



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
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COMMUNITY REINVESTMENT ACT Proposed Interagency Questions and Answers

Summary: The FDIC, the Federal Reserve Board and the Office of the Comptroller of the Currency (the agencies) have published the attached informal staff guidance on community reinvestment in the form of proposed questions and answers (Q&As). The agencies are seeking public comment on the Q&As. Comments should be received by January 9, 2006.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

CRA Officers, Compliance Officers, and
Chief Executive Officers

Related Topics:

Community Reinvestment Act Joint Final Rules

Interagency CRA Examination Procedures for
Intermediate Small Institutions at www.ffiec.gov

Attachment:

Proposed Interagency Questions and Answers
Regarding Community Reinvestment

Contact:

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Note:

FDIC financial institution letters (FILs) may be
accessed from the FDIC's Web site at
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Information Center, 801 17th Street, NW, Room
100, Washington, DC 20434 (1-877-275-3342 or
202-416-6940).

Highlights:

Several significant revisions to the Community Reinvestment Act (CRA) regulations took effect on September 1, 2005. The agencies have developed the attached new Interagency Questions and Answers (Q&As) to address the revisions and are seeking public comment on them. Thirteen Q&As concern the new changes; three revisions are proposed changes to two existing Q&As.

The 13 proposed new questions and answers:

- Address the revised definition of "community development," which includes activities that revitalize or stabilize a distressed or underserved nonmetropolitan middle-income geography or a designated disaster area.
- Address the community development test applicable to intermediate small banks and how these banks will be evaluated under it.
- Explain how examiners evaluate outstanding qualified investments that were made during the prior evaluation period.
- Clarify that any small bank (including an intermediate small bank) may request that activities of an affiliate in the bank's assessment area(s) be considered in its evaluation.
- Explain that the asset size thresholds for "small bank" and "intermediate small bank" will be adjusted annually based on changes to the Consumer Price Index.

The three revisions to existing Q&As provide additional clarification and examples of community development services and qualified investments.

COMMUNITY REINVESTMENT ACT
Proposed Interagency Questions and Answers

The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board and the Office of the Comptroller of the Currency (the agencies) published the attached "Proposed Interagency Questions and Answers Regarding Community Reinvestment" in the *Federal Register* on November 10, 2005 (also available on the FFIEC's Web site at: <http://www.ffiec.gov/cra/default.htm>). The agencies invite public comment on the proposal and any other community reinvestment issues not addressed in the document. Comments are due by January 9, 2006.

Due to the significant revisions to the Community Reinvestment Act (CRA) regulations that took effect on September 1, 2005, the agencies prepared informal staff guidance in the form of 13 proposed new questions and answers (Q&As) addressing those changes, along with three revisions to existing Q&As (see: 65 FR 25088, April 28, 2000). After reviewing comments on this proposal, the Q&As will be added to the agencies' Interagency Questions and Answers, an existing document that contains informal staff guidance for agency personnel, financial institutions and the public.

Of the 13 proposed new Q&As, seven discuss the revised definition of "community development," which includes activities that revitalize or stabilize a distressed or underserved nonmetropolitan middle-income geography or a designated disaster area. The Q&As also address the treatment of individuals in designated disaster areas and individuals who are displaced by disasters. The guidance includes three Q&As that address the community development test applicable to intermediate small banks and how these banks will be evaluated under it. A new Q&A that would apply to banks of all sizes explains how examiners evaluate qualified investments that were made during the prior evaluation period but that are still outstanding during the current evaluation period. The remaining proposed new Q&As address the following issues:

- Any small bank (including an intermediate small bank) may request that activities of an affiliate in the small bank's assessment area(s) be considered in its performance evaluation.
- The asset size thresholds for "small bank" and "intermediate small bank" will be adjusted annually based on changes to the Consumer Price Index.

In addition, the proposed guidance includes three revisions to two existing Q&As. These two Q&As provide additional clarification and examples of community development services and qualified investments. In particular, a new provision states that a community development service may include providing international remittances services that increase access to financial services by low- and moderate-income persons.

Written comments on the proposed questions and answers may be sent to Robert E. Feldman, Executive Secretary, Attention: Comments/Executive Secretary Section, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, D.C. 20429. Comments also may be mailed electronically to comments@fdic.gov or hand-delivered to the guard station at the rear of the 17th Street building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m. Eastern Time.

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Division of Supervision and Consumer Protection