COMMUNITY REINVESTMENT ACT:
GUIDE TO DEVELOPING THE STRATEGIC PLAN

Introduction

The revised Community Reinvestment Act (CRA) regulations provide that a financial institution can elect to have its CRA performance evaluated under the strategic plan option. The strategic plan enables the institution to tailor its CRA goals and objectives to address the needs of its community consistent with its business strategy, operational focus, and capacity and constraints.

The required contents of the strategic plan and the FDIC's criteria for evaluating a strategic plan submission are set forth in Part 345 of the FDIC's regulations; specifically, at 12 C.F.R. § 345.27. This guidance is not intended to be a substitute for statutory or regulatory criteria, interagency guidelines issued by the Federal Financial Institutions Examination Council (FFIEC) or other official guidance issued by the FDIC. Rather, the guidance is designed to supplement existing material by highlighting areas for which additional information is considered warranted. This information should prove useful to banks both in developing and preparing a strategic plan and understanding the FDIC's review process.

Step 1: Why Do a Strategic Plan? ~ An Overview

It is important to remember that there is no one "best" approach to preparing a strategic plan. This option affords the institution the flexibility in choosing how to demonstrate its CRA performance and how to have that performance measured by the FDIC.

Since there is no "one size fits all" to the strategic plan, not all of the information described in the enclosed guidance will apply to each institution. Nonetheless, there are some underlying factors and concepts that a bank should consider in order to develop a plan likely to receive FDIC approval.

Areas covered include how to:

- **Design a workable plan.**
- **Specify measurable goals.**
- **Support the goals through the performance context.**

Each area will be discussed more fully in the sections that follow.

There are some definite advantages to preparing a strategic plan and having it approved by the FDIC. A key benefit is the certainty this approach provides during the CRA examination. Each institution sets its own performance standards to obtain a "Satisfactory" and, at its option, an "Outstanding" rating. If the institution meets the criteria established in the approved plan, it will receive the proposed rating.

The examination procedures permit an institution to receive a “Satisfactory” rating even if it has not fully met each of the goals in the plan. The examiners will consider whether the goals have been “substantially” met when assigning a rating. In determining whether an institution has substantially met its plan goals, the FDIC will consider circumstances beyond the control of the institution, such as economic conditions or other significant market factors or events that have adversely affected the institution’s ability to perform. Examiners will review updated performance context and assessment area information to ascertain whether the institution’s performance is commensurate with either a “Satisfactory” or “Outstanding” rating.

[Assessment area information will be described in more detail in Step 3, below.]

If there is a material change in circumstances during the life of the plan, including any economic or market downturns, the institution may request that the FDIC approve an amended plan prior to the CRA examination.

Lenders who have submitted strategic plans since January 1996 have cited the amount of time that a bank must dedicate to the development and approval process as the primary disadvantage of this option. Although the strategic plan helps eliminate the potential risks inherent in the traditional large and small retail institution tests, there is an associated responsibility borne by the bank. The development of a workable plan requires that an institution take a comprehensive look at its current CRA performance, review the credit needs of the assessment area, and consider its ability to meet those needs in light of the bank’s financial capacity and business strategy.

The FDIC approaches the review of strategic plans in much the same way it would conduct a CRA examination; therefore, an institution may wish to adopt a similar perspective when developing its plan. The scope of information submitted in the strategic plan request should parallel the type of documentation that the institution must provide to receive at least a “Satisfactory” rating under the other CRA evaluation methods.

The development of a workable plan requires that an institution take a comprehensive look at its current CRA performance, review the credit needs of the assessment area and consider its ability to meet those needs in light of the bank's financial capacity and business strategy.

Step 2: Public Comment ~ Citizen Participation

For some institutions, an additional decision factor in preparing a strategic plan is the requirement that the process include public review and comment. The plan must include a copy of the public notice and the name(s) of the newspaper of general circulation in which the notice was published for each assessment area covered by the plan. The institution should provide verification in the plan that comments were solicited for a minimum period of 30 days. Copies of all written comments received during the formal comment period must be submitted. If the final plan submitted to the FDIC is different from the initial plan released for comment, a copy of that initial plan must also be submitted with the request. During the review process by the FDIC, the bank may need to revise the plan to respond to agency requests for additional information. These changes do not need to be released again for public comment unless they significantly alter the content of the original submission.

