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Re: Community Reinvestment Act Regulations

To Whom It May Concern:

The Mississippi Bankers Association respectfully submits this commentary for consideration by 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) in response to the Notice of Proposed Rulemaking for the Community Reinvestment Act (CRA) of 1977 ("Proposal"). We appreciate the agencies' leadership in seeking stakeholder input on ways to improve and modernize the CRA regulatory and supervisory framework.

The Mississippi Bankers Association ("MBA"), the only trade group representing the commercial banking industry in Mississippi, was organized in 1889, by thirty-one local bankers, and the MBA has served as the voice of Mississippi's banking industry for over 130 years.

Today, our membership includes more than 80 financial institutions. Sixty-seven of our members are chartered in Mississippi, and the vast majority are small, local, community bankers. In fact, all but four of the banks chartered in Mississippi have assets of less than $10 billion.

The MBA appreciates the opportunity to participate and provide input on the latest joint proposal on behalf of Mississippi's banking industry. We are also happy to discuss any of these comments or provide any additional material or feedback at your convenience.

I. Introduction

We appreciate the agencies working together to build a consensus final rule that represents a single uniform Federal policy to create an even CRA playing field. Policymakers, bankers, and others have long recognized the need to modernize the CRA regulatory framework to better reflect how technology has transformed the delivery of financial products and services. Over its 40-year existence, CRA has helped ensure LMI communities have access to credit and financial services. The MBA appreciates this goal given the number of LMI communities throughout our state. In this letter we will explain our concerns that parts of the existing proposal, particularly related to the retail lending screen, could be counterproductive to the shared goal of enabling access to banking services in rural, LMI communities. But before laying out the specifics of those concerns, it is important to understand the background context in which Mississippi community banks operate.

Mississippi banks have long been committed to serving their communities and the underprivileged areas of our state. This is emphasized by the pivotal role CDFI banks play for our state through their commitment to LMI communities. More than 75 percent of Mississippi-headquartered banks are certified Community Development Financial Institutions ("CDFIs"), giving Mississippi the largest concentration of CDFI banks in the country. As you may know, to maintain CDFI certification, a bank must demonstrate that at least 60 percent of its total activities (lending, investment, and services) are focused on serving low-income communities, low-income people, or otherwise underserved populations. Mississippi's CDFI banks strive daily to provide vital credit and depository services to both businesses and consumers in many of the most impoverished parts of the country.

The impact of the Paycheck Protection Program (PPP) also exemplifies how Mississippi banks are committed to supporting their communities, Mississippi lenders led the nation in making loans of less than $150,000 and strove to ensure the smallest of small businesses were able to participate in PPP. According to an analysis of PPP prepared by the American Bankers Association:

- Mississippi lenders ranked number 1 among all states and territories with regards to share of PPP loans that were less than $150K, less than $100K, and less than $50K.
  - 96.2% of all Mississippi PPP loans were less than $150K
  - 94.0% of all Mississippi PPP loans were less than $100K
  - 88.7% of all Mississippi PPP loans were less than $50K

Mississippi's record of ensuring the smallest of small businesses benefitted from PPP and the efforts of Mississippi's CDFIs banks to engage underserved and impoverished markets both exemplify the commitment of Mississippi banks towards achieving the goals of the Community Reinvestment Act.

Mississippi bank efforts in underserved communities are not limited to small businesses. Mississippi banks understand the struggle many low-income individuals experience when attempting to qualify for traditional financing opportunities. These banks work to actively combat the impact of low credit or nonexistent credit on a consumer's ability to access financial products. The persistent and generational poverty many Mississippi communities suffer from, often drives consumers in our state into expensive payday lending products that can force consumers into a cycle that is difficult to break. Recognizing many Mississippi consumers lack adequate financial literacy education, Mississippi banks continuously work to develop innovative ways to help consumers build credit and get them into better financial situations through programs intended to not only help customers improve their credit scores but to also improve their overall financial literacy skills.

For example, one bank, classified as large under the Proposal's asset thresholds, implemented a three-pronged program to: (1) teach financial literacy to anyone 18 years or older; (2) provide access to a small loan for personal needs; and (3) provides access to a savings account and checking account to further participants' financial success. The bank created this program to provide individuals with basic financial literacy competency and to encourage long-term savings. Through this program, the bank has been able to bring unbanked or underbanked individuals into the banking mainstream. This program is available to customers and non-customers, and it includes a 3-hour seminar taught by a bank employee and adapted from the FDIC's MoneySmart program. Attendees can then take their certificate of completion to apply for the accompanying loan to pay off payday loans or other higher-interest debt as well as to open their savings/checking accounts. Since this program was created in 2008, more than 30,000 people have attended the bank's financial literacy seminar, and the bank recently surpassed 34,000 loans made through this program, totaling over $25 million of positive economic impact that likely would not have otherwise occurred.

