

# **XI. Community Reinvestment Act**





**Contents**

|   |               |
|---|---------------|
| <b>Community Reinvestment Act</b>   | <b>XI-1.1</b> |
| Introduction  | XI-1.1        |
| Small Bank  | XI-1.1        |
| Examination Procedures for Small Institutions   | XI-1.1        |
| Examination Scope   | XI-1.1        |
| Performance Context   | XI-1.2        |
| Assessment Area   | XI-1.2        |
| Performance Criteria  | XI-1.3        |
| Loan-to-Deposit Analysis  | XI-1.3        |
| Comparison of Credit Extended Inside and Outside of the Assessment Area(s)                | XI-1.3        |
| Distribution of Credit Within the Assessment Area(s)                                      | XI-1.3        |
| Review of Complaints  | XI-1.4        |
| Investments and Services (at the institution’s option to enhance a “Satisfactory” rating) | XI-1.4        |
| Ratings   | XI-1.4        |
| Public File Checklist   | XI-1.6        |
| Public Notice   | XI-1.6        |
| CRA Ratings Matrix — Small Institutions   | XI-1.7        |
| <b>Intermediate Small Bank</b>  | <b>XI-2.1</b> |
| Intermediate Small Institution Examination Procedures                                     | XI-2.1        |
| Examination Scope   | XI-2.1        |
| Performance Context   | XI-2.2        |
| Assessment Area   | XI-2.2        |
| Intermediate Small Institution Lending Test Performance Criteria                          | XI-2.3        |
| Comparison of Credit Extended Inside and Outside of the Assessment Area(s)                | XI-2.3        |
| Distribution of Credit within the Assessment Area(s)                                      | XI-2.3        |
| CRA Ratings Matrix — Intermediate Small Institutions                                      | XI-2.4        |
| Review of Complaints  | XI-2.5        |
| Intermediate Small Institution Community Development Test                                 | XI-2.5        |
| Community Development Test Ratings Matrix— Intermediate Small Institutions                | XI-2.5        |
| Overall Intermediate Small Institution CRA Rating   | XI-2.6        |
| Public File Checklist   | XI-2.7        |
| Public Notice   | XI-2.8        |
| <b>Large Bank</b>   | <b>XI-3.1</b> |
| Examination Procedures for Large Institutions   | XI-3.1        |
| Examination Scope   | XI-3.1        |
| Performance Context   | XI-3.2        |
| Assessment Area   | XI-3.2        |
| Lending, Investment, and Service Tests for Large Retail Institutions                      | XI-3.2        |
| Lending Test  | XI-3.2        |
| Investment Test   | XI-3.5        |
| Service Test  | XI-3.5        |
| Retail Banking Services   | XI-3.5        |
| Community Development Services  | XI-3.6        |

## XI. Community Reinvestment Act – Table of Contents

---

|   |               |
|---|---------------|
| Ratings   | XI-3.6        |
| Public File Checklist   | XI-3.8        |
| Public Notice   | XI-3.9        |
| <b>Wholesale/Limited Purpose Institution</b>                                  | <b>XI-4.1</b> |
| Examination Procedures for Limited Purpose and Wholesale Institutions         | XI-4.1        |
| Examination Scope   | XI-4.1        |
| Performance Context   | XI-4.1        |
| Assessment Area   | XI-4.2        |
| Community Development Test  | XI-4.2        |
| Ratings   | XI-4.3        |
| Public File Checklist   | XI-4.4        |
| Public Notice   | XI-4.4        |
| Community Development Ratings Matrix — Wholesale/Limited Purpose Institutions | XI-4.5        |
| <b>Institutions with Strategic Plans</b>                                      | <b>XI-5.1</b> |
| Examination Procedures for Institutions with Strategic Plans                  | XI-5.1        |
| Examination Scope   | XI-5.1        |
| Performance Context   | XI-5.2        |
| Performance Criteria  | XI-5.2        |
| Ratings   | XI-5.2        |
| Public File Checklist   | XI-5.3        |
| Public Notice   | XI-5.4        |
| <b>CRA Ratings System</b>   | <b>XI-6.1</b> |
| Introduction  | XI-6.1        |
| Ratings Definitions   | XI-6.1        |
| Banks Evaluated under the Lending, Investment, and Service Tests              | XI-6.1        |
| Investment Performance Rating.  | XI-6.2        |
| Service Performance Rating.   | XI-6.3        |
| Wholesale or Limited-Purpose Banks  | XI-6.4        |
| Banks Evaluated under the Small Bank Performance Standards                    | XI-6.4        |
| Lending Test Ratings.   | XI-6.4        |
| Community Development Test Ratings for Intermediate Small Banks.              | XI-6.5        |
| Overall Rating.   | XI-6.5        |
| Strategic Plan Assessments  | XI-6.5        |
| Lending Test Matrix   | XI-6.6        |
| Lending Test Matrix — cont.   | XI-6.7        |
| Service Test Matrix   | XI-6.8        |
| Investment Test Matrix  | XI-6.9        |
| <b>CRA Sunshine – Disclosure and Reporting of CRA-Related Agreements</b>      | <b>XI-7.1</b> |
| Introduction  | XI-7.1        |
| Definitions   | XI-7.1        |
| Disclosure and Reporting of CRA — Related Agreements Examination Objective    | XI-7.3        |
| Examination Procedures  | XI-7.3        |

