

CRA Q&As New & Proposed



Presented by *Colleen Drown*
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CRA Q&As



- **Proposed July 1, 2007**
 - Combine old Q&As with newer but separate Q&As
 - Refine/Clarify some of the existing Q&As
 - Proposed nine new Q&As
- **Finalized January 6, 2009**
 - Proposed two new Q&As

Nine New CRA Q&A



- **Investment in minority-owned and women-owned financial institutions and low-income credit unions**
 - Majority-owned financial institution will receive positive CRA credit for investments in MWLI financial institutions
 - CRA activity of the MWLI FI must be in its assessment areas
 - CRA activity of the MWLI FI does not need to be an assessment area of the majority-owned institution
 - Majority-owned FIs are expected to be satisfactorily addressing credit needs of its assessment area

Nine New CRA Q&A



- **Intermediate Small Institutions' affordable home mortgage loans and small business and small farm loans**
 - ISIs may elect to have certain HMDA, Small Business, and Small Farm loans evaluated under the Community Development Test
 - ✦ Must meet the definition of community development
 - ✦ Will not be evaluated under the Lending Test
 - Must inform examiners prior to exam and can not change election during the course of the exam
 - Only applicable to Intermediate Small Institutions

Nine New CRA Q&A



- **Examples of “Other Loan Data”**
 - Loans funded for sale that are not reported under HMDA
 - Unfunded loan commitments and letters of credit
 - Commercial and consumer leases
 - Small business or small farm loans secured by non-farm residential real estate, not taken as an abundance of caution

Nine New CRA Q&A



- **Examples of “Other Loan Data”**
 - Loans that do not have a primary purpose of community development but have a percentage of units set-aside for affordable housing
 - An increase in a small business or small farm line of credit that would cause the line to exceed reporting threshold
 - Modifications, extension and consolidated agreements

Nine New CRA Q&A



- **Purchased loan participations**
 - Loan participations are treated the same as whole loan purchases
 - Credit given for amount of participation

Nine New CRA Q&A



- **Small business loans secured by a one-to-four family residence**
 - Origination of a small business loan secured by residential real estate only as an abundance of caution is reported as a small business loan
 - Refinance of a small business loan secured by residential property (abundance of caution) is reported as both a small business loan and a refinancing under HMDA

Nine New CRA Q&A



- **Investments in a national or regional fund**
 - CRA consideration may be given
 - Activity of the fund must have a primary purpose of community development
 - Need to demonstrate purpose or mandate of fund to serve an institution's assessment area(s) or broader regional or statewide area that includes its assessment area(s)

Nine New CRA Q&A



- **Examination as an Intermediate Small Institution**
 - There is no lag period between transitioning between a Small Institution to an Intermediate Small Institution
 - No data collection or reporting requirement for ISIs

Nine New CRA Q&A



- **Reporting of a participation in a community development loan**
 - Report aggregate number and amount of financial institution's purchased participation in community development loans
 - Do not report amount of the origination
 - The full amount of the origination is used to determine whether to classify the loan as small business, small farm, or community development but not to report as participation amount

Nine New CRA Q&A



- **Refinanced or renewed community development loan**
 - Reporting of a community development loan, including its refinance or renewal is limited to one per loan year
 - Any increase in the loan amount at the time of a renewal or refinance can be reported in the interim

Newly Proposed Q&A



- **Community Services Targeted to Low- or Moderate-income Individuals**
 - Examples of how institutions can determine whether services are targeted to low- or moderate-income individuals
 - ✦ Non-profit with mission to serve LMI or required to serve LMI
 - ✦ Non-profit located in and serving a low- or moderate-income geography
 - ✦ Community service conducted in LMI geography and targeted to its residence
 - ✦ Community service offered at a workplace to LMI workers

Newly Proposed Revision of an Existing Q&A



- **Primary Purpose of Community Development**

- To allow consideration for activities that provide some affordable housing to low- and moderate-income individuals but for which the majority of dollars does not have a primary purpose of community development
 - ✦ Mixed-income housing component or affordable housing set-asides
 - ✦ Pro rata consideration for portion of activity that helps provide affordable housing

Questions?



Colleen Drown

Examiner

Office of Thrift Supervision

katherine.drown@ots.treas.gov

650-746-7000