April 3, 2020

Comptroller Joseph M. Otting
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

Chair Jelena McWilliams
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: Community Reinvestment Act Regulations; Docket ID OCC-2018-0008

Comptroller Otting and Chair McWilliams,

We appreciate the opportunity to comment on the OCC and FDIC's proposal for changes to the Community Reinvestment Act. This is a rare opportunity, and we take this moment very seriously. As a community development bank and a bank holding company advocating for banking reforms that better serve the public interest, we approach this proposal with insights from operating a bank and from working in partnership with community groups to advance a fairer, more just, and equitable economy, and ultimately, society.

About Beneficial State Bank

Beneficial State Bank is a triple-bottom-line, values-based community development bank with branches in California, Oregon, and Washington. As a B Corp, we operate with a triple-bottom-line, which means we equally prioritize people, planet, and profit. Our goal is to optimize positive outcomes for our people (customers, employees, communities in which we operate) and our shared planet, instead of maximizing profits at their expense.

We were established at the nadir of the financial crisis in 2008, recognizing the outsized role banks play in determining outcomes in our economy and society, and the need for financial institutions to be truly aligned with the interests and financial wellbeing of their customers. For over a decade, we have

provided fair and transparent banking services to help people, businesses, and nonprofits align their money with their values.

We believe that the banking industry should work for *everyone*, regardless of wealth, income, race, gender, or nationality. Alongside partners, we advocate for a fair, inclusive, and just banking system. We believe community banks and community development financial institutions (CDFIs) are an essential part of this picture, and we work in concert with other CDFI banks and values-based banks to ever-strengthen our impact measurement and evaluation so that we can help hold the entire industry to higher standards.

Beneficial State Bank commits at least 75% of our loan portfolio to those that have a positive social or environmental impact, such as affordable housing, economic development, women-owned businesses, social justice nonprofits, environmental sustainability, and employee-owned businesses. The remaining 25% of our loans cannot work against our mission, and includes projects like non-harmful commercial real estate loans. We aspire to 'do no harm,' and we ask for the same (in words and action) from other banks.

Beneficial State Bank is wholly owned by not-for-profit organizations. Its primary owner is Beneficial State Foundation whose mission is to change the banking system for good. This ownership structure ensures we have no private shareholders seeking to maximize profits at the expense of our communities or our natural environment. We banks must be transparent about our social and environmental impact. We publish the impact of our lending so depositors can see what their deposits are funding, and we share detailed explanations of our financials so that a lay reader can understand them.

As a CDFI, we are deeply committed to investing in low- and moderate-income communities, and we recognize CRA as a critical tool to ensure *all* banks do what is required of them to address local credit needs of the communities they serve.

Rulemaking Process

We wholeheartedly agree that the CRA rules can and should be improved; however, we have serious concerns about the proposed rule changes and the process for creating them. We urge you to refrain from implementation of the general performance standards at this time.

We appreciate the comment period extension because it is crucial that community partners, banks, and industry experts have adequate time to review and thoughtfully respond to the NPR. Given this rare opportunity to modernize CRA and ensure it has the best possible outcomes for LMI communities, it is essential that we get these changes right, including thinking through all of the possible ramifications. Banks, the communities they service, and regulators will all benefit from a robust discussion which will ultimately lead to a more effective final rule. While the OCC has provided opportunity for input and has

read the comments provided, there is now a need for communities and banks — big and small, urban and rural — to have ample time and place to reflect on the proposed changes together, assess their input, and collectively determine how to best serve our communities' needs.

As we now face a global pandemic, we are concerned about communities' inability to attend to the proposed CRA changes as they struggle to meet the painful, immediate realities of loss of life and livelihood. We encourage the OCC and FDIC to suspend the rulemaking process until the national and state emergency declarations are lifted.

In order to properly evaluate the proposed changes, which are significant, we and other bankers, banking associations, and community advocates have spent an enormous amount of time (and will continue to take time, after the comment period closes) preparing models to understand the effects of these changes. We need to understand how the proposed changes will affect our ability to perform data collection and reporting. It has been a challenge to answer many of the questions in the limited time we have, because we do not have sufficient time to find those answers. Additionally, the proposed thresholds are data-based, but we do not have the data that support those thresholds. This lack of access to data and methodologies used by the FDIC and OCC means we are unable to determine if those thresholds are appropriate or not, and we're unable to determine our bank's own rating.

