August 2, 2022

Ann E. Misback
Secretary
Attention: Docket No. R-1769, RIN 7100-AG29
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

James P. Sheesley
Assistant Executive Secretary
Attention: Comments RIN 3064-AF81
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Chief Counsel's Office
Attention: Comment Processing; Docket ID OCC-2022-0002, RIN 1557-AF15
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E–218
Washington, DC 20219

Re: Notice of Proposed Rulemaking Regulation BB - CRA Modernization

To Whom It May Concern:

Hancock Whitney is a $35 billion state-chartered traditional brick and mortar financial institution with 30 CRA assessment areas. Hancock Whitney is a subsidiary of Hancock Whitney Corporation which operates bank offices and financial centers in Mississippi, Alabama, Florida, Louisiana, and Texas offering comprehensive financial products and services, including traditional and online banking; commercial and small business banking; private banking; trust and investment services; healthcare banking; certain insurance services; and mortgage services. The company also operates a loan production office in Nashville, Tennessee. The Bank is evaluated under the CRA Large Bank Test by its primary regulator, the Federal Deposit Insurance Corporation (FDIC).

Hancock Whitney is grateful for the opportunity to comment in response to the Joint Notice of Proposed Rulemaking under the Community Reinvestment Act (CRA). We applaud the unified approach of the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC). This combined effort of the "Agencies" is both welcomed and appreciated as changes to this historic act will leave lasting effects across our joint banking system and reverberate throughout our communities.

Hancock Whitney supports the Agencies' intent to create efficiency, transparency, and consistency within banking and around low and moderate income communities and to low and moderate income individuals and small businesses. The Agencies' attempt to further clarify the CRA examination process and related procedures through the development of a metrics-based approach is a worthwhile endeavor. Furthermore the proposal's expansion of activities under the community development definition will help broaden the banking industry's opportunity to create greater impact among the communities we serve.

While we recognize these and other benefits found in the proposal there are several areas requiring further consideration or changes.

Retail Lending Assessment Areas

The industry has long pushed for greater consideration of efforts made at providing access to credit and retail services through digital channels and new innovations. These additional channels have made credit expansion more readily accessible for many individuals and communities. However as the Agencies' have noted brick and mortar branch locations still remain relevant today particularly in LMI communities. The original intent and spirit of the Community Reinvestment Act required a keen focus on a bank's physical presence utilizing its collected deposits to ascertain the degree to which those communities were served through credit access and community development activities.

The current proposal seeks to modernize this original intent by presuming that a bank's level of digital presence, specifically loan activity, is in fact equivalent to its physical locality and therefore should be assessed in a similar manner. This is problematic in that digital availability of credit does not factor in deposit taking and is not affiliated with a bank's geographic footprint. One consideration may be to assess these at a bank-wide level instead.

Another point of contention with the establishment of retail lending assessment areas are the stated triggers: 100 mortgage loans and 250 small business loans as proposed which are very low thresholds considering the business models of most large banks. If retail lending assessment areas are going to remain in the final rule then the triggers must increase substantially. We recommend the following triggers - 250 mortgage loans and 500 small business loans to the proposed methodology.

Economic Development

In an effort to align the current regulation around small businesses with the Consumer Financial Protection Bureau's (CFPB) pending rule under section 1071 the Agencies' have proposed a significant change to the economic development definition. With that change the size and purpose tests have been removed in exchange for a gross revenue threshold up to $5 million.

Under the current rule loans to businesses which met the SBA's size eligibility standards and have demonstrated the ability to create and retain jobs for low and moderate individuals could qualify as community development loans even with revenues beyond the proposed $5million. These loans have been the cornerstone of many community development strategies and community plans across the nation. They have provided anchor facilities such as grocery stores in food desserts and factories employing numerous individuals impacting workforce across entire communities. Many of these deals are cumbersome and layered with multiple credit vehicles and programs.

The proposed changes to the economic development definition may discourage banks from providing these much needed loans and lines causing ripple effects throughout the community.

Expanded Community Development Definitions

The Community Reinvestment Act has been the bedrock of much of community renewal as we know it today. Research has shown significant impacts over the course of its 45 year history. The Agencies' have chosen at this time to provide more clarity around the definition of what constitutes community development and to include several expansions which is notable.

Community Development Services

Community development services through volunteerism has afforded many goodwill efforts from banks into the communities they serve. However the restrictive nature of the "provision of financial services" as a mandate has limited and impeded much needed supports throughout many communities. In addition the lack of credit for volunteerism for hands-on projects which meet the needs of low and moderate income communities places banks in an imposition with limited staffing resources. Many banks support groups such as Habitat for Humanity, other housing rehabilitation programs, and food banks for example. Services provided to these organizations is never given CRA credit beyond board volunteerism. This is a misalignment of the spirit and intent of the regulation and should be addressed in the current proposal.

Although we appreciate the Agencies' consideration of an expanded community development definition in nonmetropolitan areas we further urge the removal of the "financial services provision" across all areas. Service provision to community development organizations regardless of zip code should be 100% qualified. To the extent that services are provided to broader constituencies pro rata consideration based on percent of low to moderate beneficiaries is strongly encouraged.

Affordable Housing – Multifamily

Further the proposal seeks to narrow qualification of multifamily developer financing by implementing a restriction of rental cost of 30% of the 60% area median income level. This level is much too restrictive and would deter many banks from participating in this type of financing. The cost of living has greatly increased across much of the country and this rule leaves out many within the moderate income range to access affordable rentals. Furthermore the proposed restriction would limit credit vehicles in the multifamily developer space deeply impacting an already strained system where the cost to build has dramatically increased due to supply chain and other post pandemic effects.

We urge the Agencies' to align these restrictions with other government programs which would allow up to 80% area median income, thus we recommend a 30/80 rule as well as the consideration of higher percentages in high cost areas of the country.

Benchmarks

The current proposal includes several new metrics under the Retail Lending Test. One large concern is the reliance on community based data and benchmarks that are currently not established. The limited information currently available will not afford banks the opportunity to properly strategize or analyze their current data to manage to new requirements. In addition with the new proposed weighting system banks will be hard pressed to achieve a high satisfactory in an environment where 100% of benchmark is considered a "low satisfactory". Essentially these new goal posts will make meeting basic standards extremely difficult. The Agencies' should take into consideration the great lengths banks which currently high performing CRA programs must undergo under the current regulation. Banks must have CRA wrapped within their current business model as a way of doing business and have supports across functional areas underscored by board level adoption. This is what it takes today to earn high marks. With the current proposal this would not be enough.

Final Rule Implementation

Finally, the proposed rule would impose extensive new data collection, recordkeeping, and reporting requirements that will be time consuming and costly to implement. Banks will have to modify core systems and add staff. Further the twelve months allotted for implementation will not provide enough time for banks to onboard new systems. As a comparison the implementation of the 2015 HMDA Rule for transactions subject to Regulation C took a total of three years and resulted in the 2018 Amendment of the Dodd Frank Act.

We recommend a lengthier implementation timeline of at least 24 months in sync with other rules for a proper onboarding, testing, and clarification period.

Sincerely,

Ashley Aubrey Harrison
Vice President, Corporate CRA Officer