

XI. Community Reinvestment Act – Small Bank

- a. Information about the institution's size, branch network, financial condition, supervisory restrictions (if any) and prior CRA record;
 - b. Information from discussions with management, loan officers, and members of the community;
 - c. Information about economic conditions, particularly in the assessment area(s);
 - d. Information about demographic or other characteristics of particular geographies that could affect loan demand, such as the existence of a prison or college; and
 - e. Information about other lenders serving the same or similar assessment area(s).
8. Discuss the preliminary findings in this section with management.
9. Summarize in workpapers conclusions concerning the geographic distribution of loans and the distribution of loans by borrower characteristics in the institution's assessment area(s).

Review of Complaints

1. Review all complaints relating to the institution's CRA performance received by the institution (these should all be contained in the institution's public file) and those that were received by its supervisory agency.
2. If there were any complaints, evaluate the institution's record of taking action, if warranted, in response to written complaints about its CRA performance.
3. If there were any complaints, discuss the preliminary findings in this section with management.
4. If there were any complaints, summarize in workpapers conclusions regarding the institution's record of taking action, if warranted, in response to written complaints about its CRA performance. Include the total number of complaints and resolutions with examples that illustrate the nature, responsiveness to, and resolution of, the complaints.

Investments and Services (at the institution's option to enhance a "Satisfactory" rating)

1. If the institution chooses, review its performance in making qualified investments and providing branches and other services and delivery systems that enhance credit availability in its assessment area(s). Performance with respect to qualified investments and services may be used to enhance an institution's overall rating of "Satisfactory", but cannot be used to lower a rating that otherwise would have been assigned.
2. To evaluate the institution's performance in making qualified investments that enhance credit availability in its assessment area(s), consider:
 - a. The dollar amount of qualified investments, by type and location;
 - b. The impact of those investments on the institution's assessment area(s); and
 - c. The innovativeness or complexity of the investments.
3. To evaluate the institution's record of providing branches and other services and delivery systems that enhance credit availability in its assessment area(s), consider:
 - a. The number of branches and ATMs located in the institution's assessment area(s);
 - b. The number of branches and ATMs located within, or that are readily accessible to, low- and moderate-income geographies compared to those located in, or readily accessible to middle- and upper-income geographies;
 - c. The type and level of service(s) offered at branches and ATMs and alternative delivery systems; and
 - d. The institution's record of opening and closing branches.

Ratings

1. Group the analyses of the assessment areas examined by MSA⁴ and nonmetropolitan areas within each state where the institution has branches. If an institution has branches in two or more states of a multi-state MSA, group the assessment areas that are in that MSA.
2. Summarize conclusions about the institution's performance in each MSA and the nonmetropolitan portion of each state in which an assessment area received a full scope review. If two or more assessment areas in an MSA or in the nonmetropolitan portion of a state received full scope reviews, weigh the different assessment areas considering such factors as:
 - a. The significance of the institution's activities in each compared to the institution's overall activities;
 - b. The lending opportunities in each;
 - c. The importance of the institution in providing loans to each, particularly in light of the number of other institutions and the extent of their activities in each; and
 - d. Demographic and economic conditions in each.
3. For assessment areas in MSAs and nonmetropolitan areas that were not examined using the full scope procedures, consider facts and data related to the institution's lending to ensure that performance in those assessment areas is not inconsistent with the conclusions based on the assessment areas that received full scope examinations.
4. For institutions operating in only one multi-state MSA or one state, assign one of the four preliminary ratings -- "Satisfactory", "Outstanding", "Needs to Improve", and "Substantial Noncompliance" -- in accordance with step 6 below. To determine the relative significance of each MSA

⁴ The reference to MSA may also reference MD.

and nonmetropolitan area to the institution’s preliminary rating, consider:

- a. The significance of the institution’s activities in each compared to the institution’s overall activities;
 - b. The lending opportunities in each;
 - c. The importance of the institution in providing loans to each, particularly in light of the number of other institutions and the extent of their activities in each; and
 - d. Demographic and economic conditions in each.
5. For other institutions, assign one of the four preliminary ratings – “Satisfactory”, “Outstanding”, “Needs to Improve”, and “Substantial Noncompliance” -- for each state in which the institution has at least one branch and for each multi-state MSA in which the institution has branches in two or more states in accordance with step #6 below. To determine the relative significance of each MSA and the nonmetropolitan area on the institution’s preliminary state rating, consider:
- a. The significance of the institution’s activities in each compared to the institution’s overall activities;
 - b. The lending opportunities in each;
 - c. The importance of the institution in providing loans to each, particularly in light of the number of other institutions and the extent of their activities in each; and
 - d. Demographic and economic conditions in each.
6. Consult the Small Institution Ratings Matrix and information in workpapers to assign a preliminary rating of:
- a. “Satisfactory” if the institution’s performance meets each of the standards for a satisfactory rating or if exceptionally strong performance with respect to some of the standards compensates for weak performance in others;
 - b. “Needs to Improve” or “Substantial Noncompliance” if the institution’s performance fails to meet the standards for “Satisfactory” performance. Whether a rating is “Needs to Improve” or “Substantial Noncompliance” will depend upon the degree to which the institution’s performance has failed to meet the standards for a “Satisfactory” rating; or
 - c. “Outstanding” if the institution meets the rating descriptions and standards for “Satisfactory” for each of the five core criteria, and materially exceeds the standards for “Satisfactory” in some or all of the criteria to the extent that an outstanding rating is warranted, or if the institution’s performance with respect to the five core criteria generally exceeds “Satisfactory” and its performance in making qualified investments and providing branches and other services and delivery systems in the assessment area(s) supplement its