We urge the FDIC and OCC to make the reform process more transparent. And we strongly underscore the need for all three agencies — the FDIC, the OCC, and the Federal Reserve — to rulemake jointly. It will be confusing if different agencies evaluate against different criteria. A patchwork of legislation would create a compliance burden that would only take away resources that could be deployed in service of our communities. It contradicts one of the purposes of reform which is to reduce inconsistencies between examiners and agencies.

And lastly, we believe CRA rulemaking should be guided by an advisory board that includes people of color (POC), low-income people, banks of various sizes and geographies — a cadre of representative experts in their lived experiences and in their community economic development efforts in their local communities. This board would enable knowledgeable people who are directly impacted by the CRA to work through the rulemaking and public comment process together with regulators in real dialogue around solutions and improvements.

A Strengthened CRA

With the vast majority of banks passing the CRA exam, the moment to reform CRA presents an enormous opportunity to even more deeply align the examination process with its mandate to meet the credit needs of LMI communities in a safe and sound manner.

Any reform of CRA should include the following:

1. Racial equity. CRA guidelines should explicitly include racial anti-discrimination as a key criterion to determine what counts and how. Banks should get extra credit for policies, products, or programs that explicitly serve POC and others who suffer long standing systemic inequity with the purpose of promoting economic equality.

2. Prioritize LMI individuals and POC instead of place. The greatest emphasis should be on the person, not the place. Ownership as an overarching principle or criteria could go a long way to reforming CRA as a tool to address redlining and disinvestment in communities of color. CRA should incentivize banks to loan to borrowers who are LMI, of color themselves OR have a commitment to support LMI and POC people by providing:
    a. Dedicated affordable housing
    b. Homeownership opportunities
    c. Quality jobs that are targeted to or can reasonably be expected to be available to local residents who are LMI and POC
    d. Business ownership shares
    e. Products and services that support their needs

3. Products must meet non-predatory standards to qualify.

4. Maintain emphasis on performance context and community input.

5. Real penalties (including double downgrades) for harming communities.

6. Align CRA and CDFI reporting. CRA and CDFIs share the same goal of community development in underserved markets, but reporting requirements differ greatly. CRA and CDFI could work in tandem to create a CRA examination tailored to CDFIs, reducing the reporting burden for CDFIs and freeing resources to continue to invest directly into communities.

We echo the CDFI Coalition: “At a baseline, CRA modernization should result in a net increase in both the quantity and quality of financial products and services available in LMI areas. The burden is on federal regulators to show – with data and evidence – that their proposal would meet these baseline goals for reform.”

We will address the NPR by sharing comments and recommendations on what qualifies, where it qualifies, how to measure what qualifies, and the data collection process.

What Activities Qualify

The NPR seeks to clarify which activities qualify for CRA credit to meet a stated goal of encouraging banks to serve more of their communities, including “those areas with the greatest need for economic

development, investment, and financing needs." We do not believe the new criteria to expand what counts will increase investments to areas that need it most. In fact, there are several changes which we believe will decrease bank investment into LMI areas, which is the foundation of the law.

Banks have little obligation, outside of CRA, to do right by their communities; therefore, CRA is critical to incentivize banks to do the right thing. We are uncertain that some of the changes proposed under qualifying activities will incentivize banks for lending into LMI communities. (The following section responds to NPR questions 1 and 2, while referencing additional question-based responses throughout.)

1. Community Development activities

1.1. Qualified opportunity funds/opportunity zones

The opportunity zone tax incentive is a misguided approach to economic development because there are no guidelines for the ways in which investments in opportunity zones must benefit LMI people. Banks should only receive CRA credit for investments into qualified opportunity funds if they can demonstrate that these projects will benefit LMI individuals, consistent with the CRA community development definitions. Seeing as this should be the mandate of CRA overall, there is no reason for a qualified opportunity fund carveout (NPR page 99; question 2).

1.2. Essential infrastructure

Banks must be able to demonstrate how infrastructure projects will directly benefit LMI communities to receive CRA credit (NPR questions 2 and 3). This, again, is related to the overall purpose of CRA, which says activities that qualify for CRA credit must show benefit to LMI people. People, rather than place, should be the primary driver. In cases where infrastructure projects, such as renewable energy and public transit, benefit everyone (not only LMI communities), banks could receive pro rata credit for certain activities, as suggested in the NPR (page 26). Those projects still must demonstrate a clear community development purpose. Projects that cannot demonstrate direct benefit to LMI communities should not be eligible for CRA credit.