The institution can obtain public input in a variety of ways, such as holding meetings with community groups and other interested parties, seeking comments from customers through branch notifications, and mailing “statement stuffers” to customers.

The bank should also include copies of its response to the public comments. The public comments and the bank’s response(s) will be reviewed by the FDIC to determine whether the institution considered the input from the community, the degree of support for the institution’s goals, and the appropriateness of the goals.

The institution should:

- ♦ **Informally seek input from the public in the proposed assessment areas while developing the plan.**
- ♦ **Formally solicit public comment for at least 30 days after the plan is prepared.**
- ♦ **Make copies of the plan available for public review during the comment period.**

Step 3: Delineating the Assessment Area

An institution must define assessment area(s) and list them in the plan. Only whole geographies should be included: census tracts, block numbering areas or block groups. The assessment area should consist of one or more metropolitan statistical areas (MSAs) or one or more contiguous political subdivisions (e.g., counties, cities or towns); however, the assessment area may be adjusted if including the political subdivision would create a larger area than the institution can be reasonably expected to serve. Whole census tracts and block numbering areas should be included even if these geographies cross MSA and political subdivision boundaries.

The institution should include those geographies in which it has its main office, branches and deposit-taking remote service facilities such as ATMs and point-of-sale terminals. The bank should also include the surrounding geographies in which it has originated or purchased a substantial amount of its loan portfolio, including home mortgage, small business and small farm loans, as well as any consumer loans, on which the institution chooses to have its performance assessed.

> The bank should also include the surrounding geographies in which it has originated or purchased a substantial amount of its loan portfolio, including home mortgage, small business and small farm loans, as well as any consumer loans, on which the institution chooses to have its performance assessed.

An assessment area:

- ♦ **Must consist only of whole geographies.**
- ♦ **May not reflect illegal discrimination.**
- ♦ **May not arbitrarily exclude low- or moderate-income geographies, taking into consideration the bank's size and financial condition.**
- ♦ **May not extend substantially beyond a consolidated metropolitan statistical area (CMSA) boundary or beyond a state boundary unless the assessment area is located in a multistate MSA. If the geographic area served by the bank extends beyond state or CMSA boundaries, separate assessment areas must be delineated.**

Step 4: Establishing Measurable Goals

Setting measurable goals may be the most challenging aspect of the strategic plan development process. Each institution must determine not only which goals to include in the plan but also the levels at which these goals must be set to justify the proposed ratings. When an institution selects the strategic plan option, it should refer to both the examination procedures and those portions of the CRA regulations that establish the performance criteria for lending (§ 345.22), investments (§ 345.23) and services (§ 345.24).

Measurable goals are goals that are stated in quantifiable terms. Institutions have considerable latitude in specifying their goals. Some scenarios include:

- ♦ Providing ranges of lending amounts in different loan categories (floors and ceilings for these ranges may also be established).
- ♦ Lending a specific amount in a particular area or to a particular project.
- ♦ Creating a menu of activities, with weighted point values, from which goals can be stated in point totals.

♦ Expressing community development lending and qualified investment goals as percentages of the total assets and net income of the institution.

♦ Linking goals to funding requirements of public programs or to other external indices as long as there are quantifiable standards.

A strategic plan is evaluated on the following criteria:

- **Extent and breadth of lending or lending-related activities, including geographic and borrower distribution of loans.**
- **Extent of community development lending.**
- **Use of innovative or flexible lending practices.**
- **Amount, innovativeness, complexity and responsiveness of qualified investments.**
- **Availability and effectiveness of retail services and the extent and innovativeness of community development services.**

The institution must set a term, not to exceed five years, during which the plan will be in effect. If the term is longer than one year, interim goals must be established for each year of the plan. These interim goals should reflect yearly adjustments based on information furnished in the performance context of the plan, which describes both the financial institution's capacity and local economic and demographic conditions. There should also be a reasonable relationship between past performance by the bank in the categories of lending, investments and services, and the proposed goals.

For example, if the performance context offers information that the local economic conditions are likely to improve significantly over the next few years, increased annual lending goals may be warranted. Conversely, if the performance context projects decreased earnings performance over the next several years, the level of investments may need to decrease to remain consistent with the bank's reduced capacity to make equity investments or grants. Regardless of whether the goals increase, decrease or remain static, sufficient explanation for the interim goals must be provided in the plan.

Regardless of whether the goals increase, decrease or remain static, sufficient explanation for the interim goals must be provided in the plan.

