

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

December 5, 2011

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

REVISED: FFIEC Announcements Impacting Data for CRA Evaluations

This circular letter is an update to a prior circular summarizing the FFIEC announcements. In particular, the summary below was added to highlight a number of CRA program considerations.

Impact of FFIEC Announcements on CRA Programs

The FFIEC announcements outlined further below and the availability of the 2010 census data will impact institutions' CRA programs. Specifically, management should be aware of the following:

- **2012 HMDA and CRA Data Collection and Reporting** – The FFIEC announced that 2012 HMDA and CRA data collection and reporting should be based on the new 2010 US Census tract definitions. The FFIEC Geocoding System will be updated in January 2012 to provide information based on the updated census tract listing. Institutions relying on third party or proprietary geocoding systems should ensure their programs are also updated to reflect the updated census data.
- **Census Demographic Data** – The FFIEC will publish MFI and census tract demographic data starting in June 2012. As the updated information will be used in consumer compliance and CRA examinations, management conducting analysis of their institution's performance or level of compliance should also utilize this updated economic and demographic data.

FFIEC Announces Revisions to the Calculation of Annual Median Family Income Data

The Federal Financial Institutions Examination Council (FFIEC) announced that in 2012 it will calculate the Median Family Income (MFI) data that is published each June. This data was previously calculated and updated annually by the Department of Housing and Urban Development. The 2012 MFI data will incorporate the U.S. Census Bureau's American Community Survey (ACS) information and will be referred to as FFIEC Median Family Income Data. The MFI data is calculated annually for each metropolitan and nonmetropolitan area using the geographic changes released by the Office of Management and Budget in December of the previous year. The information is used by the agencies to compile Home Mortgage Disclosure Act (HMDA) data and Community Reinvestment Act (CRA) evaluation analyses. An explanation of the methodology and related documents are available at www.ffiec.gov/cra/censusproducts.htm.

FFIEC Announces the Use of American Community Survey Data in its Census Data Files

The FFIEC also announced that it will incorporate the 2010 ACS data into the FFIEC-published census data file. The new methodology responds to a change in the way the U.S. Census Bureau collects information that is reflected in the FFIEC's census data. Unlike the previous decennial census, the 2010 census was used only to count the nation's population. Data that was traditionally collected through the supplemental survey is now collected as part of the ACS, a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic and housing data each year. Because the pace of change has accelerated rapidly, the Census Bureau believes that it is no longer sufficient to collect detailed data about our population every 10 years.

The FFIEC publishes census data as part of the HMDA aggregate and disclosure data and as a separate census data file, both of which are available on the FFIEC website. The census data is used to provide context to HMDA and CRA data. The FFIEC will use the 2010 ACS five-year estimated data to create a new "base" file, which will be updated every five years. Implementation of the new data for consumer compliance and CRA examination purposes will occur in 2012, and the data will be utilized in the same manner that decennial data has been used in the past. In addition to the tract income data, the new base file will include updated race and ethnicity data, which will also be updated every five years. For more information, visit the FFIEC's website at www.ffiec.gov.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(801) 322-7853