

2004 Interagency Community Reinvestment Conference
Local Federal Bank
Anytown, U.S.A.
Case Study

Background

Local Federal Savings Bank is a \$3 billion federally chartered thrift institution located in Anytown, USA. The community bank is a 55-year old thrift institution with 15 branch offices and three loan production offices located in its assessment area. Local Federal's core business is the origination of various fixed-rate and adjustable-rate mortgage loans for the purchase and refinance of single-family and multi-family dwelling units. The institution also offers home equity lines of credit and consumer loans. A majority of mortgage loans originated are sold in the secondary market. The institution markets its loan and banking products via television, radio, and major and local community newspapers.

Local Federal endeavors to be responsive to community credit needs by offering flexible loan products to help meet the credit needs of its local community. The institution offers conventional mortgage loans as well as special mortgage loan products such as low down payment and first time homebuyer loan programs. In addition, Local Federal funded a variety of community development loans, including investments in loan pools and revolving loan funds of local community development corporations and non-profit organizations.

There are many competitors in the market place that offer similar mortgage products and other financing options. Some of the competitors also have committed to participate in the loan pools of local community development corporations.

Description of Sample Institution Assessment Area

Local Federal serves one large metropolitan area. This area has a large manufacturing and retail base, as well as sizeable government and service sectors. The average annual unemployment rate for the area was 5.0 percent in 2001. Due to the continued downturn in the economy, the unemployment rate increased to 6.1 percent in 2002 as the full effect of the recession was felt. The regional economy has slowly improved since then, and the unemployment rate at yearend 2003 was 5.4 percent.

According to the 2000 Census data, the population in the area is 10.1 million. This population comprised 2.3 million families. Updated median family income for 2003 was \$55,676. Approximately 16.4 percent of the families were designated as low-income, while 21.4 percent were designated as moderate-income. In addition, the 2000 Census designated 7.4 percent and 20.1 percent of the census tracts as low-income and moderate-income, respectively.

The 2000 census data also disclosed that there were 4.5 million housing units in the institution's assessment area. Approximately 30.3 percent of the housing units were multi-family dwellings, and 48.2 percent of total housing units were rentals. Approximately 4.0 percent of total housing units were vacant.

The weighted average median housing cost for 2003 was \$248,519. According to the National Association of Homebuilder's Housing Opportunity Index for the First Quarter of 2002, the county, with an HOI index of 29.1, is among the twenty least affordable housing markets of the 191 metropolitan areas monitored nationwide. Given the high cost of buying a home in the institution's market, the ability to save for a down payment is a major obstacle for many low- and moderate-income families throughout the area.

Community contacts have consistently cited the need for more affordable housing development throughout the region, and more innovative financing alternatives for low- and moderate-income borrowers. The need for small business and economic development financing also was frequently cited as a need in low-and moderate-income areas.

Lending Activity

During the 18-month review period, Local Federal originated \$1.4 billion in residential mortgage loans and purchased an additional \$20 million in whole loans. The bulk of the institution's originations were HMDA reportable loans, with a substantial proportion (over 85 percent) located within its assessment area. Of the new originations, eight percent were granted to LMI borrowers or encumbered properties located in LMI communities. To help bolster its lending performance in LMI areas, the institution purchased \$20 million in whole loans. All purchased loans are secured by properties located in low- to moderate- income areas.

| <u>Loan type</u> | <u>Number of loans</u> | <u>\$ Amount (MM)</u> |
|------------------------------|------------------------|-----------------------|
| <u>Single family</u> | | |
| • Home Purchase | 1080 | \$ 410 |
| • Home Refinance | 2353 | 716 |
| <u>Multifamily</u> | 182 | 193 |
| <u>Community Development</u> | | |
| • Consortia lending | 7 | 12 |
| • R.E. Construction | 9 | 15 |
| • Other | 25 | 2 |
| HELOC | 126 | 3 |
| Total | 3,782 | \$1,351 |

Community Development Loans

The CRA Regulation defines a community development loan as a loan that has as its primary purpose community development. Community development means: 1) affordable housing for low- and moderate-income individuals and families; 2) community development services targeted to low- and moderate-income individuals and communities; 3) activities that promote economic development by financing small business and small farms; or 4) activities that revitalize and stabilize low- and moderate- income geographies.