There are a variety of ways in which the plan may account for changes in the annual interim goals. Some institutions have chosen to include percentage increases for each year based on the bank's historical asset growth. Alternatively, the bank's fluctuating financial capacity, discussed in the performance context, can be incorporated into the goals themselves. For example, if the goals for grant activities are expressed as a percentage of total earnings, the performance levels will automatically vary in accordance with the bank's financial condition.

These are merely two illustrations for using the performance context information to support the basis for the goals set and any adjustments made annually to the interim goals. A bank has the flexibility to devise alternative strategies if they are appropriately described in the plan.

The performance context information that supports the interim goals should be consistent throughout the term of the plan. If the performance context cites deteriorating economic conditions as the basis for static lending goals, then the institution should consider creating community development service goals that reflect additional community services that may be needed. The economic projections shown in the performance context should also be reasonably consistent with projections and assumptions contained in the institution's business plan.

[See Step 5, below, for further discussion on developing the performance context.]

The most common deficiency in the plans submitted to date has been the inadequacy of the proposed goals or the omission of an explanation for the goals in the performance context. In brief, this is what FDIC staff has noted in strategic plan requests:

- **Plans with few or no measurable goals.**
- **Goals that are static, with no supporting rationale.**
- **Plans that do not address all performance criteria and do not provide any explanation for not meeting all of the criteria.**
- **Goals that are substantially below historical performance, with no substantiation for the reduced targets.**
- **Goals that fall below the performance of other lenders in the assessment area.**

Moreover, FDIC staff frequently sees plans that:

- **Miscategorize loans, investments and services.**
- **Include community development loans, investments or services that do not qualify under the regulations.**
- **Do not provide a basis through the performance context for evaluating the submission.**

The accompanying matrix, shown as the "Strategic Plan Worksheet" (Exhibit B), may be used as a tool for setting performance standards in the categories of lending, investments and services. FDIC staff has also been advised to use this worksheet when reviewing the projected goals in a strategic plan submission. Since the plan is a flexible vehicle, however, there is no definitive requirement that the bank formulate specific goals for each of these areas.

The FFIEC has also issued CRA Interpretative Letters, which are interagency opinions on specific questions raised in the interpretation and application of the revised CRA regulations. Many of the topics address the distinctions among lending, investments and services. For example, two recent interpretations include whether securities backed by low- and moderate-income housing loans made in an institution's assessment area would meet the definition of a qualified investment (IL 794; 8/11/97) and whether activities conducted as part of a financial services education curriculum that is targeted to low- and moderate-income individuals may be considered to be community development services (IL 820; 9/17/97). These opinion letters should help institutions in their efforts to determine the inclusion of goals for CRA purposes and to more appropriately categorize their proposed activities.

The regulations state that the plan should include specific measurable goals to meet the credit needs of the assessment area, particularly the needs of low- and moderate-income geographies and individuals, through lending, investments and services. Generally, the plan should emphasize lending and lending-related activity. Nonetheless, a different emphasis may still be appropriate, provided that this emphasis is clearly explained and substantiated based on the characteristics and needs of the assessment area and the bank's financial capacity, product offerings and business focus. For example, there may be demonstrable intense loan competition within an assessment area, so the bank is concentrating its efforts on making qualified investments and providing community development services.

With respect to affiliates, the plan must include the names of each institution joining in the plan and a description of how it is affiliated with the submitting bank. The FDIC will approve a joint plan only if the plan provides measurable goals for each depository institution. Activities may be allocated among institutions, at their option, provided that the same activities are not counted for more than one institution. A joint plan must appropriately address the credit needs of each institution's assessment area(s).

If a proposed strategic plan is submitted on behalf of more than one bank, each institution must receive the approval of its own supervisory agency for those portions of the plan relating to that institution's CRA responsibilities. If a strategic plan covering multiple institutions must be approved by more than one regulatory agency, each agency will issue a decision approving or denying the request with respect to the institution(s) for which that agency has primary supervisory responsibility.

Once a bank decides which goals should be included in its plan, it must establish levels for each of these goals. The balance is a delicate one: the goals must be realistic and achievable, yet sufficiently high to warrant the proposed "Satisfactory" or "Outstanding" ratings. In determining whether the goals are consistent with the ratings, the institution should take into account the factors typically considered during a CRA examination. For example, when deciding whether a proposed goal for mortgage lending to moderate-income borrowers is "Satisfactory," one of the various elements to be considered by the institution is the percentage of moderate-income individuals in the assessment area, coupled with analysis of available market data such as aggregate Home Mortgage Disclosure Act (HMDA) lending data for prior years.

