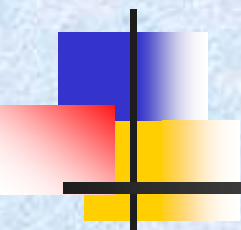


# Strategy for Limited Purpose Bank to Meet CRA Obligations



Presented by Jane Shock

Vice President, American Express Center for  
Community Development

# Bank Strategy to Meet CRA Obligations



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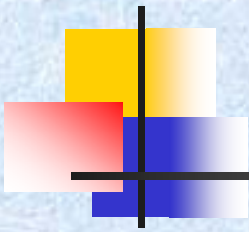
- **Conduct needs assessment**
- **Build identified needs into performance context**
- **Identify available partnerships and establish new partnerships**
- **Develop Board approved CRA plan**
- **Report to CRA Committee**
- **Comply with CRA technical requirements**

# Limited Purpose Designation

- Nationwide lender
- Narrow product line
- Credit Cards

CRITERIA	Rating			
	Outstanding	Satisfactory	Needs to Improve	Substantial Non-Compliance
Level of qualified investments, community development loans, or community development services.	High	Adequate	Poor	Few
Use of innovative or complex qualified investments, community development loans, or community development services.	Extensive	Occasional	Rare	None
Responsiveness credit and community development needs in service area.	Excellent	Adequate	Poor	Very Poor

# Development of CRA Program for Limited Purpose Bank

- 
- ◆ Board approved CRA Plan that complies with the Community Development Test
  - ◆ Based in part on peer analysis of other limited purpose banks and local institutions
  - ◆ Emphasize partnerships with local community organizations, government agencies and financial institutions
  - ◆ CRA activities address specific community development needs



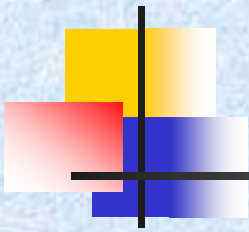
# CRA Committee Members

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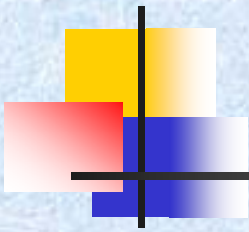
## **MEMBERS**

- ◆ Chief Executive Officer
- ◆ Chief Credit Officer
- ◆ Chief Financial Officer
- ◆ CRA Officer
- ◆ Bank Director

# Needs Assessment

- 
- ◆ Conducted 75 interviews with community leaders, bankers and government officials
  - ◆ Analyzed census tract data
  - ◆ Reviewed economic/housing reports, general plans, CRA public evaluations
  - ◆ Identified gaps/credit needs
  - ◆ Identified ways to partner with organizations to meet credit needs

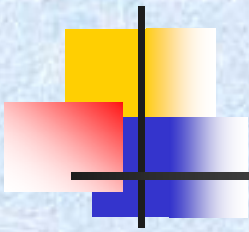
# Community Needs

- 
- ◆ Multifamily Rental Housing
  - ◆ Affordable Homeownership
  - ◆ Capacity Building of Community Organizations
  - ◆ Credit Counseling and Homebuyers Counseling
  - ◆ Small Business Development

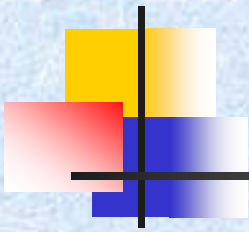
## Emerging Issues

- ◆ Health care
- ◆ Child care

# Multifamily Rental Housing

- 
- ◆ American Express Utah Equity Fund - Partner Enterprise Social Investment Corporation (ESIC)
  - ◆ Utah Community Reinvestment Corporation (UCRC)
  - ◆ Loans to municipalities for rehabilitation of units
  - ◆ Fannie Mae DUS Bonds
  - ◆ Service on Boards of non-profit organizations

# Affordable Homeownership

- 
- 
- ◆ Partnership with Full Service Bank
  - ◆ Utah Housing Finance Agency Bonds
  - ◆ CROWN Program
  - ◆ Loans to non-profit organizations to finance predevelopment and land acquisition costs
  - ◆ Loans to non-profit organizations and municipalities to provide financing for homebuyers that don't qualify for conventional financing
  - ◆ Service on Boards of non-profit organizations



# Capacity Building of Non-profit Organizations

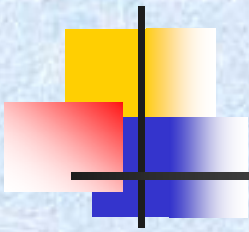
- ◆ Educational Resources
  - ◆ Our Community Housing Guide
  - ◆ San Juan County Housing Resource Guide
  - ◆ Utah Small Business Resource Guide
  - ◆ Utah Affordable Housing Guide
  - ◆ Managing Debt/Building Wealth
- ◆ American Express Leadership Academy
- ◆ National Development Council Conferences
- ◆ Roundtable Meetings
- ◆ Community Development Scholarship Program
- ◆ Assist with Program Development
  - ◆ IDA State Network



# Credit Counseling/ Homebuyer Counseling

- ◆ Partner with community organizations to provide credit education assistance
  - ◆ Housing Authority of Salt Lake County
  - ◆ Ute Homebuyer Education Program
  - ◆ Hispanic Financial Education
- ◆ Financial Mentoring
  - ◆ Utah IDA Network
  - ◆ Volunteer Income Tax Assistance (VITA) Program  
In 2004, 887 low-income families or individuals used the free service saving \$112,00 in tax preparation fees. Refunds paid back to these 887 individuals totaled \$1,106,501 of which \$412,793 were Earned Income Tax Credit dollars.

# Small Business Development

- 
- ◆ Utah Microenterprise Loan Fund
  - ◆ Targeted SBA Loan Pools
  - ◆ Sponsorship and administration of conferences on small business development targeted to start-ups, women and minority-owned businesses
  - ◆ Grants and marketing support of non-profit organizations that provide technical assistance to small businesses, i.e., Business Information Center, SCORE, Small Business Development Centers

# CRA Grants

Charitable contributions and grants are made to community organizations that provide one of the following services:

- ◆ Affordable housing for low- to moderate-income individuals
- ◆ Essential community services targeted to low- to moderate-income individuals
- ◆ Activities that promote economic development
- ◆ Activities that revitalize or stabilize low- to moderate-income areas

# Affiliate Activities

Track and support community development activities of American Express affiliates:

- ◆ Investments such as Housing Bonds, Low Income Housing Tax Credits, and Venture Capital investments
- ◆ Philanthropic grants
- ◆ Consumer Affairs products and services
- ◆ United Way contributions
- ◆ Qualified service activities and service hours

# Measuring Results

- 225,000 individuals served annually
- Financed more than 5800 affordable housing units
- Provided financing for more than 450 small businesses

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# **Bank Strategy to Meet CRA Obligations**

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Video

American Express Center  
for Community Development