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August 3, 2022

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street SW
Suite 3E-218
Washington, DC 20219
Attention: Comment Processing, Docket ID OCC-2022-0002

Re: Community Reinvestment Act Regulations

Dear Madam or Sir:

BankSouth is a \$1.2 billion community savings association headquartered in Greensboro, GA. We have five branch offices located in various areas in Georgia, including in the Atlanta, Savannah, and Athens markets, along with our headquarters and additional branch in Greene County. Our primary regulator is the Office of the Comptroller of the Currency (OCC). Our business model includes offering deposit account services to consumers and businesses, merchant and payments services, online and mobile banking services, and a mix of consumer and business lending oriented primarily to consumer real estate (lot loans, construction loans) lending and small business lending. BankSouth also has a wholly owned subsidiary, BankSouth Mortgage, LLC which originates conventional, FHA, VA, and USDA mortgage loans for sale on the secondary market.

Thank you for your leadership and hard work to draft a joint proposal with the FDIC and Federal Reserve on which we can provide comment. We appreciate having a coordinated effort that will ensure consistency across the banking landscape.

BankSouth is committed to the communities in which we operate. Our managers and employees are active in the community, including serving on boards such as Habitat for Humanity, United Way, and local Chambers of Commerce. We also participate in a CDFI partnership in Georgia to provide financing opportunities for affordable housing projects and initiatives.

We fully support CRA modernization. The existing regulatory requirements for CRA are complex and unpredictable and do not take into account the realities of our modern banking system that includes mobile banking, online loan applications, and Fintech partnerships.

We fully support the adjustment to the redefined small, intermediate and large bank asset size thresholds in the proposed rule. Our financial institution is currently an Intermediate Small bank under the existing CRA regulations and will continue to be so under the proposed asset size adjustments. We believe this is appropriate given the already burdensome regulatory environment we operate under with limited resources to ensure continuing compliance. Overall compliance costs are a substantial amount in our budget and these new proposed thresholds adjust for the reality of the additional burden banks such as ours that were approaching the large bank asset size under the existing regulations would soon be facing.

August 5, 2022

We also fully support the increased transparency and certainty regarding community development included in the proposed rule. Having both a listing of preapproved qualifying activities and the ability to obtain a specific determination of qualification of submitted activities will be extremely helpful to us in ensuring we deploy our limited resources in the most effective ways possible.

We also believe the proposed implementation period of 12 months from the date of issuance of the final rule is too short. As you likely are aware, we have also been told to expect a final rule on small business data collection from the CFPB in March 2023 which would align very closely with the implementation period for the CRA rule changes. Dealing with both of these complex rule changes at the same time will be extremely burdensome for smaller institutions with more limited resources. We would encourage the OCC and other regulatory agencies to strongly consider a longer period before a mandatory compliance date.

We also believe the OCC's estimate of the cost burden of these rule changes are too low. First, because these rule changes involve so many key areas for a community financial institution, we will have a significant involvement in the implementation project from more senior managers. We would estimate an average compensation rate of \$150 per hour rather than the \$114 per hour stated in the proposal. We believe the up-front compliance costs of implementing this new rule will require at least 1,000 hours for a total compensation cost of \$150,000 to implement. In addition, we believe the new rule will require substantially more time than the estimated 80 hours per year. We already spend over 200 hours per year on CRA compliance activities. In addition, we spend over \$15,000 annually on software to support our CRA performance analysis and compliance activities. With the complexities of the Retail Lending Test calculations and analysis, we believe a more accurate estimate of the increased time needed to comply with the new rule is 200 hours per year, for an increase of \$30,000 annually in our CRA costs.

Again, we thank you for the opportunity to provide comment on this proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Bedsole", is written over a horizontal line.

Jim Bedsole, CRCM, CERP, CAFP, CCBP, CBA, CFSA
Senior Vice President
Chief Compliance & Risk Officer