Determining the adequacy of the projected goals necessitates that they be well-supported by facts and information presented in the performance context portion of the plan. A good rule-of-thumb is that the amount of historical data supplied should be equivalent to the proposed term of the plan. Thus, a three-year plan should include the most recent three years of performance data. Although past performance does indicate the bank's ability to attain a certain goal, it does not necessarily denote whether the goal reflects the specific needs of the assessment area or is consistent with economic or market forecasts for the geographic area served by the institution.

Determining the adequacy of the projected goals necessitates that they be well-supported by facts and information presented in the performance context portion of the plan.

Because stipulating the types and levels of the proposed goals by banks has been one of most difficult aspects of the strategic plan process, we have identified some of the most common issues noted in plans submitted to date. Recommended approaches to addressing these issues are discussed in the following section. Not all of these issues may be relevant for every plan; exceptions may be appropriate in view of the performance context for the individual institution.

An institution should do the following when establishing its plan goals:

♦ **Segregate goals for low- and moderate-income lending.**

The CRA regulations provide separate definitions for low-income and moderate-income individuals and geographies. These income categories are generally analyzed separately during a CRA examination. Consequently, the plan should state separate goals for each of the income categories (low-, moderate- , middle- and upper-income individuals and geographies) unless information presented in the performance context indicates that such segregation is not necessary or appropriate.

♦ **Establish lending goals that represent both the number and dollar volume of originations.**

Setting separate goals for the number and dollar volume of loan originations offers a more comprehensive means to analyze a bank's lending performance. If the bank believes that these distinctions are not appropriate to its proposed lending goals, the basis for this exclusion should be discussed in the performance context.

♦ **Establish lending goals that are reflective of the institution's particular loan mix.**

If a bank's loan products include home mortgage, small business and consumer loans, it is expected that goals for each loan type be set forth in the plan. If mirroring the goals to the current product mix is not appropriate, the institution should furnish a supporting rationale. Typically, the appropriate level of geographic dispersion and borrower distribution is contingent on the type of loan offerings. For example, goals for consumer lending to low-income borrowers will generally be different from the goals for residential lending to low-income borrowers. Lending goals that have been broken out by product type can be correlated with and more effectively analyzed using demographic and related information, which should be described more fully in the performance context.

Generally, Call Report data has been the most consistently reliable source of information with which to analyze the institution's loan portfolio. In particular, Schedule RC-C-Part I "Loans and Leases" and Schedule RC-C- Part II "Loans to Small Businesses and Small Farms" have proven very helpful. Schedule RC-C-Part I is filed quarterly with each Call Report; Schedule RC-C-Part II, which includes a breakdown of small business loans by size, is filed only with the June 30 Report. Submission by the institution of its most recent Call Reports with the plan would support past lending performance information and buttress lending goals.

Lending goals that have been broken out by product type can be correlated with and more effectively analyzed using demographic and related information, which should be described more fully in the performance context.

♦ **Do not include community development activities located outside of the assessment area unless they are part of a state-wide or region-wide consortium or are made**

through third parties.

Generally, community development activities must benefit the assessment area. However, these activities may still receive credit, even if they are located outside of the assessment area, when they are part of a state-wide or region-wide consortium or are made through third parties.

For example, if an institution makes an equity investment in Project X, located outside of its assessment area, this investment may not be included as an investment goal in the plan. However, if the bank makes an equity contribution to a state-wide consortium, the proceeds of which are invested in Project X, this contribution may be incorporated in the plan as an investment goal. [Refer also to FIL-87-96: § 345.12(I), Question #5. A more complete listing of relevant FILs and other sources of information is shown in the "Resources" section of this guide].

♦ **Do not include foregone interest and fees as an investment goal.**

The regulatory agencies have determined that the value of discounted interest rates and reduced fees and other charges cannot be counted as an investment goal. The impact these discounted values have on an institution's CRA performance will already be measured through overall lending goals, lending to low- and moderate-income borrowers, and community development lending. [Refer to FIL-87-96: §345.12(s), Question #6].