Similarly, another bank, classified as an intermediate bank under the Proposal's asset thresholds, administers a financial literacy and credit building program throughout the Mississippi Delta, including in many of Mississippi's most rural and impoverished areas. In 2013, the bank created a five-week bootcamp course where participants meet one night per week, with each class covering a different subject matter. Since 2013, the bank has partnered with the Mississippi Community Financial Access Coalition, along with 17 other financial institutions and 47 nonprofit entities to help bring more individuals into the program. The program has held approximately 200 classes since 2013, reaching over 5,000 individuals. The bank has also since added other financial literacy courses for those who complete the introductory bootcamp, including courses on business development, low-income housing programs, and financial home-buying programs.

While the CRA has traditionally encouraged banks to develop financial literacy programs like the two mentioned above, we share these here to remind you contextually that Mississippi banks

care deeply about their customers. They often must spend in-depth one-on-one time with these consumers, particularly those in rural and impoverished markets, to help them break the cycle of generational poverty. This is hard and time-consuming work, and the final CRA proposal must not unintentionally hamper banker efforts to spend this one-on-one time with rural consumers.

1. While the MBA Appreciates the Agencies' Efforts to Modernize CRA, We Worry Some Provisions May Inadvertently Impair the Goals of CRA

While we applaud the agencies' efforts to address the long-standing need to update and modernize the CRA regulatory framework, this proposal has created significant concerns among bankers who worry certain proposed changes may create additional regulatory burdens, costs, and disruption for banks in supporting their communities. Indeed, Mississippi banks are especially concerned that the current proposal could result in a restriction of bank access in rural LMI communities across the state. Many Mississippi banks are worried the proposed Retail Lending Volume Screen could cause significant issues for many rural banks. If unchanged, this part of the proposal could reduce access to branch banking and thereby ultimately increase the number of unbanked Mississippians by disincentivizing banks from maintaining branches in many rural and economically depressed areas. This is our major concern with the proposal, and we will provide more commentary below.

II. Retail Lending Test Concerns

We have serious concerns with this portion of the proposal. Many of our members are deeply concerned with the potential impact the Retail Lending Volume Screen could have on their communities. We believe this Proposal could actually have the unintentional effect of incentivizing banks, including CDFIs, to close branches in the most rural markets in our state. This could be a tragic outcome that would likely increase the amount of unbanked and underbanked individuals in Mississippi. Our state already has the highest number of such individuals in the country, and as we discussed in our introduction section above, our banks invest significant efforts to combat the problem of unbanked and underbanked consumers. We fear that if the current proposal is not changed significantly, it will ultimately lead to an increase in unbanked individuals in our most rural markets.

Many banks are concerned the Proposal will punish banks for maintaining branches in underserved areas where there is little commercial or lending activity. Many of our banks currently maintain branches in small, rural towns where their branch is the only depository in the community. These branches do not provide many loans that would pass the Retail Lending Volume Screen; in fact, most do not provide loan opportunities of any significance. Instead of maintaining these branches for potential loan growth opportunities, these banks often maintain these branches as a public service to ensure individuals in these communities have a safe, sound place to deposit their money. Additionally, we are concerned the Retail Lending Screen could also create difficulty for banks that have recently acquired a branch in a new market or that have recently expanded into a new market in which the bank does not yet have adequate lending market share. So, if unchanged, this part of the Proposal could force banks to close rural branches that are maintained primarily for depository services while also disincentivizing potential new market entrants from growing into rural communities. As a result, the Retail

Lending Volume Screen could ultimately encourage the creation of new bank deserts in impoverished areas.