Community Development Activities

The following community development loans were provided for review by the institution.

- Local Federal presented 64 multifamily loans totaling \$49.1 million for Community Development consideration. The loans fall into the following categories:
 - Five properties totaling \$3.6 million located in Enterprise or Redevelopment Zones. Provides total of 40 housing units.
 - Eighteen properties totaling \$13.3 million that accept Section 8 or low-income housing subsidies. Provides total of 157 housing units.
 - Twenty-three properties totaling \$17.8 million that are located in census tracts where low- and moderate-income families represent over 80.0 percent of families, or management provided documentation related to the economic distress of the area. Provided 194 housing units.
 - Eighteen properties totaling \$14.4 million that are located in low- or moderate-income census tracts. No other information about the tenants or the neighborhood is available. Provided 147 housing units.
- Local Federal made a \$3.5 million loan for the development of 24 single-family dwellings located in a moderate-income census tract that was recently rezoned from industrial-use to residential-use. The new housing development will be marketed as an affordable bedroom-community within commute distance of major employment centers. The marketing will target individuals residing in

high-cost housing markets. Although the home prices are affordable, there is no set-aside specifically for low- or moderate-income individuals.

- A \$4.0 million loan was granted for the development of 30 single-family homes in a moderate-income census tract. The homes will be affordably priced but ten homes will be restricted to individuals with incomes no greater than 80.0 percent of the area median income.
- Local Federal granted a \$90,000 line of credit to a developer for the acquisition, demolition, and construction of individual homes in a low-income and distressed neighborhood. The new homes will be sold to interested buyers. There is no income restriction for buyers. Given that the homes in the neighborhood are predominately owned by “out-of-town” landlords, the developer assumes that current residents of the neighborhood will most likely be the purchasers.
- Local Federal has made a commitment to advance \$3.5 million toward a \$25 million loan pool established by Helping Hand Community Development Corporation. Helping Hand is a non-profit organization that promotes and develops affordable housing for low and moderate income and underserved populations in the county. The loan fund will be used to finance the acquisition and rehabilitation of various affordable housing projects in the assessment area. As properties are identified, Local Federal will be requested to provide its pro rata share of the financing.
- The institution granted a \$250,000 loan to “We Care Small Business Development Corporation”, a non-profit organization that provides technical support and assistance to small businesses. The purpose of the loan was to finance the purchase of a vacant office building to expand the non-profit’s operation. We Care needed additional space due to an increase demand for its services. The new facility will house the organization’s administrative offices, add new classrooms, and include incubator facilities.
- Local Federal made a \$35,000 loan to Bear Valley Medical Clinic. The purpose of the loan is to remodel and update the clinic’s examination room. The loan is secured by the clinic’s real estate and personal guarantees. The clinic provides a range of basic medical services to residents of the low- to moderate- income community. Many of the clinic’s patients speak little or no English and lack medical insurance.
- A \$4.5 million mortgage loan was granted to Advantage Development Corporation to finance the development of eight market rate townhouses and a community center. The new town houses will be located in a middle-income community of the assessment area. Advantage recently shifted its business focus from affordable housing development to market rate housing developments due to the raising cost of housing. Local Federal has requested that the loan receive CRA consideration due to the high housing costs in the area and because the community center may be used as a child-daycare facility.

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(Community Reinvestment Act Information)**

Preliminary Examination Response Kit
Office of Thrift Supervision

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Introduction

Pursuant to the revised Community Reinvestment Act (CRA) regulation that became effective July 1, 1995, an institution's CRA performance may be evaluated in several ways:

- o Small institutions (those under \$250 million in total assets that are either independent or an affiliate of a holding company with combined bank and thrift assets less than \$1 billion) are evaluated under the streamlined small institution procedures (see 12 CFR § 563e.26). Small institutions may also wish to provide additional information for the examiner to consider in evaluating whether the institution may be eligible for an "Outstanding" CRA rating.
- o Small institutions may elect to be evaluated under the lending, investment, and service tests if they have met the data collection requirements for large institutions (see 12 CFR § 563e.21).
- o Large institutions will be evaluated under the lending, investment, and service tests (see 12 CFR § 563e.51(b)(4) and (c)(2), and 563e.22 through 563e.25).
- o Institutions may begin submitting strategic plans for approval. Examinations based on approved strategic plans cannot take place until the institution has operated under the approved strategic plan for one year (see 12 CFR § 563e.27). Up to that point, institutions with approved strategic plans will be examined under either the lending, investment, and service tests, the small institution tests (if they qualify), or the community development test (if they are designated as "wholesale" or "limited purpose" institutions).