♦ **Consider the ratings definitions shown in Appendix A to the CRA regulations when establishing the goals.**

The ratings an institution assigns to its plan goals should be consistent with the regulatory ratings definitions. For example, the regulatory definition for an "Outstanding" rating generally requires that a "substantial majority" of the bank's loans be originated in the assessment area. If circumstances do not enable a "substantial majority" of loan originations to be made within the institution's assessment area, the performance context should provide a clear substantiation for that reasoning.

Step 5: Developing the Performance Context

Essentially, this section of the plan should include any information developed in the institution's normal business planning that it would like the FDIC to consider regarding lending, investment and service opportunities for each assessment area covered by the plan. This information should include a description of any legal constraints or limitations that affect the type of loans, investments or services that the institution offers. Information submitted by the institution will be considered along with data that the FDIC has obtained from community, government, civic and other sources.

Some of the specific information that should be included in a strategic plan includes the following:

- **Demographic information regarding the census tracts or block numbering areas in the assessment area.**

The performance context section should include the number of low- , moderate- , middle- and upper-income census tracts. Additionally, information regarding the population and owner-occupied households in the block numbering areas or census tracts may be useful in providing a framework for the appropriateness of lending dispersion among geographies of different income levels. For example, if 30 percent of the population in the assessment area is situated in the moderate-income census tracts, this percentage may serve as an appropriate indicator, together with other information, in determining a reasonable level of consumer lending in moderate-income census tracts.

Additionally, if 15 percent of the owner-occupied households are located in low-income census tracts, this percentage may also provide some indication (in conjunction with other available data, such as aggregate HMDA data) in determining the expected level of residential lending in low-income census tracts.

If there are low- and moderate-income census tracts that are not heavily populated or if there are other factors that may skew the analysis of the assessment area, the institution should identify and discuss these anomalies. Examples include census tracts that contain courses operated by the Department of Motor Vehicles, junkyards, prisons, parks, wooded areas, colleges, hospitals and military bases.

- **Data on small businesses and small farms.**

The plan should include information on the number and size of small businesses and small farms for each assessment area. The data will support the inclusion (or exclusion, if appropriate) of small business and small farm lending goals by the institution.

- **Demographic information on median-income level.**

The plan should include information regarding the number of low-, moderate- , middle- and upper-income households in the assessment area. This information is important in determining appropriate levels of lending to borrowers of different incomes. It may also be useful to include average housing costs as an indicator of opportunities for home ownership among low- and moderate-income households, as well as data regarding the age and nature of the housing stock.

- **The bank's capacity, constraints, business strategy and loan products.**

The plan should identify how the goals established in the plan are consistent with the bank's overall business strategy. For example, if the institution is primarily a commercial lender, the goals would be expected to emphasize the institution's commercial lending activities.

The institution should explain any limitations on its ability to meet lending, investment and service opportunities. If the bank already has a concentration of a certain loan type, its ability to extend similar loans in the short term should be addressed. If the bank cannot take advantage of certain investments, such as low-income housing tax credits, because of a current tax situation, such constraints should also be explained.

The capacity of the institution to meet the credit needs of the different geographies in its assessment area is affected by its size, branch network, financial condition, prior CRA accomplishments, any safety and soundness limitations including regulatory constraints, and other significant factors.

♦ **Economic conditions and characteristics.**

This section should discuss the current economic climate in the assessment area as well as an outlook for the term of the strategic plan. Data concerning recent shifts in major employers and industries should also be incorporated if they reflect the need or demand for loans, investments or services in the assessment area.

♦ **Market and competitive factors.**

The plan should discuss whether competition from other area financial institutions results in limited opportunities to provide additional lending, investments and services.

The bank should explain its competitive posture in the assessment area by discussing both the performance of similarly situated lenders and its own previous CRA performance. This information is necessary to determine the degree of responsiveness by other institutions to ongoing credit needs in the area. The reasonableness and appropriateness of the institution's goals can be better evaluated by comparing the bank's past and projected performance with institutions that offer similar product lines, engage in similar business or marketing strategies or have similar size or financial profiles.

It is important to distinguish between "similarly situated" institutions and "peer" institutions. An information source such as the Uniform Bank Performance Report (UBPR) contains selected financial data on peer institutions throughout the country that share certain characteristics such as asset size and location (e.g., within MSAs). Since these institutions are located nationwide and extend beyond the geographic area served by the institution submitting the plan, it is necessary to refine this analysis to highlight those banks that serve the same or similar assessment areas. These similarly situated institutions should be identified using criteria such as comparability in terms of assets, deposits, product lines and customer base. The evaluation of the business strategies and operational focus of the institutions thus identified can provide insight into developing goals and activity levels that support the proposed ratings.