To adequately convey the extent of our concern, we have included several brief examples of some of the feedback we have received from Mississippi banks regarding this issue:

A. Intermediate Bank #1

One intermediate bank we spoke to was extremely concerned about the impact of the Retail Lending Volume Screen, and the bank was worried that it could potentially cause the bank to be unable to meet new CRA requirements in many of small, rural towns where they currently provide services, despite having little to no economic activity in those areas, especially commercially. In many of these towns, this bank is also the only depository institution. If they fail to meet new CRA goals because there is minimal loan demand, the bank is worried they will have to consider closing branches and risk causing some of these towns to potentially become unbanked. This bank also expressed concerns about the burden that will be imposed on the bank and similar institutions in order to meet the requirements in the new proposal, with an expectation that the bank will have to hire multiple new employees just to comply with this Proposal.

B. Intermediate Bank #2

Intermediate Bank #2 expressed concerns that the 30 percent test would not work for that bank, or most other similarly situated banks with very much of an expanded footprint at all. Specifically, the bank was concerned with the effect this proposal would have on banks that may have small branches that are largely present either through acquisition or otherwise in some markets, without much penetration in that market. The bank pointed out that acquiring banks that may have recently expanded their footprint could have significant difficulty trying to meet the test in those markets.

C. Intermediate Bank #3

Intermediate Bank #3 worried that in several rural markets, the bank is currently the only depository present. In many cases, they maintain those locations purely because of the need to have at least one depository in that county, while many of those branches may make little to no loans, which means this Proposal could very likely force them (and other banks) to have no other choice but to close those branches and leave the entire community in many rural areas without any depository institutions at all, as well as without any non-payday lenders. In these areas especially, the bank worried that current proposal could quickly increase the number of unbanked and underbanked Americans in the communities that need these services the most.

D. Large Bank #1

We also spoke with a large bank that shared these concerns. For example, they pointed out that in many areas, they do very little or even no commercial lending. Much of what could be considered commercial activity is in these areas comes from very small businesses or self-

employed individuals. These small business owners often using personal loans even for commercial purposes, such as a self-employed HVAC technician borrowing a personal loan to use for purchasing or repairing his equipment or work vehicle.

The bank also pointed out that they could suffer serious negative impacts if the Retail Lending Volume Screen looks at each branch as opposed to looking at each market, as the bank has some branches that do not handle any commercial loans, but instead pass all such loans to one centralized branch, which ultimately makes all of those loans, which in turn leaves several of those branches without any commercial loans at all. Instead, many of those branches are present largely only to take deposits, or for similar purposes.

Finally, this bank was worried that the unbalanced method of splitting up the grades for services, investments, and loans could also be problematic for many banks, especially with the separated areas being weighted unevenly.

E. Large Bank #2

Large Bank #2 provides the only branch banking services in a number of extremely economically depressed communities in rural Mississippi. In many of these areas, there are very few mortgage applications, new businesses are not forming, and the bank is often the only non-payday lending option in many of these communities. This bank was very concerned that the Retail Lending Volume Screen could be very problematic to meet in many of these areas where the few loans that are being made by the bank are almost entirely consumer loans. If those loans are excluded from the calculation, while the bank is also the only depository in town, their ratio will be significantly skewed to create a very inaccurate picture of the true nature of the services they are providing in these depressed areas.

F. Large Bank #3

Finally, a large regional bank also expressed serious concerns that this Proposal could impair their current CRA efforts, especially as it relates to maintaining branches in small, rural towns as the only depository in the area. Currently, this bank maintains branches in multiple LMI areas where these branches are often not profitable standing on their own, given the lack of economic activity or other factors to provide much demand for lending. For example, in one small, rural Mississippi town of 300 people, the bank is the only depository institution in the town, and it is one of the only two depository institutions in the entire county. Large regional or multi-state banks like this bank often maintain these branches for CRA credit in economically depressed LMI areas, despite the lack of income or lending activity. Large Bank #3 is concerned the new Proposal could cause shift this calculation to the point of causing many banks to no longer be able to operate these unprofitable branches in LMI areas as a public service, because of the impact of the Retail Lending Volume Screen likely causing the bank to suffer in its CRA compliance despite the benefits being provided to LMI communities.

If the Retail Lending Screen is not revised to remove all disincentives for maintaining branches in economically depressed areas, the agencies risk inadvertently increasing the number of

unbanked Americans in the state which already has the highest number of such Americans, as well as across the country in similar areas

Additionally, the MBA also encourages the agencies to consider that the Retail Lending Volume Screen could conflict with congressional intent. Congress has already established a loan volume screen in the form of the Riegle-Neal interstate loan-to-deposit ratio requirement. If the agencies adopted the proposed retail lending volume screen, they would be second-guessing Congress's carefully crafted method for requiring banks to make a minimum amount of loans relative to their deposits, and thereby substituting the agencies' own judgment for that of Congress.

