



April 7, 2020

By Electronic Delivery to [cra.reg@occ.treas.gov](mailto:cra.reg@occ.treas.gov) and [comments@fdic.gov](mailto:comments@fdic.gov)

Chief Counsel's Office  
Attention: Comment Processing  
Office of the Comptroller of the Currency  
400 7th Street SW, Suite 3E-218  
Washington, DC 20219

Robert E. Feldman, Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington, DC 20429

Re: **Docket ID OCC-2018-0008; RIN 3064-AF22**  
Joint Notice of Proposed Rulemaking  
Community Reinvestment Act Regulations  
85 Federal Register 1204 (January 9, 2020)

To Whom it May Concern:

The Illinois Bankers Association (IBA)<sup>1</sup> is writing on behalf of its members to comment on the joint Notice of Proposed Rulemaking (NPR) to modernize the existing Community Reinvestment Act (CRA) regulatory framework. We appreciate your agencies' efforts to modernize the CRA regulations, and we are heartened by the prospect of obtaining much needed clarity for banks and examiners when interpreting and applying the CRA's requirements.

We strongly support the CRA's goals, and our members work every day to help meet the credit needs of the communities they support and rely on, particularly in low- and moderate-income areas. Our hope is that all three federal banking regulators — including the Federal Reserve Board — will craft clear and consistent standards that can better incentivize banks to support their communities by reducing supervisory ambiguities and avoiding burdensome and restrictive requirements.

Please note that we previously submitted a comment letter in response to the OCC's Advance Notice of Proposed Rulemaking on this issue in 2018, and we intend for the following comments to build on our earlier comments.

**Focus on the urgent need for clarity regarding qualifying activities.** In the midst of our global pandemic and ensuing economic crisis, we urge you to adopt the most urgently needed aspects of the NPR now, that being the NPR's crucial clarifications on what is a "qualifying activity" — as well as the illustrative list of qualifying activities and the proposed process for confirming which activities will receive CRA credit. In particular, under our current circumstances, both community groups and banks would benefit greatly from the clarifications in the NPR with respect to qualifying activities. Transparency and clarity as to qualifying activities will greatly encourage productive investments that are beneficial to our communities, community organizations, and banks alike.

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<sup>1</sup> The Illinois Bankers Association is a full-service trade association dedicated to creating a positive business climate for the entire banking industry and the communities we serve. Founded in 1891, the IBA brings together state and national banks and savings banks of all sizes in Illinois. Over 40% of IBA members are community banks with less than \$150 million in assets, and over 75% of IBA members are community banks with less than \$500 million in assets. Collectively, the IBA represents nearly 90% of the assets of the Illinois banking industry, which employs more than 105,000 men and women in over 5,000 offices across the state.

Other more controversial aspects of the NPR may be equally important, but we have grave concerns over certain provisions in the NPR — particularly the adoption of inflexible and untested performance thresholds, and the abandonment of nearly all qualitative considerations regarding a bank's CRA activities. A complete overhaul of CRA performance evaluations, with long-lasting and great potential for unintended consequences, should be saved for another day.

**Provide all community banks with the ability to opt in — or opt out.** Should your agencies decide to adopt an entirely new CRA framework, we would request that the final rule permit *all* community banks to opt into (or out of) the new framework — not just the smallest community banks under \$500 million in assets, as proposed in the NPR. One point of reference is the current definition of a “small bank” in the CRA rules, which includes all banks under \$1.305 billion in assets. At the very least, the opt-in should be available to all community banks meeting the existing “small bank” definition in the current CRA rules.

**Remove burdensome data collection and reporting requirements.** The NPR adopts several new requirements to collect and report new data as part of the CRA evaluation process — such as quarterly sums of all community development loan investments at the county level, quantifications of a bank's community development services, datasets on small loans to businesses and farms (datasets which the NPR acknowledges will need to be purchased from third parties), and new calculations to determine a bank's “retail domestic deposits.”

The NPR also requires banks to report data that they currently collect in new ways. Such novel uses of existing data also will require new or upgraded systems, training and oversight, because many banks simply do not store data in the manner in which it must be reported. Transferring data from one system to another can be fraught with challenges; for example, before pulling data from a Call Report system, banks will have to ensure that their loan systems are pulling data from the correct Call Report and that no errors or software issues have corrupted the data while in transit.

Banks already find themselves spending inordinate staff time and resources collecting and maintaining data, as well as conducting extensive due diligence, analyses and documentation, under the current CRA regimen. The NPR's proposed new data collection and reporting requirements would add to these burdens. All this time and expense spent in such data collecting and paperwork instead should be deployed in our banks' communities, through lending and investments, by marketing to low- and moderate-communities, and in promoting financial literacy and other worthy causes.

Thank you for your consideration of our comments, and please let us know if you have any questions.

Very truly yours,



Carolyn Settanni  
Senior Vice President and  
Associate General Counsel