Other market-related information that could prove useful to the bank includes the Performance Evaluations (PEs) for similarly situated banks in the assessment area. The PEs may evidence that there is consistently low market performance of certain products throughout the area. This could indicate that a type of loan that the institution proposes to offer may not necessarily address a true credit need, and that other products should be emphasized in the plan. [See also the "Resources" section below for additional information on obtaining PEs.]

- **Public comments.**

Comments contained in the public file may be a source of information concerning assessment area needs. This information may include complaints as well as favorable comments on CRA activities that the community considered particularly important. This file may also contain comments regarding additional activities that the community believes are still necessary to address community needs.

Similarly situated institutions should be identified using criteria such as comparability in terms of assets, deposits, product lines and customer base. The evaluation of the business strategies and operational focus of the institutions can provide insight into developing goals and activity levels that support the proposed ratings.

Step 6: Other Important Considerations

- **Establishing an effective date.**

The plan should include a proposed effective date, which should be at least 90 days after the plan is submitted to the FDIC. When establishing the effective date for multi-year plans, the bank may want to consider setting annual periods for which information used to measure the goals can be most readily obtained. For example, if the bank typically analyzes annual originations in June, the most appropriate effective date may be July 1. The effective date is set at the discretion of the institution.

The institution will not be evaluated under the strategic plan option until it has been operating under an approved plan that has been in effect for at least one year.

- **Confidentiality issues.**

Under the provisions of the Freedom of Information Act (FOIA), a strategic plan submitted to the FDIC is a public document that is available to the public upon request. This may include any written correspondence between the bank and the FDIC during the strategic plan review process.

An institution may request confidential treatment of information that would be exempt from public disclosure under FOIA. For example, if the institution believes that disclosure of certain financial information would result in substantial harm to its competitive position, or that disclosure of information of a personal nature would result in an invasion of personal privacy, confidential treatment may be requested. The request must be submitted in writing concurrently with the filing of the strategic plan and must discuss in detail the justification for confidentiality. The institution should explain the harm that would result from public release of the information. Examples of the types of information that the institution may deem confidential include potential product offerings, marketing strategies and merger, acquisition or expansion plans.

Information for which confidential treatment is sought should be:

- Segregated from the other information that is submitted.
- Specifically identified in the non-confidential portion of the strategic plan.
- Labeled “Confidential.”

The institution should follow this same procedure with regard to filing any supplemental information. The FDIC will advise an institution of a decision to make information labeled “Confidential” available to the public.

♦ **Alternative evaluation.**

The institution may elect in its plan to be evaluated under an alternative assessment method (e.g., the lending, investment and service tests for large institutions, the small institution performance standards or the community development test, as appropriate) if it fails to substantially meet the strategic plan goals for a “Satisfactory” rating.

♦ **Plan amendments.**

During the term of the plan, mergers, acquisitions, branch expansions and closings or other events may occur that significantly change the context in which the bank operates. Moreover, there may be adverse impacts on the economic or market climate of the assessment area that hamper the institution’s ability to meet the projected goals and activities in the plan. Consequently, a bank may request an amendment if material changes develop that were not anticipated in the initial performance context.

Depending on the magnitude of these proposed changes, the amended plan may be required to undergo the public comment process.

Step 7: The FDIC's Strategic Plan Review Process

The 60-calendar day time frame requirement for decision-making established by the regulations begins once a completed plan, including information regarding public participation, is received by the appropriate FDIC Regional Office. Upon receipt of a strategic plan submission, the Regional Office will forward a copy of the plan to the Washington Office and both offices will conduct a joint review. In most instances, this review will identify questions or concerns that must be discussed with the bank.

In order to minimize the burden that the review process imposes on an institution, the FDIC has streamlined its procedures to reduce redundant requests for additional information. Any requests to a bank for supplemental or clarifying information should be discussed and agreed upon by the Regional and Washington Office, respectively. Typically, conference calls have been used to coordinate the joint review and analysis effort. The Regional Office functions as the coordinating office for all information requests.

The Regional Office may also choose to send the institution a letter, schedule a meeting with management or conduct an on-site visitation to resolve any issues. Regardless of which alternative is chosen, the 60-day processing period will be suspended on the date that the FDIC requests that additional information be provided. The time frame will not be reactivated until the FDIC has received the information and has determined that the plan is complete. The plan is deemed approved if the FDIC fails to act within the time period, unless the review period is extended for good cause.