To avoid the potential unintended consequence of possibly causing rural banks to close branches, and thereby increasing the number of unbanked or underbanked consumers in rural communities, we urge the agencies to include consumer loans within the Retail Lending Volume Screen and to keep the analysis at the market level, rather than at the branch level. We believe it is critical that this is significantly changed before CRA reform is finalized.

Alternatively, we encourage the agencies to eliminate the Retail Lending Volume Screen entirely, as it essentially imposes a one-size-fits-all approach on all Large Banks regardless of business model and the particular needs of communities. The screen arbitrarily creates winners and losers based on business model, is an inaccurate measure of bank capacity, and overlaps with other banking laws that regulate loan-to-deposit ratios. It is premised on the assumption that all banks (with the exception of wholesale and limited purpose banks) can and should make a certain percentage of "retail loans" in each assessment area, despite this premise being faulty and failing to ensure the needs of low- and moderate-income neighborhoods are actually met.

The Retail Lending Volume Screen simply poses too much of a danger of wrongly punishing banks as if they were not adequately supporting these communities, especially banks that primarily focus on consumer lending in these areas (including through credit cards, installment loans, and credit-building loans), rather than the full range of retail products. We fail to see any potential benefit of punishing banks for focusing on such consumer efforts. We encourage the agencies to instead eliminate the Retail Lending Volume Screen and avoid attempting to confine all banks within the same formulaic approach, even though their communities, the credit needs in those communities, and their business models are vastly different. The MBA is worried the Retail Lending Volume Screen may inadvertently create more banking deserts in economically distressed markets.

The many Mississippi banks that fall into these categories are thankful to the agencies for allowing these banks to have the ability to opt-in to the updated standards which will minimize many negative economic consequences and provide flexibility for these banks to continue meeting the needs of LMI borrowers.

III. Presumption of "Satisfactory" Rating for CDFI Banks

The MBA thanks the agencies for recognizing the clear evidence of CDFI banks' emphasis on helping to meet the credit needs of low- or moderate-income individuals and communities and supporting community development in these areas by granting "automatic CRA community

development consideration" for community development activities conducted in conjunction with CDFI banks. However, we encourage the agencies to build upon their recognition of CDFIs and their existing accountability through annual certification as a CDFI by also providing that CDFI banks should themselves receive "automatic" favorable consideration for their own activities as well.

The positive impact of CDFI banks for LMI communities is consistently acknowledged, such as by the U.S. Treasury's CDFI Fund each year when it provides monetary awards each year in the form of grants to FDIC-insured depository institutions through the Bank Enterprise Award Program (BEA Program). For example, when announcing the FY 2021 BEA Program Award recipients, the CDFI Fund acknowledged the impressive impact of CDFI banks in supporting the most economically distressed communities in the nation, including by:

- Increasing their commercial loans and investments by $839.4 million;
- Increasing their consumer lending by $55.7 million in loans and investments to residents;
- Increasing the provision of financial products and services by $183.4 million;[1]

We therefore urge the agencies to set the presumed rating for CDFI banks as "Satisfactory" in any relevant test, with the option for the CDFI bank to submit additional evidence that an "Outstanding" rating is warranted, as it often will be for many CDFI banks. This addition would simply reduce the compliance burden on these CDFI banks and allow them to focus more of their resources on supporting these LMI communities, while essentially receiving the same positive consideration for activities in a similar manner as conventional banks receive by partnering with a CDFI bank. If the performance of a CDFI bank is sufficient on its face for CRA credit to be conferred on a project basis to the CDFI bank's partners, that performance must inherently also be good enough at the institutional level to ensure a base level of consideration for the CDFI bank itself.

IV. The MBA Supports Provisions in the Proposal that Provide Needed Clarity and Acknowledge the Crucial Role Played by CDFIs

We do find parts of the proposal to be positive, and we believe they will be helpful to our members. In particular, we thank the agencies for the proposal to increase the current asset thresholds and to allow small and intermediate banks to the option to opt-in to the new requirements. The MBA also supports giving CRA credit at the bank level for community development activities that a bank conducts outside of its assessment area(s). We also appreciate the proposed preapproval process and publication of qualifying activities for community development that will give banks greater certainty regarding the activities that will receive credit, in turn allowing them to concentrate their efforts on providing the products and services that will address community needs. We believe all of these provisions will help banks better serve their communities.