We emphasize the Community Development Bankers Association's (CDBA) recommendations to consider context when determining whether or not infrastructure should be an eligible CRA activity. Projects should only be eligible to receive CRA credit in documented cases where conventional public or non-CRA-related private funding sources are unavailable.

1.3. Affordable housing

All affordable housing loans and investments should be deed-restricted or otherwise dedicated in writing to remain affordable in order to qualify for CRA credit (NPR question 2). If the housing is not dedicated affordable, it should not count. Making loans to borrowers who are repurchasing or rehabilitating naturally occurring affordable housing is a prime risk for displacement and income-driven evictions (NPR page 27).

1.4. Climate resiliency

Banks should receive credit for helping to prepare LMI communities for future disasters (NPR question 2). The San Francisco Federal Reserve has studied this, which would include credit for retrofitting homes to withstand extreme temperatures or flooding; funding developments for LMI residents in areas where people are being forced to abandon coastlines; funding emergency loans to small business owners in the aftermath of disaster.[1]

1.5. Social and racial justice advocacy organizations

In addition to the expanded list of qualifying activities provided in the NPR, regulators should explicitly add social and racial justice advocacy non-profit organizations, whose primary purpose is to promote actions that ultimately benefit LMI populations (NPR question 2). For example, while The Greenlining Institute does not directly serve LMI populations, their work clearly advocates for economic justice policies that benefit LMI populations.

1.6. Multipliers

The proposed ratios tests would make multipliers ineffective given that they incentivize large dollar activities, regardless of the impact. A highly impactful $100,000 loan will never be close to receiving similar credit to a low-impact $10 million loan in the proposed framework, regardless of multipliers.

We strongly oppose a proposal that suggests all non-mortgage backed securities (MBS), municipal bonds, and non-deed-restricted affordable housing investments receive 2x credit since this will artificially inflate banks' community development numbers without assessing the actual community impact or context (NPR page 36; questions 7 and 8). Instead, the emphasis for any proposed multiplier should be to incentivize highly impactful activities that banks aren't currently engaged in. If a quantitative framework is to be used, low-impact activities like MBS investments should receive a lower

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[1] For more on this subject, see the *Wall Street Journal* article from June 17, 2019: https://www.wsj.com/articles/san-francisco-fed-wants-to-reward-banks-for-combating-climate-change-11560788707

multiplier (i.e. 0.5x credit) to ensure banks are getting appropriate credit relative to the impact to LMI communities.

While we think the proposed framework is inherently flawed, we are supportive of including a mechanism within the CRA to incentivize banks to focus on activities and/or projects of significant community need. Multipliers, such as the proposed 2x multiplier for CDFI investments and deed-restricted affordable housing, could be an appropriate mechanism within the current CRA framework.

2. Retail lending

2.1. Small business lending

The current and proposed framework for small business lending is flawed due to the emphasis on *loan size* as the primary defining factor, rather than the *profile* of the business receiving the loan (NPR question 4). The primary focus should be to drive loan capital to underserved small businesses. In order to effectively accomplish this, we need to better study and understand what types of businesses aren't getting enough bank capital on an on-going basis. This small business profile should not only be based on revenue, but should also be more inclusive to focus on ownership (people of color, women-owned businesses, cooperatives, etc.), years in business, size (number of employees, revenues, start-up businesses, etc.), and context (type of business, urban vs. rural geography, high-cost areas, etc.). By prioritizing *who* should receive loans, the CRA will more effectively drive capital towards underserved small businesses and business owners.

Per the proposed framework, we oppose the small business *revenue amount* increasing from $1 million to $2 million. We do not oppose the *loan dollar amount* increasing from $1 million to $2 million. Echoing the CDBA, we encourage regulators to primarily consider the profile of the business, so that banks are extra incentivized to serve those small business owners from groups that have been (and continue to be) excluded from accessing bank credit.

2.2. Retail loans

We are supportive of including consumer retail lending as part of the CRA evaluation; however, the 15% threshold is likely too high (NPR page 54; question 7). The current informal 10% threshold may be more reasonable to reflect a bank's lending practices.

The proposed rule requires that a minimum of 20 loans be originated in an assessment area to be reviewed for the retail lending test (NPR page 49). This threshold may be too high for many smaller banks, resulting in a failing grade. The proposed rule should clarify how a bank will be evaluated if it originates less than 20 loans in an assessment area.