|   |               |
|---|---------------|
| <b>Community Contacts</b>   | <b>XI-8.1</b> |
| Introduction  | XI-8.1        |
| Objectives  | XI-8.1        |
| General Guidelines  | XI-8.1        |
| Coverage and Frequency of Community Contacts                              | XI-8.1        |
| Selection of Community Contacts   | XI-8.1        |
| Treatment of Confidential Information                                     | XI-8.1        |
| Confidentiality of Institution Records                                    | XI-8.1        |
| Protection of Community Contacts  | XI-8.1        |
| Compliance Report of Examination and CRA Performance Evaluation           | XI-8.1        |
| Reporting CRA data  | XI-8.1        |
| Sharing Information   | XI-8.1        |
| Information Sharing Process   | XI-8.1        |
| Preparation for the Interview   | XI-8.1        |
| Review of Information on Assessment Area(s)                               | XI-8.2        |
| Review Process  | XI-8.2        |
| Identify Potential Community Contacts                                     | XI-8.3        |
| Number and Type of Contacts   | XI-8.3        |
| Organization Types  | XI-8.3        |
| Grassroots Community Groups   | XI-8.3        |
| Community-Based Development or Financial Intermediaries                   | XI-8.4        |
| Government Offices  | XI-8.4        |
| Business and Labor Groups   | XI-8.5        |
| Civil Rights and Consumer Protection Groups                               | XI-8.5        |
| Other Potential Contacts  | XI-8.5        |
| Conducting the Interview  | XI-8.6        |
| Background Information on Community Contact                               | XI-8.6        |
| Obtain Background Information   | XI-8.6        |
| Obtaining a Community Profile   | XI-8.7        |
| Update the Community Profile  | XI-8.7        |
| Assessing Opportunities for Financial Institution Participation           | XI-8.9        |
| Assessing Opportunities for Participation                                 | XI-8.9        |
| Obtaining Local Perspectives on the Performance of Financial Institutions | XI-8.10       |
| Obtain Feedback from the Community  | XI-8.10       |
| Use of the Community Contact Form   | XI-8.11       |
| <b>Sampling Guidelines CRA</b>  | <b>XI-9.1</b> |
| Introduction  | XI-9.1        |
| General Sampling Guidelines   | XI-9.1        |
| Statistical Sampling at Small Institutions                                | XI-9.1        |
| Sample Selection from Automated Download or Loan Trial                    | XI-9.1        |
| Sample Selection from Automated Download                                  | XI-9.2        |
| Sample Selection from a Loan Trial  | XI-9.2        |
| Information to be Gathered for Each Loan Record                           | XI-9.4        |
| Geocoding Loan Locations  | XI-9.4        |
| Calculating Proportion Estimates  | XI-9.4        |