[1] https://www.cdfifund.gov/sites/cdfi/files/2022-04/2021_BEA_Award_Book_03252022_FINAL.pdf

1. Asset Thresholds and Opt-In for Small & Intermediate Small Banks

The majority of Mississippi banks are small, community banks, and the MBA thanks the agencies for proposing to raise the current asset thresholds for community banks as provided in the current Proposal. We support the proposed thresholds for small and intermediate small banks. We appreciate the agencies making these changes to reflect changes in the banking industry and the regulatory burden to which banks are already subject, considering that asset categories determine the complexity of the test that regulators will use to evaluate performance.

We also thank the agencies for taking the additional step to allow small banks and intermediate small banks the option to either opt-in to any new CRA evaluation framework or continue to be evaluated under the current lending and community development tests. Requiring small and intermediate banks to completely overhaul their compliance management systems and retrain staff to comply with new requirements within the regulatory timeline would put an undue burden on many of our small financial institutions. Indeed, a requirement to implement the revised framework would be a significant financial challenge and would take away vital community bank resources that could be better used serving their communities.

2. Non-Exhaustive, Illustrative List of CRA-Qualified Activities

We strongly support the Proposal's creation of a publicly available, non-exhaustive, illustrative list of CRA-qualified activities, as well as a list of activities that do not meet the regulation's criteria for being CRA-eligible. We urge the agencies to maintain this list on an interagency basis and to make clear that examiners should not view CRA-eligible activities as being limited to those that are on the list. Regulators should also solicit public comment on the types of activities that would receive automatic credit. We urge the agencies to develop a list that is searchable and organized by topic. We also ask that the agencies specify that a bank holding a loan or investment that is removed from the qualified activities list will continue to receive CRA credit as long as that loan or investment is held on the bank's books. Finally, we strongly support the agencies' plans to update the qualifying activities list on an ongoing basis in response to pre-clearing requests as well as the agencies' plan to public the qualifying activities list for public notice and comment.

The MBA also appreciates the agencies' Proposal to allow banks to confirm with their regulator whether a proposed activity would receive CRA credit before beginning that activity. However, we encourage the agencies to reduce the turnaround time in the preapproval process to thirty days. Our members are concerned that a longer turnaround time, such as forty-five days, could hinder banks from pursuing beneficial CRA activities while awaiting possible approval. We therefore ask that the agencies instead ensure their internal review processes are sufficiently streamlined to respond within thirty days.

Additionally, while we think providing clarity on the front end of a project is extremely important, it is equally important that the system allows banks to receive credit for finding new and innovative ways to serve their communities. The MBA strongly supports the revision to the community development definitions that explicitly recognizes and confers automatic CRA community development credit for activities in support of, and undertaken with, CDFIs, and we

urge the agencies to ensure the final rule retains the provision in the NPR that confers equal CRA consideration for activities conducted with all CDFIs as the regulation currently does for activities undertaken with MDIs and LICUs. The COVID-19 pandemic was a stark reminder that banks should have the ability to adapt their activities to support their communities in innovative ways, especially in difficult times.

V. Implementation Period

The MBA is also concerned about the agencies' proposed implementation period for this Proposal. We understand the agencies are proposing a transition period comprised of multiple "applicability dates." While we appreciate the agencies providing a transition period of one year for the most burdensome aspects of this proposal, we are still deeply concerned that twelve months will not be sufficient to implement the proposed changes for a rulemaking this comprehensive and complex. Indeed, we believe the implementation of many aspects of this Proposal could require significant effort by banks to comply, which in turn will take significant time to accomplish necessary system changes, training, hiring new employees, and reassigning or shifting existing employees.

The sweeping changes contained within this lengthy Proposal combined with the brief length of the current comment period did not allow banks sufficient time to fully understand, explore, analyze, and confirm the potential impacts of the Proposal. Consumers, small businesses, and other stakeholders, including the agencies themselves, would be better served if the agencies re-opened an additional comment period and provided clearer explanations for many of the proposed changes before implementing a final rule.

We also ask the agencies to consider the time and resources that it will take banks to not only begin implementing the final CRA regulation, but to also begin implementing the CFPB's anticipated final small business lending data collection (Dodd-Frank Act section 1071). For many banks, the same staff will be charged with implementing both of these new regulations, particularly as it pertains to overhauling technology systems and standing up new data collection and reporting mechanisms. This dual implementation would make the time pressures of a 12-month implementation period particularly difficult.