> In order to make the review process less burdensome, the FDIC has streamlined its internal procedures to reduce redundant requests for additional information.

If the bank cannot satisfactorily respond to the FDIC's questions or cannot otherwise supply sufficient information for the Regional Office to form a recommendation, the strategic plan submission may be returned to the bank as "incomplete." Returning the strategic plan does not preclude a financial institution from submitting another request at a later date; however, this will start a new 60-day processing period. The agency will determine on a case-by-case basis whether additional public comment is needed. Generally, the submission of another plan would necessitate another public comment period.

Once the Regional Office has completed its review, it will recommend either approval or denial of the plan to the Washington Office, which has final decision-making authority. If the plan is denied, the institution may request that the FDIC reconsider its decision within 30 days of its receipt of the notice of denial. The Regional Office will determine whether the request for reconsideration sets forth substantive information that was not submitted for good cause in the original submission and whether there is justification to reverse the denial. The Washington Office has the ultimate authority to sustain or reverse the denial action.

The FDIC recognizes that developing a viable strategic plan is labor-intensive and costly. The approval process to date has proven to be protracted and complex and, consequently, has been very frustrating to the banking community. We commit to this promise: if a financial institution expends the effort to meet the criteria outlined in this guide and in other official information sources, the FDIC will respond expeditiously with an affirmative decision.

The FDIC has also developed additional internal guidance with respect to the processing of strategic plan requests, the "Strategic Plan Processing Guidelines," which delineates the roles and responsibilities of the Regional Office and Washington Office staff. Banks may want to refer to these guidelines to more fully understand the overall review process. The processing guidelines include a copy of the "Strategic Plan Checklist," which is shown as Exhibit A.

Resources ~ Where to Obtain Useful Information When Preparing a Strategic Plan

The FDIC offers the following information on strategic plans:

- Part 345 of the FDIC's Rules and Regulations: Community Reinvestment.
- FIL-3-96: "Designations as Wholesale or Limited Purpose Institutions; Submissions of Strategic Plans."
- FIL-10-96: "CRA Public Evaluation Procedures and Public Evaluation Formats."
- FIL-87-96: "Interagency Questions and Answers on the Revised CRA Regulations."
- FIL-106-97: "Revised, New and Proposed Interagency Questions and Answers on the Revised CRA Regulations."

These materials are available on the FDIC home page located at "www.fdic.gov."

The FDIC publishes a listing of institutions that have approved strategic plans on its home page. This list can be accessed by clicking on "Public Info" then clicking on "Community Reinvestment Act." Recent CRA performance ratings are also published; future plans include providing on-line access to the CRA Performance Evaluations (PEs).

Other FDIC Web sites should also prove useful:

- "FDIC Institution Directory System" provides demographic data and financial profiles on FDIC-insured institutions.

- "Data Bank" allows users to search and compare deposit data by bank, branch, city, county and state.

- "Banks on the Internet" allows users to link to Web sites maintained by financial institutions.

- "FDIC Institutions" provides non-financial demographic and classification information, downloadable listings of offices of financial institutions and bimonthly reports on non-financial activity of FDIC-supervised institutions.

- “Regional Outlook” and “Survey of Real Estate Trends” provide useful demographic data.

The FFIEC Web page at “www.ffiec.gov” maintains the following:

- Redacted versions of Interagency Letters which contain opinions on a wide array of specific questions relative to the revised CRA regulations.
- “How to File.”
- “Frequently Asked Questions.”
- “Examination Procedures.”
- “Ratings and Reports,” which contains a link to the OCC’s Performance Evaluations (PEs). The OCC is the only agency that currently posts PEs on the Internet.
- “Geocoding System.”
- “HMDA Aggregate Reports.”

The FRB has an electronic mail address at “CRAHELP@frb.gov.”

The Census Bureau has a site to facilitate obtaining demographic data:

- “1990 Census Lookup” at “http://venus.census.gov/cdrom/lookup.”

HUD features the following sites:

- “Empowerment Zone and Enterprise Community Program.”
- “PDX HUD Multifamily Web (foot).”

Both of these sites list hundreds of resources related to community development.

The Department of Agriculture has a Web site to obtain more updated information than is currently available in the agriculture census reports. The site is: “www.usda.gov/nass/sso-rpts.”