In addition to a purely quantitative analysis, performance context for consumer loans is essential to ensure those loans meet the spirit of the CRA. While access to credit for LMI individuals is hugely important, the terms and conditions on which that access is provided is equally, if not more, important (NPR question 7). These loans must be priced fairly and marketed in a transparent manner. Consumer loans, especially credit card and auto loans, can be hugely damaging to LMI individuals and tribal areas without the proper checks in place (e.g. ability to pay). We recommend that the regulators include an assessment of the terms and conditions for consumer loans as part of the performance context review. The assessment should analyze how a product is beneficial to a customer's financial health. The regulators should adjust the retail lending performance based on this review and the impact to LMI communities.

3. Retail banking services and volunteering

3.1. Retail banking services

Retail banking services must remain a part of the CRA performance evaluation and banks should be incentivized under CRA to offer retail banking services tailored to LMI customers and people of color (NPR question 10).

Without explicit incentives, banks have proven that they cannot be relied upon to serve low income customers and other vulnerable populations fairly or effectively. Retail banking services are a primary area where LMI customers interact with banks, and CRA has the potential to make an enormous positive impact if it considers the impact of these products when evaluating banks.

When banks fail to meet the needs of these customers, they turn to non-bank financial services that overcharge and over-leverage families. A quarter of US households are underbanked or unbanked. A disproportionate percentage of underbanked households in the US are Black (nearly one third, as compared to white households at 14%). Banks should receive CRA credit for delivering products with features designed for these populations who have been left out of the banking system.

In addition, banks' retail services should be examined based on an outcomes approach. For instance, examiners can review:

- How many accounts with safe account features are opened for LMI customers?
- How does this number of openings compare to the rest of the bank's product offering?
- How much are customers saving in fees?
- How are these types of accounts marketed relative to other bank products?

3.2. Volunteering hours (CD service hours) and donations

Qualifying financial education activities must serve LMI people (NPR page 98; question 3). We underscore that the fundamental purpose of CRA is to increase bank investment — money, time, capacity, etc. — for LMI people and communities. Banks do not need to be incentivized to provide financial education for higher income people, and CRA is not an appropriate tool for that purpose.

Banks could receive some credit for volunteering that is unrelated to the provision of financial services, but those services should receive less credit (NPR page 31). Banks, for instance, could receive half-credit for volunteer hours that have no financial education ("provision of financial services") component, but still serve LMI people.

Volunteer hours and donations should both be quantitatively benchmarked to ensure banks are doing sufficient activities relative to peers.

Where Activities Qualify

1. Facility assessment

The proposed NPR makes the county level the smallest CRA assessment area designation, as opposed to the current rule which allows banks to select down to the census tract level (NPR page 43; question 11). While this proposed approach significantly reduces the reporting burden and ability for banks to create assessment areas that redline LMI and/or POC communities, it also eliminates the connection between assessment areas and the geographic area that banks can reasonably serve. This makes it more difficult for regulators and banks to demonstrate that they are serving all areas within their communities in an appropriate manner.

2. Deposit assessment

We do not have sufficient information to determine whether the 50% and 5% deposit-based assessment areas are reasonable or not (NPR questions 11 and 12). Additional analysis and support should be conducted by the regulatory agencies prior to implementation.

From the information we have, the deposit-based assessment may be more appropriate for branchless banks than for a smaller community bank like ours, for example. It is apparent that most community banks would not meet the above thresholds; however, they would still be required to geocode all deposits to prove that point. This creates unnecessary regulatory burden that could be alleviated through a less rigorous initial deposit test. For instance, a simple yes/no test could make it easier for most banks: Are over 50% of the bank's deposits outside of states in which it operates? If yes, the bank undergoes a deposit-based review (i.e. geocode). If no, a deposit-based review is not needed.

Without a doubt, branchless and online banks should be evaluated under CRA because those financial entities have the same responsibilities to their communities as brick-and-mortar banks. That assessment should not detract from or water down the persisting needs of LMI communities, for whom the law was created and passed. Banks evaluated on deposit-based assessment areas should be required to have all of their CRA activities serve target markets (banking deserts, underserved areas).

3. Activities outside of assessment area

We recognize that banks may have legitimate and impactful opportunities outside of their assessment areas that they want to pursue. The CRA should encourage these opportunities, but not to the point where banks go after "easy credit" outside of their assessment areas to the detriment of their core communities within their assessment areas (NPR page 44). We propose that banks are capped on what counts outside of their assessment area (for example, 5% of community development activities) (NPR question 11).

