

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

Description:

Comment ID: 137444

From: Community Spirit Bank, Brad M. Bolton

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

Subject: R-1723 Community Reinvestment Act

Comments:

NONCONFIDENTIAL // EXTERNAL

I am pleased to make a comment on Modernization of CRA on Behalf of Community Spirit Bank, FDIC #50 in Red Bay, Alabama as follows:

- * The Fed, FDIC, and OCC should agree to a uniform final rule.
 - * While the OCC's final rule had some positive aspects (higher small bank thresholds, broader qualifying activities criteria, and qualifying activities list), its metrics were also more complex and required new data collection. On balance, we prefer the Federal Reserve Bank's more incremental approach.
 - * The proposed metrics are acceptable - the retail test emphasizes loan count rather than dollar volume and the community development test uses a dollars over deposits approach like the OCC rule. This gives incentives for making a higher volume of small loans AND for doing larger community development projects.
 - * Small banks are allowed to opt-in to the new metrics-based approach or keep their current framework. This is a positive, though we would like to see the small bank threshold set at no lower than the current ISB threshold of \$1.322b.
 - * The FRB will provide online dashboards to track progress against your benchmarks in real time and will create an illustrative list and preapproval process for qualifying activities. These features increase the transparency of exams.
 - * Small banks will not be required to geocode deposits - a favorable difference to the OCC rule that we favor.
 - * We favor a national assessment area for internet banks, provided that the national metrics set a community reinvestment obligation that is at least equivalent to that of branch-based banks.
 - * FRB's other proposed approach, which is to evaluate internet banks on a national basis is prudent! Because a national assessment area would give internet banks more freedom to find qualifying loans in many geographies, it is important to set high enough benchmarks to ensure their CRA obligations are equivalent to branch-based banks.
 - * Small banks like mine get no credit for financial literacy tools we provide to local schools, if we are spending money on it, we should get CRA credit for it.
 - * We firmly believe that even if we don't need assessment credits, as a part of CRA reform, if a bank is expending dollars back into the communities it serves and is expending dollars into promoting financial literacy, credit should be given to that institution. If they don't need it for CRA, let it flow to a positive attribute for the banks' compliance and fair lending exam. I think we all believe that financial literacy tools are important, so reward banks that provide that back for their community.
- Thank you for allowing me to comment on this CRA improvement proposals.

Brad M. Bolton
NMLS#689570
President/CEO
Community Spirit Bank
Member FDIC Certificate #50
Equal Housing Lender
P.O. Box 449

Red Bay, AL 35582
256-356-5620 Direct
256-356-5655 Fax
256-627-7915 Cell
Twitter: @BradMBolton
@CommSpiritBank
<http://www.communityspirit.bank>