This section of the Compliance PERK contains information requests based on each of the evaluation methods described above.

The following information should be made available to the CRA Specialist either prior to or at the commencement of the CRA evaluation. The information will help ensure an efficient review of the institution and minimize additional requests. Please provide a brief explanation for any information that is not provided, or indicate the name of an individual to contact to obtain the requested information.

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Large Institutions Evaluated Under the New CRA Regulation

Beginning July 1, 1997, large institutions will be examined under the lending, investment and service tests. (See, 12 CFR § 563e.22 through .24) Completion of the following information will provide an opportunity for your institution to present its record with regard to CRA performance and will also materially aid the examiner's review of your institution's CRA activities.

Information listed as optional in this request is intended to serve as a guide to the types of supplementary information regarding a large institution's performance that could be helpful in providing examiners with a greater understanding of the institution's performance and, thus, expedite the examination process. Your institution is not required to provide the information identified as optional. In addition, your institution is welcome to provide information demonstrating its performance that is not listed.

Please be as specific as possible in responding to the information requests. Where appropriate, reference may be made to related documents, such as those requested in the Nondiscrimination Questionnaire. Please reference all attachments to the specific information requests enumerated below.

1. Name and telephone number of the institution's primary CRA contact.
2. CRA Public File (see 12 CFR § 563e.43)
3. For review periods longer than covered by the materials in the CRA Public File, any supplementary information covering the balance of the review period, and any pertinent confidential information related to the contents of the public file.
4. A copy of the public CRA notice.
5. Access to Board of Directors' and committee minutes and other periodic reporting, if any, that address CRA-related topics.
6. Copies of CRA-related self-assessments or evaluations.
7. Any written agreements made pursuant to the CRA Sunshine Regulations.

Lending Test

8. The total number and dollar amount of the institution's home mortgage, small business, and small farm loans originated or purchased during the review period. This includes data collected since your previous annual HMDA and CRA data submissions. We would appreciate reviewing this year-to-date information on diskette, if possible, to facilitate off-site analysis and reduce examination burden.

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9. The number and dollar amount of the institution's home mortgage, small business, and small farm loans originated or purchased within its assessment area(s) during the review period.
 10. For each assessment area, the total number and dollar amount of home mortgage, small business, and small farm loans originated or purchased in low-, moderate-, middle-, and upper-income census tracts or BNAs (collectively referred to as "geographies").
 11. For each assessment area, the total number and dollar amount of home mortgage, small business, and small farm loans (originated or purchased) to individuals of low-, moderate-, middle-, and upper-income.
 12. The total number and dollar amount of small business and small farm loans by:
 - * Loan amount less than \$100,000;
 - * Loan amount between \$100,000 and \$250,000, inclusive;
 - * Loan amount greater than \$250,000; and
 - * To businesses or farms with revenues of less than \$1 million per year.
 13. A schedule of the number and amount of community development loans made by the institution and access to information that describes the primary purpose of the loans.
 14. Any information regarding the innovativeness or complexity of community development loans.
 15. Any information regarding innovative or flexible loan programs targeting low- and moderate-income geographies or individuals, including the number and dollar amount of loans originated within the institution's assessment area(s).
 16. (OPTIONAL) Data collected and maintained pursuant to 12 CFR § 563.42(c) for each category of consumer lending that the institution wishes to have considered under the lending test.
 17. (OPTIONAL) Data collected, maintained, and reported pursuant to 12 CFR § 563e.42 for home mortgage, small business, small farm or consumer loans made by institution's affiliate(s) that it wishes to have considered under the lending test.
 18. (OPTIONAL) Any other lending data that the institution chooses to provide, including additional distribution data or information regarding loans outstanding, commitments, and letters of credit.