It will be difficult for many institutions to adequately apply new and complicated formulas to their existing CRA programs while also establishing administrative oversight over newly designated retail lending assessment areas and ensuring they are properly incorporated into the bank's CRA program. Banks will also need significant time to ensure that all assessment areas, both new and existing, meet the rule's newly established performance benchmarks as well to implement major data collection, recordkeeping, and reporting mechanisms that significantly exceed existing CRA requirements, including the establishment of data integrity procedures and controls. Finally, beyond simply implementing the final Rule, many banks will need time to evaluate the cost-benefit of certain business lines and geographic markets in light of the burden that the new retail lending assessment areas and performance metrics create, especially if significant revisions are not made to avoid negative consequences such as disincentivizing many banks from providing services in underserved areas where there may be no lending activity or little commercial activity at all because of the way the current Proposal is designed.

While we applaud the agencies taking a measured and methodical approach to drafting this Proposal, the comprehensive nature of this lengthy Proposal has made it difficult for many banks, especially smaller institutions in states like Mississippi, to have adequate time to examine this Proposal and accurately determine the potential impact of the proposed changes to their institutions and the communities they serve. Indeed, many questions continue to exist on key elements of the Proposal, such as the Retail Lending Volume Screen and revised Community Development Test.

The MBA therefore urges the agencies to consider the comments received during this period, make applicable revisions to its Proposal, and then publish the revised Proposal once again for public comment rather than immediately publishing a final rule. While efforts to modernize the Community Reinvestment Act are important, and we fully support the need for revisions to the regulations that implement the CRA, we believe that it will be equally important to ensure that the final Rule as implemented is not rushed and does not cause any unintended consequences such as unintentionally disincentivizing banks from providing services in LMI areas or otherwise making it more difficult for financial institutions to serve these communities. We also believe that given the scope of this Proposal, it especially crucial that a final Rule be clear and fully understood by the institutions subject to its requirements. Therefore, we urge the agencies to consider comments received during this comment period and make necessary revisions to the joint Proposal, and then reopen the revised Proposal for public comment rather than immediately implement a final rule.

VI. <u>Conclusion</u>

The MBA thanks the agencies for the opportunity to provide comment on the proposed revisions to the regulations that implement the Community Reinvestment Act. We remain grateful for the agencies' leadership in working with financial institutions to solicit ideas to modernize these regulations and to craft this proposal. We agree that updates to these regulations are long overdue, and the agencies are to be commended for their shared efforts to reassess this complicated legal regime.

In enacting CRA, Congress emphasized that its purpose was to ensure that regulated financial institutions demonstrate that they "serve the convenience and needs of the communities in which they are chartered to do business." As a result, our members have a "continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered." We believe CRA has made great strides in ensuring access to credit in LMI communities and among minority and low-income borrowers over the past three decades. We applaud the agencies' efforts to reform CRA now so our members may better fulfill these obligations to serve the convenience and needs of their communities.

While we applaud the agencies' diligent efforts to modernize the Community Reinvestment Act, we urge you to consider our concerns about the Retail Lending Volume Screen and revise the formula to include consumer loans and to look at the market-level. We also ask the agencies to acknowledge the mission-driven purpose and annual accountability of CDFI banks by setting the presumed rating for a CDFI bank as "Satisfactory" while providing the bank with an opportunity,

if it so chooses, to provide additional information to examiners that it deserves an "Outstanding" rating instead.

We also thank the agencies for increasing the current asset thresholds and allowing small and intermediate banks the option to opt-in to the new requirements. We also thank the agencies for the proposing to publish a list of qualifying activities, while we do encourage each agency to provide banks with approval for activities within thirty days.

The MBA hopes that our comments will help the regulators revise the current Proposal while strongly considering our request to then issue a revised Proposal for additional public comment before implementing a final rule that modernizes and improves CRA while avoiding any inadvertent harm and increased regulatory burden, especially for CDFI banks and other institutions that already fulfill these obligations well. The MBA also urges the agencies to provide for a longer implementation period than sixty days after the publication of the final rule so that banks may have adequate time to fully understand and prepare to comply with such a comprehensive modernization effort.

The MBA welcomes the opportunity to provide additional information and input as the modernization effort proceeds. Should you have any question regarding our comments, please contact me at ebennett@msbankers.com.

Sincerely,