We also believe that banks' activities outside of their assessment areas should have to occur in a target market (CRA deserts, tribal areas, underserved areas, etc.) (NPR question 11).

4. A different test for smaller banks

As a whole, it is difficult to assess whether or not this proposal meets the goal to clarify and therefore drive more investments into LMI and POC communities. And so we do not believe the totality of proposed changes are acceptable for a bank of any size (NPR questions 18 and 19). There are too many unknowns that we cannot predict given the information that we have. If these rules are to move forward, there should be a higher threshold for exemption (or, at the very least, a longer timeframe to implement the changes).

It is true that smaller banks like ours operate entirely differently from trillion-dollar banks, and therefore comparisons between the two are hard to make. Although adjustments can be made for banks of different sizes, we would want to ensure that any carve outs for smaller banks do not disincentivize them from engaging in high-impact CRA-qualifying activities.

How to Evaluate and Measure Qualifying Activities

1. Evaluation Measure

We do not believe the CRA Evaluation Measure will meet intended reform goals, or the overall goal of the law. The unintended consequences of the CRA evaluation like the one proposed in the NPR on pages 57-58 could easily result in banks being less responsive to communities. By grouping together a wide range of qualifying activities and calculating those activities based on an aggregate dollar amount,

regulators are inadvertently incentivizing banks to focus on making a small number of large dollar loans and investments rather than maximizing impact.

As the CDBA has lifted up, a formula-based system has great potential for unintended consequences. The effort to increase clarity and transparency in the CRA evaluation process must not dilute the positive impact of the law. The contexts in which banks operate are complex. A uniform metric cannot get at the nuances of unique neighborhoods and community needs, which are fundamental to the CRA.

2. Branches

Branches are important, yet they are not the only channel through which banks can serve LMI communities. Banks should continue to maintain a branch presence in LMI areas, and if they cannot do that, then they should find other ways to meet the credit needs of the communities they serve. We appreciate the regulators' attempt to include LMI branches in the Evaluation Measure calculation, but believe the formula is oversimplified (NPR page 58; question 15).

We echo Federal Reserve Governor Lael Brainard's recommendation that the agencies might consider "requiring assessment areas around a bank's other physical locations, such as loan production or trust offices, or in areas where the bank has significant deposit or lending activity."[2]

3. Threshold determination

There is limited information provided by the OCC and FDIC in the NPR on how CRA rating thresholds were determined (i.e. CRA Evaluation Measures of 11 and 6%; Community Development test >2%) (NPR pages 51-52). There is no information on what the peer or demographic comparators would look like for the retail lending test, which makes it impossible to determine how banks would perform under the proposed rules. It is essential that supporting information be provided, evaluated, and discussed to determine if these thresholds are appropriate and consistent with the purpose of CRA.

We are also concerned that the proposal would allow for banks who fail in nearly half of their assessment area tests to receive a passing CRA grade (NPR page 50; question 17). We echo CDBA's recommendations that in order to receive a Satisfactory or Outstanding rating at the bank level, a *substantial majority* of a bank's assessment areas must also achieve a Satisfactory or Outstanding rating. As a CDFI bank, we are mandated to demonstrate that at least 60% of our lending and service activities serve LMI people and places. We want to raise those standards even higher and spread them throughout the banking industry. We wouldn't want banks to avoid investments in smaller markets

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[2] From a March 12, 2019 speech at the National Community Reinvestment Coalition's Just Economy: https://www.federalreserve.gov/newsevents/speech/brainard20190312a.htm

because those activities won't impact the bank's overall rating. Our goal with CRA reform in this regard is to minimize that kind of possible and unintended disinvestment to the greatest extent possible.

4. De-emphasis on retail lending test

The proposed NPR significantly reduces the importance of the retail lending test, which is the only test designed around the number of loans a bank makes in its communities. We object to the proposed NPR framework that primarily focuses on dollar amount rather than the number of loans (NPR question 16).

5. Definition of domestic deposits

Municipal deposits should be included in the definition of retail domestic deposits. Given that municipal deposits are public funds, it is especially important for banks to have CRA obligations in relation to those deposits. Municipal deposits typically are placed in banks located in or serving that municipality. There is a clear link between the location of the municipal deposits and where CRA dollars should be located. Municipal deposits can make up a substantial percentage of a bank's deposit base (12% of Beneficial State Bank's deposits are municipal deposits) and therefore a blanket exclusion of these deposits would make it much easier to pass CRA thresholds.