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Investment Test

19. A schedule of the amount and data of qualified investments, as defined in 12 CFR § 563e.12(r), and access to any prospectus and supporting information that describes the qualified investments. Please distinguish between those qualified investments that are made in your assessment area(s) and those that are made outside the assessment area(s). For qualified investments made outside the institution's assessment area(s), please provide an explanation of how each benefits a larger statewide or regional area that includes the assessment area(s).
20. Any information regarding the innovativeness and complexity of the qualified investments listed, the degree to which these investments are not routinely provided by other private investors, and their responsiveness to community development needs.
21. Information regarding the disposition of branch premises through donation, sale on favorable terms, or rent-free occupancy in a predominantly minority neighborhood to any minority- or women-owned depository institution or financial institution with a primary mission of promoting community development, if applicable.
22. (OPTIONAL) Information regarding any qualified investments provided by the institution's affiliate(s), including the dollar amount and date of such investments.

Service Test

23. The number of branches in low-, moderate-, middle-, and upper-income geographies.
24. For each branch opened or closed during the review period, indicate its location by census tract, whether the census tract is low- or moderate-income, and whether the branch served (if closed) or will serve (if opened) low- or moderate-income individuals.
25. A description of the institution's alternative delivery systems, if applicable, for delivering retail banking services in low- and moderate-income geographies or to low- and moderate-income individuals.
26. An explanation of any material differences in the hours of operations of, or services available at, branches located in low-, moderate-, middle-, and upper-income geographies in the assessment area(s). Please include a discussion as to how the hours or services at these branches may have been tailored to help respond to community needs.

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27. A description of any community development service(s), as defined in 12 CFR § 563e.12(j) provided by the institution, including information regarding the amount of time, resources, and staff devoted to providing such services, and information regarding how the service(s) meets the credit needs of low- or moderate-income geographies or individuals.
 28. A breakdown of deposits by branch or by designated assessment area.
 29. (OPTIONAL) Any information regarding community development services provided by an affiliate(s).

Performance Context

30. (OPTIONAL) Any information that the institution wishes to offer that provides a clearer picture of its performance, including information about the assessment area(s) (such as economic conditions, demographic information relevant to loan demand, or economic studies prepared by the institution or an outside party) and the institution itself (such as its business strategy, lending capacity, or any constraints on its ability to meet the credit needs of the assessment area(s)).
31. (OPTIONAL) A copy of any analysis done by the institution of its lending activity, particularly with respect to the distribution of loans: (a) within versus outside of its assessments area(s); (b) in geographies of different income levels; and (c) to borrowers of different income levels and to businesses and farms of different sizes.
32. (OPTIONAL) A description of any actions taken to address lending disparities identified through internal reviews.

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**CRA Public File Summary
(Large Institutions)**

The following is not provided as a substitute for the requirements of the CRA Public File requirements. Rather, it summarizes the information from the CRA Public File that the OTS uses to evaluate CRA performance. It is intended to assist large institutions in confirming that the information covered by this request is needed for the examination. For specific guidance, please refer to 12 CFR § 563e.43.

1. A map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list.
2. Written comments from the public during the review period that specifically relate to the institution's performance in helping to meet credit needs in the assessment area(s), and any response by the institution.
3. A list of the institution's branches, including their street addresses and geographies, and a list of branch offices opened and closed during the review period.
4. A list of services (including hours of operations, available loan and deposit products, and transaction fees) generally offered at the institution's branches and descriptions of material differences in particular branches, if any. At its option, an institution may include information regarding the availability of alternative systems for delivering retail banking services.
5. If the institution reports residential loans under the Home Mortgage Disclosure Act (HMDA), copies of the HMDA Disclosure Statements provided by the FFIEC pertaining to the review period and the loan application register for the current year.
6. The institution's CRA disclosure statements for the review period.
7. For any category of consumer loans the institution chooses to have considered, a trial balance or other listing of loans made by the institution for each of the two prior calendar years, sorted, if possible, by MSA, showing the loan number (or other unique identifier), the loan amount at origination, the date of origination, and, if possible, the location of the loan.

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8. If the institution elects to include affiliate lending for any part of the review period, a copy of the comparable data for the affiliate should be provided for each loan type to be considered.
 9. The institution's CRA Notice.
 10. If the institution received less than a satisfactory rating during its most recent examination, a description of current efforts to improve its CRA performance.

