Community Reinvestment Act

Introduction

The Community Reinvestment Act (CRA) is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations. It was enacted by the Congress in 1977 (12 USC 2901) and is implemented by Regulations 12 CFR Parts 25, 228, 345, and 563e. The Regulations were revised in 1995 and 2005.

The CRA requires that each insured depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record is taken into account in considering an institution's application for deposit facilities, including mergers and acquisitions. CRA examinations are conducted by the federal agencies that are responsible for supervising depository institutions: the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC).

The Agencies[1], through the Federal Financial Institution Examination Council (FFIEC), have established interagency examination procedures for the following types of institutions: Small Institutions, Intermediate Small Institutions, Large Retail Institutions, Limited Purpose and Wholesale Institutions, and Institutions under Strategic Plans. The examination procedures vary based upon the classification of the institution relative to asset size as of December 31st of the prior two calendar years. The five different procedures correspond to the five alternative evaluation methods provided in the CRA regulations and are designed to respond to basic differences in institutions' structures and operations. All of the procedures reflect the intent of the regulation to establish performance-based CRA examinations that are complete and accurate but, to the maximum extent possible, mitigate the compliance burden for institutions. There are also instructions for writing public evaluations; the public evaluation template for each institution type is provided in Section XII.

Asset Thresholds for Determining CRA Performance Evaluation Procedures

The Federal Financial Institution Examination Council (FFIEC) releases the newly adjusted asset thresholds annually which determine the performance evaluation method to be performed by examiners. This information is located at www.ffiec.gov. As of January 2015, the FFIEC published the factors used to determine the size of the institution which also determine the performance evaluation methods used, as follows:

A Small institution means a bank that, as of December 31 of either of the prior two calendar years, had assets of less than $1.216 billion.

An Intermediate small institution means a small institution with assets of at least $304 million as of December 31 of both of the prior two calendar years, and less than $1.216 billion as of December 31 of either of the prior two calendar years. Since there is no CRA loan data requirement for an intermediate small institution, its next examination is under the intermediate small institution examination procedures even if that examination comes due during the institution's first year as an intermediate small institution.

A Large institution has total assets of at least $1.216 billion for December 31 of both of the prior two years. Large institutions are subject to CRA data collection requirements. Thus, they cannot be examined under the large institution examination procedures until they have at least one full year of data collected. In addition, any size institution may opt to be examined as a large institution provided it has collected and reported the required CRA loan data.

FFIEC examples of how the asset thresholds are utilized to determine the performance evaluation method follow:

[1] The "Agencies" include: the Board of Governors of the Federal Reserve System (FRB); the Federal Deposit Insurance Corporation (FDIC); and the Office of the Comptroller of the Currency (OCC).

FFIEC examples of how the asset thresholds are applied to determine the applicable CRA Performance Evaluation method for the current examination.

Institution	Total Assets 12/31/15	Total Assets 12/31/14	CRA Examination Procedures as of 1/1/16	Explanation
Institution A	$310 million	$290 million	Small institution	Institution did not have assets of at least $304 million as of December 31 of both of the prior two calendar years.
Institution B	$1.025 billion	$900 million	Intermediate small institution	Institution had assets of at least $304 million as of December 31 of both of the prior two calendar years, and less than $1.216 billion as of December 31 of either of the prior two calendar years.
Institution C	$1.300 billion	$1.025 billion	Intermediate small institution	Institution had assets of at least $304 million as of December 31 of both of the prior two calendar years, and less than $1.216 billion as of December 31 of either of the prior two calendar years.
Institution D	$1.500 billion	$1.300 billion	Large institution	Institution had total assets of at least $1.216 billion as of December 31 of both of the prior two years.