Brokered deposits and non-brokered reciprocal deposits also present issues regarding how to tie the true location of where deposits come from (i.e. geocoding) with where CRA eligible activities should occur. One potential solution is to exclude these types of deposits at the assessment area level, but use total deposits (no exclusions) from the bank-wide CRA Evaluation and Community Development ratio tests. This would ensure that banks meet CRA obligations relative to all deposits at the bank-wide level.

For example, there could be a mission-driven depositor in Ohio who makes a substantial deposit into Beneficial State Bank to support its social and environmental mission. This depositor knows that Beneficial State Bank is only serving California, Oregon, and Washington State and has placed deposits with us to ensure those communities are supported. There are several unintended outcomes that may arise in this situation:

1. If the Ohio depositor used a broker to place the deposits with us, then these deposits would be excluded from all of the deposit based ratio tests (CRA Evaluation Measure and Community Development ratio).

2. Oftentimes banks will use reciprocal deposits (i.e. CDARS) to accommodate large depositors and ensure all of their funds are FDIC insured. The NPR currently includes non-brokered reciprocal deposits within the definition of retail deposits. Therefore, assuming CDARS is used in this example, the deposits from Ohio would be sent to numerous other banks around the

country and our bank would have numerous deposits from around the country on our balance sheet, which we would have to geocode and keep track of on an on-going basis.

   a. Given the technical challenges of tracking these types of deposits, a reasonable solution is to exclude them from the definition of retail deposits; however, non-brokered reciprocal deposits can make up a sizeable portion of a bank's deposit base (reciprocal deposits represent approximately 14% of Beneficial State Bank's deposit base).

In either of these two scenarios, these deposits could represent a material portion of our bank's deposit base, but we would have no CRA obligations against them. Yet banks still have these deposits on their books, even if tying them to specific locations is challenging, and therefore, need to be held responsible for their CRA obligations related to those deposits at the bank-wide level.

A slightly different issue arises in this example, that is particularly relevant and challenging for smaller CDFIs. If Beneficial State Bank were to have greater than 50% of our deposits come from outside of our assessment area, then we might be required to conduct community development activities in Ohio, despite the depositor's original intent to help support Beneficial State Bank and the specific communities it serves (CA, OR, WA). This may discourage CDFIs from seeking out large, philanthropic based donations since they might unintentionally force them to provide services in areas they are not equipped to serve effectively.

6. Real penalties for harm

Banks that engage in discriminatory and/or illegal practices that cause harm to consumers should receive real penalties that affect their CRA rating. This includes the use of double-downgrades as a penalty. Banks may meet CRA obligations by investing in positive community economic development, while also discriminating against customers (as seen in recent encounters between banks and Black customers), offering unfair or misleading products to customers, or financing polluting industries that directly negatively impact LMI communities, to name some examples. Bank evaluations must take into account the good and the bad, because it is not enough to do good. Banks have to *stop* harming communities too. It is counter-productive to silo regulations and not acknowledge that bank actions that harm consumers will disproportionately impact the same people CRA was created to benefit: LMI individuals and families and people of color. Banks offering products, terms, and services that extract wealth from LMI communities must be penalized via CRA.

In addition to rating downgrades, fines and settlements should be counted against community development activity.

Data Collection

The proposed regulation would require a significant increase in data collection and validation for all banks, with particular emphasis on banks that currently fall under the Intermediate-Small Bank (ISB) definition, but are larger than the $500 million asset exemption in the proposed rule. We support requirements for banks to collect relevant data to identify gaps in community needs and to understand how banks can better serve their communities; however, the proposed framework does not clearly demonstrate how these additional data requirements will serve these purposes. An example of unnecessary data burden is the shift in mortgage lending away from HMDA (a data source already compiled by most banks) to the Call Report definition, which would require additional data collection efforts.

There should be an emphasis on providing small banks with supplementary government or regulatory support to mitigate increased costs and time associated with increased data collection requirements.

Lastly, CRA performance evaluations and aggregate data should be further standardized and provided to the public. Ensuring CRA performance evaluations provide consistent data across banks and agencies is essential to being able to compare performance. High-level data for all CRA activities (loans, community development loans, investments, service hours, and donations) should be reported for all banks and aggregated. This could be completed using examiner data collected at each CRA examination to reduce reporting burdens on the banks themselves.

Thank you again for the opportunity to comment. Please contact us with any questions.

Sincerely,

Randell Leach
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Erin Kilmer-Neel
Executive Director, Beneficial State Foundation