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Definitions

The following definitions may be helpful in preparing information for the examination:

- o geographies - census tract or block numbering areas.
- o low income - under 50 percent MSA median income based on 1990 U.S. Census (not HUD adjusted) data.
- o moderate income - from 50 through 79 percent MSA median income.
- o middle income - from 80 to 119 percent MSA median income.
- o upper income - 120 percent and greater of MSA median income.
- o alternative delivery systems - alternative systems for delivering retail services to low- and moderate-income individuals or geographies, including automated teller machines (ATMs), banking by telephone or computer, loan production offices, bank at work and bank by mail programs.
- o community development loan - include, but are not limited to, loans to not-for profit organizations servicing primarily low- and moderate-income housing borrowers, or other community development needs; loans to Community Development Financial Institutions, Community Development Corporations, minority- and women-owned financial institutions, and low-income or community development credit unions; loans to local, state, and tribal governments for community development activities; and loans to finance environmental clean-up or redevelopment of an industrial site as part of efforts to revitalize the low- or moderate-income community in which it is located.
- o community development service - are required to be related to the provision of financial services and focus on serving low- and moderate-income housing needs or economic revitalization and development. They may include providing technical assistance in the financial services field to community based groups, local or tribal government agencies, or intermediaries that help to meet the credit needs of low- and moderate-income individuals or small businesses and farms; lending executives to organizations facilitating affordable housing construction, rehabilitation, or development; providing credit, home buyer, or home maintenance counseling and/or financial planning to promote community development and affordable housing; school savings programs; and other financial services the primary purpose of which is community development, such as low-cost or free government check cashing, electronic benefits transfer and point-of-sale terminal systems.

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- o community development investments - qualified investments include, but are not limited to, investments, grants, deposits, or shares: in or to financial intermediaries that facilitate lending in low- and moderate-income areas or to low- and moderate-income individuals in order to promote community development; in support of organizations engaged in affordable housing rehabilitation and construction; in support of organizations promoting economic development by small businesses; to support or develop facilities that promote community development in low- and moderate-income areas for low- and moderate-income individuals; projects eligible for low-income housing tax credits; in state and municipal obligations that specifically support affordable housing or other community development needs; and in or to organizations supporting activities essential to the capacity of low- and moderate-income individuals or geographies to utilize credit or sustain economic development. (Note: investments do not include community development lending or services, which would be considered under the relevant test).

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Introduction

Pursuant to the revised Community Reinvestment Act (CRA) regulation that became effective July 1, 1995, an institution's CRA performance may be evaluated in several ways:

- o Small institutions (those under \$250 million in total assets that are either independent or an affiliate of a holding company with combined bank and thrift assets less than \$1 billion) are evaluated under the streamlined small institution procedures (see 12 CFR § 563e.26). Small institutions may also wish to provide additional information for the examiner to consider in evaluating whether the institution may be eligible for an "Outstanding" CRA rating.
- o Small institutions may elect to be evaluated under the lending, investment, and service tests if they have met the data collection requirements for large institutions (see 12 CFR § 563e.21).
- o Large institutions will be evaluated under the lending, investment, and service tests (see 12 CFR § 563e.51(b)(4) and (c)(2), and 563e.22 through 563e.25).
- o Institutions may begin submitting strategic plans for approval. Examinations based on approved strategic plans cannot take place until the institution has operated under the approved strategic plan for one year (see 12 CFR § 563e.27). Up to that point, institutions with approved strategic plans will be examined under either the lending, investment, and service tests, the small institution tests (if they qualify), or the community development test (if they are designated as "wholesale" or "limited purpose" institutions).

This section of the Compliance PERK contains information requests based on each of the evaluation methods described above.

The following information should be made available to the CRA Specialist either prior to or at the commencement of the CRA evaluation. The information will help ensure an efficient review of the institution and minimize additional requests. Please provide a brief explanation for any information that is not provided, or indicate the name of an individual to contact to obtain the requested information.

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Small Institutions

Beginning January 1, 1996, small institutions will be evaluated under the criteria contained in 12 CFR 563e.26. Completion of the following information will provide an opportunity for your institution to present its record with regard to CRA performance and will also materially aid the examiner's review of your institution's CRA activities.

