

# High Impact CRA Activities

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## Session Overview

- What are High Impact CRA Activities?
- What is Community Development?
- Documenting CD Activities
- Market Characteristics
- CD Activities and Asset Quality
- Finding High Impact Activities
- Group Exercise - Top Ten High Impact Activities
- Wrap Up



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## High Impact CRA Activities

- What is a High Impact CRA Activity?
  - Group Exercise - Share examples of a high impact CRA activity



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## What is Community Development?

- Affordable Housing – targeted to LMI or likely to benefit LMI
- Economic Development – financing small businesses, must meet size and purpose test
- Stabilizing and Revitalizing – certain geographies
  - LMI Census Tracts
  - Distressed or Underserved Areas
  - Designated Disaster Areas
- Services to LMI populations – child care, education, health, or social services targeted to LMI

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## A Few More Requirements

- Must generally benefit the assessment area
- Must have a primary purpose of community development
- No double counting (one exception)
- CD Services performed by people – must make use of their financial services skills

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## CD Loan Worksheet

Borrower, Loan Primary Purpose, Location, Original Amount, Current Balance, Bank Participation % (if any), Impact (units built, jobs created, etc.), Innovative?, Complex?

**Does the primary purpose of this loan meet at least one of the following:**

- Affordable housing for LMI
- Community Services (examples) targeted to LMI
- Promote economic development (examples) by financing businesses or farms
- Activities that revitalize or stabilize LMI areas, designated disaster areas, or designated distressed or underserved nonmetropolitan areas
- Has this loan been reported or collected by an affiliate for consideration in the affiliate's CRA performance?
- Has the loan been reported or considered as a small business, small farm, consumer, or home mortgage loan?
- Does this loan benefit the bank's assessment area(s) OR is it located in the broader statewide or regional area that includes the bank's assessment area and has the **potential** to benefit the bank's AA?

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## CD Investment Worksheet

Organization, Area Served, Organization Type (*CDC, Advocacy Group, etc.*), Investment Type (*grant, deposit, share, etc.*), Date, Amount, Bank Participation % (*if any*)

**Investment Information**

- Financial intermediaries (list examples—CDFIs, CDCs, etc.)
- Organizations engaged in affordable housing rehabilitation and construction, including multifamily rental housing
- Organizations that promote economic development by financing small businesses
- Facilities that promote community development in LMI areas for LMI people (examples)
- Projects eligible for low-income housing tax credits
- State and municipal obligations that support affordable housing or CD
- Nonprofit serving LMI housing or other CD needs (examples)
- Organizations building capacity of LMI people or areas (day care, job training, etc.)
- Not a qualifying investment. (*Explanation*):

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## CD Services Worksheet

Service, Area Served, Service Type (*technical assistance, etc.*), Date, Hours Provided, Time Frame (*Remember that a qualified service must have community development as its primary purpose and be the provision of a financial service*)

**Service Information**

- Providing technical assistance to organizations serving LMI people or small businesses or CD organizations (TA can include serving on a loan review committee, developing loan application and underwriting standards, contributing to accounting and/or bookkeeping services, assisting in fundraising, etc)
- Lending employees to organizations facilitating affordable housing
- Providing credit counseling, home buyer and home maintenance counseling, financial planning, or other financial services education
- Establishing school savings programs for LMI individuals
- Providing other financial services with the primary purpose of CD (examples)
- Providing electronic benefits transfer and point of sale terminal systems to improve access to financial services, such as decreasing costs, for LMI individuals

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## What makes an activity high impact?

Some ideas...

- Number of people served
- Leverage
- Housing units developed
- Jobs created or retained
- Sustainability
- Responsiveness
- What would you add?

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## Do market characteristics affect impact?

- Neighborhood income level
- Disaster relief
- Unemployment levels
- Blight
- Foreclosure rates
  
- What would you add?

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## CD Activities and Asset Quality

- Community Development Activities
  - Does it qualify?
  - What is the impact?
    - Are there any changes to the anticipated impact based on asset quality issues?
    - Did the project get completed?

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## Finding High Impact Activities

- Inside the bank
  - Commercial loan officers who originate CD loans
  - Treasury manager who might know of CD investment opportunities
  - Person/committee making donation decisions -- could they target high impact activities?
  - Small business loan officers who might have an idea about how to serve small businesses better or who could develop an add-on product
  - Board members who might know of opportunities

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## Finding High Impact Activities

- Outside the bank
  - Affordable housing developers
  - Nonprofit organizations with a CD mission
  - Social service agencies
  - CRA officers group
  - Housing finance agency
  - CDFIs
  - Minority owned institutions
  - Community Development Credit Unions
  - CRA Conferences!
- What would you add?

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## Top Ten High Impact CRA Activities

- We have given each person a list of possible high impact activities for loans, investments and services
- Each group will look at one worksheet
- Take a moment to read through the activities
- Decide as a group how you would rank these—**1 is highest impact, 9—lowest impact**
- When you are finished, add one activity that you as a group think would be higher impact than any of the nine examples shown

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## Examiner Top Ten Rankings

- Top Ten CD Loans
- Top Ten CD Investments
- Top Ten CD Services




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Wrap Up – Q & A



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