## XI. Community Reinvestment Act – Table of Contents

---

| <b>Interagency Questions and Answers Regarding Community Reinvestment</b>   | <b>XI-10.1</b> |
|---|----------------|
| Background  | XI-10.1        |
| Interagency Questions and Answers Regarding Community Reinvestment  | XI-10.1        |
| § __.12–Definitions   | XI-10.1        |
| § __.12(a) Affiliate  | XI-10.1        |
| § __.12(f) Branch   | XI-10.2        |
| § __.12(g) Community development  | XI-10.2        |
| § __.12(g)(1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals                                 | XI-10.3        |
| § __.12(g)(2) Community services targeted to low- or moderate-income individuals  | XI-10.3        |
| § __.12(g)(3) Activities that promote economic development by financing businesses or farms that meet certain size eligibility standards        | XI-10.3        |
| § __.12(g)(4) Activities that revitalize or stabilize certain geographies   | XI-10.4        |
| § __.12(g)(4)(i) Activities that revitalize or stabilize low- or moderate-income geographies  | XI-10.4        |
| § __.12(g)(4)(ii) Activities that revitalize or stabilize designated disaster areas   | XI-10.5        |
| § __.12(g)(4)(iii) Activities that revitalize or stabilize distressed or underserved nonmetropolitan middle-income geographies                  | XI-10.5        |
| § __.12(h) Community development loan   | XI-10.6        |
| § __.12(i) Community development service  | XI-10.9        |
| § __.12(j) Consumer loan  | XI-10.10       |
| § __.12(l) Home mortgage loan   | XI-10.10       |
| § __.12(m) Income level   | XI-10.11       |
| § __.12(n) Limited purpose institution  | XI-10.11       |
| § __.12(t) Qualified investment   | XI-10.12       |
| § __.12(u) Small institution  | XI-10.13       |
| § __.12(u)(2) Small institution adjustment  | XI-10.13       |
| § __.12(v) Small business loan  | XI-10.13       |
| § __.12(x) Wholesale institution  | XI-10.14       |
| § __.21–Performance tests, standards, and ratings, in general   | XI-10.14       |
| § __.21(a) Performance tests and standards  | XI-10.14       |
| § __.21(b) XI-10.18   | XI-10.14       |
| § __.21(b)(2) Information maintained by the institution or obtained from community contacts   | XI-10.14       |
| § __.21(b)(4) Institutional capacity and constraints  | XI-10.15       |
| § __.21(b)(5) Institution’s past performance and the performance of similarly situated lenders  | XI-10.15       |
| § __.22–Lending test  | XI-10.15       |
| § __.22(a)(1) Types of loans considered   | XI-10.16       |
| § __.22(a)(2) Loan originations and purchases/other loan data   | XI-10.16       |
| § __.22(b) Performance criteria   | XI-10.17       |
| § __.22(b)(2) & (3) Geographic distribution and borrower characteristics  | XI-10.17       |
| § __.22(b)(4) Community development lending   | XI-10.18       |
| § __.22(b)(5) Innovative or flexible lending practices  | XI-10.19       |
| § __.22(c) Affiliate lending  | XI-10.19       |
| § __.22(c)(2) Constraints on affiliate lending  | XI-10.19       |
| § __.22(c)(2)(i) No affiliate may claim a loan origination or loan purchase if another institution claims the same loan origination or purchase | XI-10.19       |