Please be as specific as possible in responding to the information requests. Where appropriate, reference may be made to related documents, such as those requested in the Nondiscrimination Questionnaire. Please reference all attachments to the specific information requests enumerated below.

1. Name and telephone number of the institution's primary CRA contact.
2. CRA Public File (see 12 CFR 563e.43).
3. For review periods longer than covered by the materials in the CRA Public File, any supplementary information to cover the balance of the review period, and any pertinent confidential information related to the contents of the Public File.
4. A copy of the public CRA Notice.
5. Copies of CRA-related self-assessments or evaluations.
6. Any response to the document entitled "Optional Information (Small Institutions)" (see separate guidance for the use of this document).

In addition, your institution may have compiled certain information (for example, an analysis of lending patterns or factors that may bear on your institution's loan-to-deposit ratio) that you would like the examiner-in-charge to review. If so, please provide the information in advance of the examination with your overall response to this PERK request, or have it available when the examination begins.

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Optional Information
(Small Institutions)

Small institutions will be evaluated under the criteria outlined in 12 CFR 563e.26.

The information to be reviewed during the examination is intended to be derived, where possible, from records kept by the institution in the ordinary course of business (e.g., automated reports and CRA Public File), thus minimizing recordkeeping and examination burden. The examination will assess any information the institution wishes to present to ensure comprehensive evaluation of its performance.

A small institution may wish to provide supplementary information regarding its performance and factors that bear on that performance. In addition, it may wish to provide information regarding services and community development investments in order to improve upon a "Satisfactory" rating. A small institution also has the option to request an evaluation under the performance tests used for large institutions.

This outline guides an institution by identifying the types of supplementary information that may provide examiners with a better understanding of the institution's performance and, thus, expedite the examination process. An institution is not required or expected to provide any portion of the information described - completion is entirely voluntary. In addition, an institution may wish to offer other information that better and more succinctly describes its CRA performance.

Note: The terms in this outline are defined in 12 CFR 563e.12. For example, "geographies" means either census tracts or block numbering areas.

1. Provide a copy of any analysis done by the institution of its lending activity, particularly with respect to the three factors related to the distribution of loans: (a) within versus outside of the institution's assessment area(s); (b) in geographies of different income levels; and (c) to borrowers of different income levels and to businesses of different sizes. The institution may also wish to provide information regarding lending outside of its assessment area(s) to low- and moderate-income borrowers or geographies. If any analysis uncovered disparities in lending patterns, also provide a description of any actions taken to address the causes of such disparities.

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2. Provide information regarding the institution's community development lending. The information would include affordable housing rehabilitation, construction, and permanent financing of multi-family rental properties servicing low- and moderate-income persons.¹
3. Provide information regarding innovative or flexible loan programs targeting low- and moderate-income individuals or geographies. If available, provide the number and dollar amount of loans originated within the institution's assessment area(s) under such programs.
4. If the institution wishes the examiner to consider services and community development investments as defined in 12 CFR 563e.23 and 24, provide access to information regarding:
 - a. retail services (including alternative delivery systems) serving low- or moderate-income individuals or geographies;
 - b. community development services; or²
 - c. community development investments.³

1. Other types of community development loans include, but are not limited to, loans to not-for-profit organizations servicing primarily low- and moderate-income housing borrowers, or other community development needs; loans to Community Development Financial Institutions, Community Development Corporations, minority- and women-owned financial institutions, and low-income or community development credit unions; loans to local, state, and tribal governments for community development activities; and loans to finance environmental clean-up or redevelopment of an industrial site as part of efforts to revitalize the low- or moderate-income community in which it is located.

2. Community development services are required to be related to the provision of financial services and focus on servicing low- and moderate-income housing needs or economic revitalization and development. They may include providing technical assistance in the financial services field to community based groups, local or tribal government agencies, or intermediaries that help to meet the credit needs of low- and moderate-income individuals or small businesses and farms; lending executives to organizations facilitating affordable housing construction, rehabilitation, or development; providing credit, home buyer, or home maintenance counseling and/or financial planning to promote community development and affordable housing school savings programs; and other financial services the primary purpose of which is community development, such as low-cost or free government check cashing, electronic benefits transfer and point-of-sale terminal systems.

