CIVISTA BANK, DENNIS G. SHAFFER

Proposal and Comment Information

Title: Community Reinvestment Act Regulations, R-1869

Comment ID: FR-2025-0041-01-C14

Submitter Information

Organization Name: Civista Bank

Organization Type: Company

Name: Dennis G. Shaffer

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Re:
FRB Docket No. R–1869; RIN 7100-AG95.
FDIC RIN 3064–AG13
OCC Docket ID OCC–2025–0005

Civista Bank appreciates the opportunity to comment on the Notice of Proposed Rulemaking regarding the rescission of the 2024 changes to the Community Reinvestment Act (CRA. Civista Bank respectfully submits the attached comments for consideration and thanks the agencies for their leadership in ensuring the CRA continues to support meaningful, sustainable community development.

CIVISTA BANK

August 18, 2025

Ann E. Misback,
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NC
Washington, D.C. 20551
Docket No R-1869; RIN 7100-AG95

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Jennifer M. Jones
Deputy Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429
RIN 3064-AG13

RE: Community Reinvestment Act Regulations [R-1869]

Dear Ms. Misback,

Civista Bank appreciates the opportunity to comment on the proposal recently adopted by the Board of Governors of the Federal Reserve. Civista Bank is committed to the goals of the Community Reinvestment Act (CRA) and to meeting the credit, investment, and financial services needs of the communities within our footprint. Our institution, with approximately $4.2 billion in assets, has a long history of coordinating with community organizations, local governments, and nonprofit partners to identify and respond to community needs. Civista has delivered targeted mortgage, small business, and community development lending, as well as tailored financial education programs, to support low- and moderate-income (LMI) households and underserved communities.

Support for CRA Modernization
Civista has consistently supported efforts to modernize the CRA framework to make regulatory expectations clearer, performance benchmarks transparent, and examinations applied consistently across institutions. When rules are predictable, banks can devote more resources to delivering meaningful services and investments rather than interpreting shifting or ambiguous standards.

Concerns with the 2023 CRA Final Rule
While certain provisions of the 2023 Rule acknowledged modern banking realities, such as expanded recognition of digital delivery channels, clearer retail lending expectations, and broader community development eligibility, it also introduced significant concerns:

- **Assessment Area Complexity**: The Retail Lending Assessment Areas (RLAAs) and Outside Retail Lending Areas (ORLAs) exceed statutory authority and create uncertainty as to which geographies, products, and benchmarks will be evaluated.
- **Comparative Testing Burden**: Comparative performance tests could create economic and operational burdens, particularly for community and regional banks, and may unintentionally discourage lending in certain markets, exacerbating CRA hot spots.
- **Excessive Complexity and Cost**: The nearly 1,500-page rule is unnecessarily complex, costly implementing, and challenging to interpret. Without fair notice, banks may only learn expectations after an evaluation period, undermining predictability and efficiency.
- **Unintended Consequences**: Overly complex frameworks risk shifting focus from genuine community reinvestment to compliance mechanics, accelerating bank consolidation and reducing local market competition, outcomes contrary to CRA's intent.

If Rescission Proceeds
Should the agencies rescind the 2023 Rule, Civista appeals:

1. **Clear Transition Guidance** – Publish timelines, expectations, and protections to maintain continuity in community development activities, preventing service gaps in LMI areas.
2. **Retention of Key Modernization Elements** – Preserve advances in recognizing digital channels, non-branch delivery, expanded assessment areas, and clarified lending benchmarks to align CRA with current market realities.

3. **Appropriate Bank Size Classifications** – Apply proportional requirements with the intent that community banks, are not subjected to the operational burden as larger regional, super-regional and mega-banks. Community Banks, particularly those under $10 billion, should be examined as small banks under a framework that recognizes their scale, capacity, and community-focused business model.

4. **Advance Activity Confirmation** – Establish a process for banks to request and receive prior confirmation that a community development activity will receive CRA credit.

5. **Performance Context Transparency** – Require exam reports to clearly state how performance context influenced ratings and ensure any internal examiner guidance used in CRA evaluations is publicly available.

Recommendation for Framework Stability

We support recodifying the 1995 framework in the interim to provide regulatory certainty and to allow banks to focus on fulfilling CRA's purpose while a modernized, practical, and transparent framework is developed. Any replacement must balance modernization with simplicity, consistency, and measurable community benefit.

Conclusion

The CRA remains a cornerstone of financial inclusion. Regulatory changes must prioritize consistency, modernization, and equitable access over administrative complexity. By providing clear expectations, proportionate requirements, and recognition of contemporary service delivery models, the agencies can ensure that the CRA continues to drive meaningful, sustainable investment in the communities it was designed to serve.

Respectfully Submitted,

Dennis G. Shaffer
CEO
Civista Bank

Jo'el G. Jones

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VP Community Reinvestment Officer
Civista Bank