

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

Description:

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From: Maine Community Bank, Marianne Mason

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

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Comments:

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Your comment:Maine Community Bank thanks you for the opportunity to comment on the Advance Notice of Proposed Rulemaking for the Community Reinvestment Act.

Thank you for your leadership and hard work to draft a proposal on which stakeholders can provide feedback. It has long been recognized that the Community Reinvestment Act needed to be revised; however, it obviously was a challenging undertaking. We are regulated by the FDIC; however, since it is unknown at this time what direction the FDIC will take for CRA amendments, we want to share our thoughts and concerns with your proposed CRA changes.

Large Bank Threshold

Maine Community Bank believes the threshold of \$500 or \$750 million for banks to be considered large is onerous. For a bank that size to be held to the same standards as multi-billion-dollar banks is not reasonable. We do not have the same resources, technology, or staffing available to large banks that enable them to meet the required standards.

We would like to see the threshold for large banks remain, at a minimum, at the current amount of \$1.322 billion with an annual adjustment.

Assessment Areas

Banks would no longer be allowed to define their Assessment Areas based on the area they can "reasonably be expected to serve". The smallest geographic unit a bank will be able to use to define their assessment area are counties.

Maine Community Bank is strongly opposed to proposed geographic makeup of assessment areas. Currently our bank's assessment area consists of one full county and portions of two other counties. Our bank would be required to include the remaining portions of the other two counties even though we only have a presence in certain areas within those counties. The bank currently serves seventeen low- and moderate-income (LMI) census tracts; that would increase by eighteen, to thirty-five low-and moderate-income census tracts. Twelve of the eighteen added LMI tracts are located in the largest city in Maine with a population of 66,417 based on the US Census Bureau's estimate for 2019. Maine Community Bank does not have a branch in Portland because there are already 31 branches from 14 banks serving that city; and while credit unions do not comply with CRA, for competition purposes we

must consider the 11 credit unions with 23 branches also located within the city. Maine Community Bank does not have the resources to compete in that market. While we have three branches in that county, we have less than 1% of the market share because we are not located in the larger cities. The proposed change to the assessment areas would put us at a disadvantage trying to compete for loans with larger banks that actually have a presence there. Additionally, all other banks with branches in that county but not in or near the city would also be vying for the same loans and community development opportunities. By changing the make up of our assessment area, and based on the numbers above, Maine Community Bank has the physical presence, marketing power, resources and ability to meet the credit needs of only 43% of the total LMI tracts. That would put us in a position that we likely would not be able to obtain a Satisfactory rate. Defining assessment areas as proposed would be devastating to smaller banks with a limited presence in certain counties or MSAs. It could also inhibit future growth of banks as they look to expand slowly in new areas.

Deposit-Based Assessment Area

We do agree that banks should be lending and serving the areas it takes deposits. That is a basic concept of community banks such as ours. Banks our size generally do not have the technology to geocode their deposit base, which would not be required for small banks. This is another reason we feel the large bank threshold should not be reduced from its current amount.

Qualifying Activities

We applaud the proposal to establish a process under which a bank could ask its regulator to confirm that an activity qualifies for CRA credit. This would be most beneficial if it is focused on specific proposed transactions rather than more general categories. There have been times in the past when management has asked whether the bank would receive CRA credit for certain opportunities, but passed when I was unable to give them the assurance they sought.

We feel that all financial education efforts should qualify, regardless of the percentage of students that are LMI. Financial literacy is important and necessary for all to help put them in a better financial position now and in the future.

Thank you for your time. Please take these considerations into account as you finalize the CRA amendments.