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3. Qualified investments include, but not limited to, investments, grants deposits, or shares: in or to financial intermediaries that promptly lend to facilitate lending in low- and moderate-income areas or to low-and moderate-income individuals in order to promote community development; in support of organizations engaged in affordable housing rehabilitation and construction; in support of organizations promoting economic development by small businesses; to support or develop facilities that promote community development in low- and moderate-income areas for low- and moderate-income individuals; projects eligible for low-income housing tax credits; in state and municipal obligations that specifically support affordable housing or other community development needs; and in or to organizations supporting activities essential to the capacity of low- and moderate-income individuals regarding community development lending (including loans for affordable multiunit housing) would not be included, but would be considered in the evaluation of the institution's lending.

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**CRA Public File Summary
(For Small Institutions)**

The following is not a summary of the requirements for the CRA Public File. Rather, it summarizes the information from the CRA Public File that the OTS uses to evaluate CRA performance. It is intended to assist small institutions in confirming that the information covered by this request is needed for the examination. For specific guidance, please refer to 12 CFR 563e.43.

1. A map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list.
2. Written comments received from the public during the review period that specifically relate to the institution's performance in helping to meet community credit needs, and any response by the institution.
3. The institution's loan to deposit ratio for each quarter of the review period and any additional data it wishes to provide regarding this ratio.
4. A list of the institution's branch offices, including their street addressees and geographies, and a list of branch offices opened or closed during the review period.
5. If the institution reports residential loans under the Home Mortgage Disclosure Act (HMDA), copies of the HMDA Disclosure Statement provided by the FFIEC pertaining to the review period and the loan application register for the current year.
6. A trial balance or other listing of small business and small farm loans made by the institution during the review period, sorted if possible by MSA, showing the loan number (or other unique identifier), the loan amount at origination, the date of origination, and, if possible, the location of the loan.
7. For any category of consumer loans the institution chooses to have considered, a trial balance or other listing of such loans originated or purchased during the review period sorted, if possible, as in (7) above.
8. If the institution elects to include affiliate lending for any part of the review period, a copy of the comparable data for the affiliate should be provided for each loan type to be considered.

Compliance Examination Summary Schedule
(Community Reinvestment Act Information)

Preliminary Examination Response Kit
Office of Thrift Supervision

Institution Name:

Docket No.:

Review Period:

9. The institution's CRA Notice.
10. A list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the institution's branches and descriptions of material differences in particular branches, if any. At its option, an institution may include information regarding the availability of alternative systems for delivering retail banking services.

PERK (6/02)



Office of Thrift Supervision

Department of the Treasury

West Region

Pacific Plaza, 2001 Junipero Serra Boulevard, Suite 650, Daly City, CA 94014-1976

P.O. Box 7165, San Francisco, CA 94120-7165 • Telephone: (650) 746-7000 • Fax: (650) 746-7001

Date

Name

Title

Institution

Address

Dear:

Your institution is scheduled for an evaluation of its Community Reinvestment Act (CRA) performance that will commence on or about ____Date____. We anticipate that the examination will last approximately _____to ____ weeks. To facilitate this evaluation, we have enclosed a Community Reinvestment Act Information questionnaire that you should complete and return to the OTS Daly City office to the attention of _____EIC____, who will lead the CRA review.

The CRA evaluation review period covers the institution's lending, investment, and service activities conducted from _____Review Period_____. Unless otherwise stated, all information should be prepared as of ____Date____. You may provide most information in the format you currently use, including prepared schedules, worksheets or computer printouts. In order to ensure that the responses are accurate and properly prepared, we suggest that you have a senior officer review them. We also suggest that the preparer sign and date all responses.

The CRA evaluation will be conducted largely off-site; therefore, by providing the completed pre-examination material in advance, you can help minimize examination time and costs. If necessary, however, please have available private working space, a telephone, and access to a copy machine for one CRA Specialist. The CRA Specialist will bring a personal computer and a printer. We would appreciate table space and electrical outlets for this equipment, and a dedicated transmission line, if available. To safeguard the confidentiality of the examination and the institution's records, please also make available a locked space or file cabinet.