performance under the five core criteria sufficiently to warrant an overall rating of “Outstanding”.

7. For an institution with branches in more than one state or multi-state MSA, assign a preliminary rating to the institution as a whole taking into account the institution’s record in different states or multi-state MSAs by considering:
 - a. The significance of the institution’s activities in each compared to the institution’s overall activities;
 - b. The lending opportunities in each;
 - c. The importance of the institution in providing loans to each, particularly in light of the number of other institutions and the extent of their activities in each; and
 - d. Demographic and economic conditions in each.
8. Review the results of the most recent compliance examination and determine whether evidence of discriminatory or other illegal credit practices that violate an applicable law, rule, or regulation should lower the institution’s overall CRA rating or, if applicable, its CRA rating in any state or multi-state MSA.⁵ If evidence of discrimination or other illegal credit practices in any geography by the institution, or in any assessment area by any affiliate whose loans have been considered as part of the institution’s lending performance, was found, consider:
 - a. The nature, extent, and strength of the evidence of the practices;
 - b. The policies and procedures that the institution (or affiliate, as applicable) has in place to prevent the practices;
 - c. Any corrective action the institution (or affiliate, as applicable) has taken, or has committed to take, including voluntary corrective action resulting from self-assessment; and
 - d. Any other relevant information.
9. Assign a final rating for the institution as a whole and, if applicable, each state in which the institution has at least one branch and each multi-state MSA in which it has branches in two or more states, considering:
 - a. The institution’s preliminary rating; and
 - b. Any evidence of discriminatory or other illegal credit practices (*see* #8 above).
10. Discuss conclusions with management.

⁵ “Evidence of discriminatory or other illegal credit practices” includes, but is not limited to: (a) Discrimination against applicants on a prohibited basis in violation, for example, of the Equal Credit Opportunity Act or the Fair Housing Act; (b) Violations of the Home Ownership and Equity Protection Act; (c) Violations of section 5 of the Federal Trade Commission Act; (d) Violations of section 8 of the Real Estate Settlement Procedures Act; and (e) Violations of the Truth in Lending Act regarding a consumer’s right of rescission.

XI. Community Reinvestment Act – Small Bank

11. Write an evaluation of the institution's performance for the examination report and the public evaluation.
12. Prepare recommendations for a supervisory strategy and for matters that require attention or follow-up activities.

Public File Checklist

1. There is no need to review each branch or each complete public file during every examination. In determining the extent to which the institution's public files should be reviewed, consider the institution's record of compliance with the public file requirements in previous examinations, its branching structure and changes to it since its last examination, complaints about the institution's compliance with the public file requirements, and any other relevant information.
2. In any review of the public file undertaken, determine, as needed, whether branches display an accurate public notice in their lobbies, a complete public file is available in the institution's main office and at least one branch in each state, and the public file available in the main office and in a branch in each state contains:
 - a. All written comments from the public relating to the institution's CRA performance and responses to them for the current and preceding two calendar years (except those that reflect adversely on the good name or reputation of any persons other than the institution);
 - b. The institution's most recent CRA Public Performance Evaluation;

- c. A map of each assessment area showing its boundaries and, on the map or in a separate list, the geographies contained within the assessment area;
 - d. A list of the institution's branches, branches opened and closed during the current and each of the prior two calendar years, and their street addresses and geographies;
 - e. The HMDA Disclosure Statement for the prior two calendar years, if applicable;
 - f. The institution's loan-to-deposit ratio for each quarter of the prior calendar year;
 - g. A quarterly report of the institution's efforts to improve its record if it received a less than satisfactory rating during its most recent CRA examination; and
 - h. A list of services (loan and deposit products and transaction fees generally offered, and hours of operation at the institution's branches), including a description of any material differences in the availability or cost of services among locations.
3. In any branch review undertaken, determine whether the branch provides the most recent public evaluation and a list of services available at the branch or a description of material differences from the services generally available at the institution's other branches.

Public Notice

Determine that the appropriate CRA public notice is displayed as required by § 345.44.