## XI. Community Reinvestment Act – Table of Contents

|  |          |
|--|----------|
| § __.22(c)(2)(ii) If an institution elects to have its supervisory agency consider loans within a particular lending category made by one or more of the institution’s affiliates in a particular assessment area, the institution shall elect to have the agency consider all loans within that lending category in that particular assessment area made by all of the institution’s affiliates | XI-10.20 |
| § __.22(d) Lending by a consortium or a third party  | XI-10.20 |
| § __.23–Investment test  | XI-10.21 |
| § __.23(b) Exclusion   | XI-10.22 |
| § __.23(e) Performance criteria  | XI-10.22 |
| § __.24–Service test   | XI-10.23 |
| § __.24(d) Performance criteria – retail banking services  | XI-10.23 |
| § __.24(d)(3) Availability and effectiveness of alternative systems for delivering retail banking services   | XI-10.23 |
| § __.24(e) Performance criteria – community development services   | XI-10.23 |
| § __.25 Community development test for wholesale or limited purpose institutions   | XI-10.24 |
| § __.25(d) Indirect activities   | XI-10.24 |
| § __.25(e) Benefit to assessment area(s)   | XI-10.24 |
| § __.25(f) Community development performance rating  | XI-10.24 |
| § __.26–Small institution performance standards  | XI-10.24 |
| § __.26(a) Performance criteria  | XI-10.25 |
| § __.26(a)(2) Intermediate small institutions  | XI-10.25 |
| § __.26(b) Lending test  | XI-10.25 |
| § __.26(b)(1) Loan-to-deposit ratio  | XI-10.25 |
| § __.26(b)(2) Percentage of lending within assessment area(s)  | XI-10.26 |
| § __.26(b)(3) & (4) Distribution of lending within assessment area(s) by borrower income and geographic location   | XI-10.26 |
| § __.26(c) Intermediate small institution community development test   | XI-10.26 |
| § __.26(c)(3) Community development services   | XI-10.27 |
| § __.26(c)(4) Responsiveness to community development needs  | XI-10.27 |
| § __.26(d) Performance rating  | XI-10.27 |
| § __.27–Strategic plan   | XI-10.27 |
| § __.27(f) Plan content  | XI-10.28 |
| § __.27(g) Plan approval   | XI-10.28 |
| § __.28–Assigned ratings   | XI-10.28 |
| § __.28(a) Ratings in general  | XI-10.28 |
| Points Assigned for Performance Under Lending, Investment and Service Tests  | XI-10.29 |
| Composite Rating Point Requirements  | XI-10.29 |
| § __.28(b) Lending, investment, and service test ratings   | XI-10.29 |
| § __.28(c) Effect of evidence of discriminatory or other illegal credit practices  | XI-10.29 |
| § __.29–Effect of CRA performance on applications  | XI-10.30 |
| § __.29(b) Interested parties  | XI-10.30 |
| § __.41–Assessment area delineation  | XI-10.30 |
| § __.41(c) Geographic area(s) for institutions other than wholesale or limited purpose institutions  | XI-10.31 |
| § __.41(d) Adjustments to geographic area(s)   | XI-10.31 |
| § __.41(e) Limitations on delineation of an assessment area  | XI-10.31 |
| § __.41(e)(4) May not extend substantially beyond an MSA boundary or beyond a state boundary unless located in a multistate MSA  | XI-10.31 |
| § __.42–Data collection, reporting, and disclosure   | XI-10.32 |
| § __.42(a) Loan information required to be collected and maintained  | XI-10.33 |

## XI. Community Reinvestment Act – Table of Contents

---

|   |                |
|---|----------------|
| § __.42(a)(2) Loan amount at origination                        | XI-10.35       |
| § __.42(a)(3) The loan location                                 | XI-10.35       |
| § __.42(a)(4) Indicator of gross annual revenue                 | XI-10.35       |
| § __.42(b) Loan information required to be reported             | XI-10.36       |
| § __.42(b)(2) Community development loan data                   | XI-10.36       |
| § __.42(b)(3) Home mortgage loans                               | XI-10.37       |
| § __.42(c) Optional data collection and maintenance             | XI-10.37       |
| § __.42(c)(1)(iv) Income of borrower                            | XI-10.38       |
| § __.42(c)(2) Other loan data                                   | XI-10.38       |
| § __.42(d) Data on affiliate lending                            | XI-10.38       |
| § __.43–Content and availability of public file                 | XI-10.39       |
| § __.43(a)(2) CRA performance evaluation                        | XI-10.39       |
| § __.43(b) Additional information available to the public       | XI-10.39       |
| § __.43(c) Location of public information                       | XI-10.39       |
| § __.44–Public notice by institutions                           | XI-10.40       |
| § __.45–Publication of planned examination schedule             | XI-10.40       |
| APPENDIX A to Part __ – Ratings                                 | XI-10.40       |
| APPENDIX B to Part __ – CRA Notice                              | XI-10.40       |
| Revised and New Q&As Being Proposed for Comment                 | XI-10.40       |
| Proposed Revised Q&As: Primary purpose of community development | XI-10.41       |
| Index   | XI-10.43       |
| <b>References</b>   | <b>XI-11.1</b> |
| CRA Interpretive Letters  | XI-11.1        |
| CRA-Related Memoranda   | XI-11.1        |
| Job Aids  | XI-11.1        |