credit and banking access.

Question 8. Should delineation of new deposit- or lending-based assessment areas apply only to internet banks that do not have physical locations or should it also apply more broadly to other large banks that do not have physical locations or should it also apply more broadly to other large banks with substantial activity beyond their branch-based assessment areas? Is there a certain threshold of activity that should trigger additional assessment areas?

As mentioned earlier, the Board should be mindful that many rural areas are serviced by banks without physical branches near them. Any changes to assessment areas should incentivize CRA investment in rural areas.

In closing, RWHC wishes to highlight that investment in rural areas is a critical need. Revision of CRA regulations provides an excellent opportunity to address rural needs, reduce systemic inequity in the banking industry, and drive required capital into rural communities. We encourage the board to center the many needs of rural areas as they continue the process of updating the CRA.

Thank you for the opportunity to comment on the modernization of the Community Reinvestment Act's regulatory and supervisory framework. We look forward to continuing to work together on our mutual goals of vibrant, resilient communities for all rural Americans.

Sincerely,



Tim Size
Executive Director