

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

Description:

Comment ID: 137386

From: The First National Bank in Sioux Falls, Paul C. Livermore

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Subject: R-1723 Community Reinvestment Act

Comments:

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I am writing to provide comments in response to the notice of proposed rulemaking indicated in the subject line above. Here are the questions and my comments are provided in italics below each question.

Question 71. Would an illustrative, but non-exhaustive, list of CRA eligible activities provide greater clarity on activities that count for CRA purposes? How should such a list be developed and published, and how frequently should it be amended?

It would absolutely provide better clarity. One of the biggest challenges for community banks is trying to figure out what counts and what doesn't. Annual updates should be sufficient. In addition to knowing, "what" counts, it would be beneficial to know how much of a particular activity is needed to achieve a particular rating. For example, whenever I am approached by my compliance officer about making more CRA investments, I ask her how much she needs. The answer is always the same - "I don't know. The regs don't tell me." Would it be possible to spell out how much an institution of a given asset size must invest in qualifying investments in addition to providing specific guidance on which investments are considered "qualified"?

Question 72. Should a pre-approval process for community development activities focus on specific proposed transactions, or on more general categories of eligible activities? If more specific, what information should be provided about the transactions?

Yes, it should focus on specific-proposed transactions. One of the most frustrating things for a community bank is to ask for input from their regulator and get a response that a particular activity "might work." It would be wonderful to have access to a subject matter expert who could address inquiries from banks on potentially qualified investments. I am much more likely to invest in something if I can be assured in advance that it actually DOES qualify.

Question 89. Would it be helpful to provide greater detail on the types and level of activities with MDIs, women owned financial institutions, and low income credit unions necessary to elevate a "satisfactory" rating to "outstanding"?

Yes. It is difficult for community banks to engage in activities that "might" help them achieve an outstanding activity. The current fuzzy guidance leaves all of us wondering what we must do.

Question 94. What are the benefits and drawbacks of relying on examiners to sample home mortgage data for non-HMDA reporters and consumer loan data for all large banks, requiring banks to collect data in their own format, or requiring banks to collect data in a common Board prescribed format?

I believe that standardized reporting according to a Board described format would be beneficial, particularly if the information is made publicly available after it is reported. Being able to see what other institutions are doing to meet their CRA requirements would assist banks in achieving a greater comfort level on activities they are considering for their own compliance.

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