Mr./Ms. _____EIC_____ of our office will be contacting institution staff regarding any electronic loan data, including institution's Home Mortgage Disclosure Act loan application register, CRA small business and small farm loan data, and other credit product loan application registers, to be used for this evaluation. We ask that the data requested be provided on diskette to Mr./Ms. _____EIC_____ in our Daly City office within 10 days of the date of his/her

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request. We also ask that you include a hard copy listing of the institution's CRA assessment areas. If you have any additional questions concerning the format or content of the data we are requesting, please contact Mr./Ms. ____EIC____ directly at ____phone number____. Receipt of this information on diskette will enable us to perform some preliminary analyses of your institution's lending activities prior to the start of the evaluation and reduce the CRA Specialist's need to be onsite at your institution.

Thank you for your cooperation in helping ensure that the examination proceeds smoothly. If you have any questions, please contact me at ____phone number____.

Sincerely,

Laura M. Fiene
Assistant Regional Director
CRA Examinations

Enclosure

cc: Caseload Manager, Official Title w/o enclosure



Office of Thrift Supervision

Department of the Treasury

West Region

2001 Junipero Serra Boulevard, Suite 650, Daly City, CA 94014-1976

P.O. Box 7165, San Francisco, CA 94120-7165 • Telephone: (650) 746-7000 • Fax: (650) 746-7001

DATE

Mr./Ms. NAME
OFFICIAL TITLE
INSTITUTION NAME
STREET ADDRESS
CITY, STATE ZIP

Dear Mr./Ms. LAST NAME:

I am writing to let you know that your institution is tentatively scheduled for a Community Reinvestment Act (CRA) Examination to begin on or about DATE. This examination will evaluate the institution's performance under CRA and we will prepare a public evaluation of the institution's CRA performance.

To better tailor our examination to each institution's circumstances, we have made some changes in our pre-examination process. In keeping with this agency's overall approach of streamlining examinations, our CRA specialist examiner will now be conducting the CRA examination largely off-site. To do this, however, we will need to obtain certain information from management prior to the start of the CRA examination. Please forward the following information to the above address by DATE. (15 days)

- Organization chart, including the CRA officer reporting lines.
- Corporate structure chart, including related organizations and affiliates.
- Formal CRA policy and program adopted by the board of directors.
- Identify the CRA officer and describe duties, or identify personnel with CRA responsibilities.
- All internal/external audit reports and other reviews, including any self-assessments performed since the institution's previous CRA evaluation that address CRA matters, such as HMDA reporting and fair lending.

After receipt of the above information, the CRA specialist will be contacting the institution in the near future to arrange a telephone conference call with management to obtain general information about the institution's operations and structure. Based on this, we will be requesting certain electronic loan data for our CRA evaluation. The CRA Specialist may also request that the institution send certain information to us prior to the beginning of the examination. So that we may complete our analysis in time to relay to you a tailored request for information to be made available during the examination, we would appreciate your assistance in providing us with the requested information and data within the timeframes requested by the CRA Specialist. We will then send you a tailored request for information to be sent to us by the start of the CRA examination.

Because I recognize how important an understanding of the regulatory requirements and our examination processes can be to an institution, I have asked both the CRA Specialist and the Caseload Manager to make themselves available to the institution to answer any questions you might have prior to the examination. Both individuals may

be reached by contacting Ms. Amelita Dayao at (650) 746-7076. If you would also like to arrange a discussion (to be held in person or by telephone) of the CRA regulations, our CRA examination approach and procedures, or any CRA-related matters, please contact our region's Community Affairs Liaison, Mr. James Woods, at (650) 746-7040. I encourage you to take advantage of this opportunity.

Certain of the information we request may involve customer records. Therefore, you should be aware that this is an examination of your institution under 12 USC Section 1464(d)(1)(B). The Right to Financial Privacy Act (RFPA) [12 USC Sections 3401-3422], contains an explicit exception for disclosures of financial records to supervisory agencies such as the Office of Thrift Supervision (OTS). See 12 USC Section 3413(b). This is also an examination directed at your institution within the meaning of 12 USC Section 3413(h)(1)(A) of the RFPA. Under 12 USC 3417(c) of the RFPA, good faith reliance upon this certification relieves your institution or agents or employees thereof of liability to the customer for disclosing the information OTS seeks for its examination.

Very truly yours,

Laura M. Fiene
Assistant Regional Director

cc: Caseload Manager, Official Title, OTS
James Woods, Community Affairs Liaison