CROGHAN COLONIAL BANK, BRETT BAUER

Proposal and Comment Information

Title: Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies (Reg O and Y), R-1896

Comment ID: FR-2026-0028-01-C39

Submitter Information

Organization Name: Croghan Colonial Bank

Organization Type: Company

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See attached letter in support of changing the regulation and updating thresholds to match the current environment.

Comment Letter Supporting Proposed Amendments to Regulation O

October 19, 2026

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1896 - Proposed Amendments to Regulation O

To Whom It May Concern:

I appreciate the opportunity to comment on the Board's proposed amendments to Regulation O governing loans to executive officers, directors, principal shareholders, and their related interests. I strongly support the Board's efforts to modernize Regulation O by updating outdated thresholds, reducing unnecessary regulatory burden, improving transparency, and clarifying existing requirements. The proposal appropriately recognizes that many aspects of the rule have not kept pace with economic growth, inflation, and changes in the banking industry.

The existing dollar thresholds were established decades ago and no longer reflect current market realities. Since these limits were originally adopted, the cost of housing, automobiles, education, and other major consumer expenses has increased dramatically. As a result, institutions often face practical challenges when attempting to provide ordinary, well-underwritten credit accommodations to employees, officers, and directors. Loans that may have exceeded regulatory thresholds in the 1970s or 1990s frequently represent routine consumer transactions today. Updating these thresholds is a sensible and overdue adjustment that better aligns the regulation with modern economic conditions while preserving the underlying safeguards against insider abuse. The Board's proposal to increase certain dollar-based thresholds and provide a methodology for future indexing is a particularly positive development that will help prevent the regulation from becoming outdated again over time.

Importantly, increasing these thresholds does not diminish the safeguards that protect banks from insider abuse. Regulation O continues to require that extensions of credit to insiders be made on substantially the same terms available to non-insiders, not involve more than the normal risk of repayment, and comply with applicable approval and lending limit requirements. Banks today maintain robust internal controls, underwriting standards, loan review functions, and regulatory oversight mechanisms designed to identify preferential treatment, conflicts of interest, and fraudulent activity. These safeguards remain fully effective regardless of whether the dollar thresholds are modernized.

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For community banks in particular, employee, officer, and director lending serves legitimate business purposes. Financial institutions often seek to provide competitive banking relationships and credit products to attract and retain qualified employees and engaged directors. Outdated regulatory thresholds can unnecessarily complicate or delay routine lending activities that present little risk when subject to normal underwriting and governance controls. The proposed amendments appropriately balance the need for insider lending oversight with the practical realities of today's lending environment.

I also encourage the Board to provide additional clarity regarding the requirement to reapprove insider lines of credit every 14 months. While periodic review may be appropriate for open-ended credit arrangements that remain outstanding indefinitely, the same rationale does not apply to lines of credit that have a clearly defined maturity date, such as many home equity lines of credit. For lines with a stated maturity and established renewal process, requiring board reapproval every 14 months creates additional burden without providing a commensurate supervisory benefit. The final rule should consider limiting the 14-month reapproval requirement to lines of credit of indefinite duration or otherwise permit reapproval at renewal, extension, or modification for lines with a defined maturity date.

Overall, I support the Board's proposal and believe these amendments represent a thoughtful modernization of Regulation O. Updating outdated thresholds, improving regulatory clarity, and reducing unnecessary administrative burden will allow banks to continue serving legitimate credit needs of insiders while maintaining appropriate protections against self-dealing and abuse.

Thank you for considering these comments.

Respectfully submitted,

Brett E. Bauer, CRCM
VP / Compliance Manager
Croghan Colonial Bank