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October 28, 2024

James P. Sheesley, Assistant Executive Secretary
Attention: Comments/Legal OES (EGRPRA)
Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

RE: Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996

Dear Sir or Madam:

New Market Bank (“NMB”) appreciates the opportunity to respond to the Office of the Federal Financial Institutions Examination Council (FFIEC), Office of the Comptroller of Currency (“OCC”), Federal Deposit Insurance Corporation (“FDIC”), and Board of Governors of the Federal Reserve System (Fed) collectively (the “Agencies”) regarding the Economic Growth and Regulatory Paperwork Reduction Act (“EGRPRA”). New Market Bank is a family-owned community bank serving the southwest Twin Cities Metropolitan area primarily in Dakota and Scott counties of Minnesota with offices located in Elko New Market, Lakeville, and Prior Lake. The communities we serve are on the fringe of the metropolitan area where the city meets farm fields. NMB serves our communities by providing employment opportunities for about 45 team members or 35 FTE’s. We have just over \$178 million in assets as of 09/30/2024. As a state chartered, Fed non-member bank the FDIC is our prudential regulator.

As a 2nd generation community banker, I’ve had the privilege of serving our communities as a teller, retail banker, consumer, commercial, and mortgage lender and serve community banks in loan operations, mortgage servicing, information technology, Compliance, CRA, and BSA officer roles. I have over 25 years of experience as a compliance officer, with a strong focus in mortgage lending and servicing related regulations. Thank you for the opportunity to comment on the following topics.

While I understand the CFPB is primarily responsible for implementing the Dodd-Frank and other regulations, most of the agencies participating in this EGRPRA process are responsible for enforcing financial institutions to conform to the Dodd-Frank Act and other CFPB implemented regulations. New Market Bank estimates that we have more than quadrupled our regulatory compliance annual costs since the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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Member FDIC

Approximately 4 of our 35 FTE's or 11.43% of our team members are dedicated to Compliance and BSA roles and oversight. This does not include the costs for external audits, which can be in excess of \$40,000 annually. The CFPB has chosen to nearly double the number of reportable fields in excess of what Regulation C requires for HMDA reporting. At the same time financial institutions are held to almost zero tolerance for exceptions with HMDA reporting, which is almost impossible to achieve.. The CFPB repeated this trend of doubling the reportable fields compared to what is required under the 1071 Small Business Lending Rule.

At the heart of the EGRPRA process we are tasked with identifying outdated or otherwise unnecessary regulatory requirements. The following are a few examples of what the agencies should address.

Loans in Identified Flood Hazard Areas

The "Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance" is an area that the agencies could refine. When an institution Makes, Increases, Renews, or Extends a loan (also referred to as a MIRE event) that is secured by property that is or will be located in a Special Flood Hazard Area (SFHA), the institution must provide a written notice of special flood hazards to the borrower. The delivery of the notice of special flood hazards must take place within a "reasonable time" before the completion of the transaction. What constitutes "reasonable" notice will necessarily vary according to the circumstances of particular transactions. Unfortunately, the agencies didn't define what is a "reasonable amount of time", but instead have provided guidance that "Agencies generally regard ten days as a "reasonable" time interval. While the guidance includes "notice will necessarily vary according to the circumstances of particular transactions" I continually hear from compliance peers that field examiners at the direction of their field office or "DC", that 10 days is a hard and fast requirement and even if the financial institution has documented reasonable information it is not acceptable. Therefore, defining what is a reasonable amount of time is warranted and I recommend aligning with other regulations and utilize 3 or 6 business days.

In addition, the requirement to re-provide a borrower notice after a loan has already been made, the consumer has already been notified about flood insurance requirements before a loan Increases, Renews, or Extends is excessive and burdensome. During the normal course of a renewal, extension or modification a financial institution typically uses a modification or change in terms document that refers to the original loan documents, indicates that all terms remain in force, except terms that are changing. If additional flood insurance isn't required at the time a loan Increases, Renews, or Extends, what is the benefit to the consumer for requiring the bank to re-disclose the requirement for flood insurance?

For smaller community banks that may have a manual process for identifying loans that require flood insurance, ensuring that notices are provided again before an "IRE" event can be challenging. Considering that small community banks may have a very low number of loans that require flood insurance having 1 or 2 exceptions may constitute a "pattern or practice" in the eyes of an examiner that is then required to assess civil monetary penalties (CMP's) of up to \$2,000, adjusted annually per violation for something that clearly does not inflict consumer harm. I'd encourage the

agencies to exercise other appropriate actions other than CMP's for first time findings of smaller community banks.

FDIC Part 328-FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC's Name or Logo

Most small community banks are highly reliant on core processors to meet regulatory compliance requirements across the spectrum of regulations. Recent updates to FDIC Part 328 are no different, especially as it relates to FDIC official digital sign for bank websites, apps, and ATMs. Displaying the New FDIC official digital sign clearly, continuously, and conspicuously on the home page or screen and each transaction or screen relating to deposits, near the top of a page; and in close proximity to the bank's name is an achievable task to complete by the May 1, 2025 compliance date. However, having the FDIC official digital sign displayed on the landing and login pages or screens of Online and Mobile Banking applications is more challenging because we are solely reliant on our core processor and/or vendors that provide these resources. I consistently hear peer banks with a diversity of asset sizes share frustrations that the core processors aren't providing reasonable assurances that these requirements will be met by the mandated compliance date. With this in mind, we request the agencies to establish sufficient time that allows for the implementation of regulations such as FDIC Part 328 that is reliant on 3rd party vendors. There is no simple, quick, or cost-effective solution for community banks to select a different core processor or provider of online and mobile banking platforms that will meet the advertising requirement deadlines. Core processor lack of accountability to meet regulatory requirements has consistently been a challenge for most of the Dodd-Frank and other recent regulation implementation processes.

In conclusion, New Market Bank requests the Agencies to carefully consider our comments and address our concerns. As a community bank we pride ourselves on serving the needs of our communities, which includes embracing and following regulatory compliance requirements. Redirecting our resources to meet the over burdensome, duplicative, and contradictory regulatory requirements diverts us from fully meeting the community's needs. We appreciate the opportunity to participate in the oral comments on September 25, 2024 and provide written comments. I would be happy to respond to any questions you may have by contacting me at 952-469-1600.

Sincerely,

/s/

Jeff Jacobson
Vice President, Compliance & CRA Officer