



CRA Wholesale Limited

Purpose Examination Process

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FEDERAL DEPOSIT INSURANCE  
CORPORATION  
SAN FRANCISCO REGION



# FOCUS OF PRESENTATION

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- Review Definitions
- Review Examination Process
- Challenges for Limited purpose/wholesale institutions
- Resources



# Limited Purpose Definition

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- A bank that offers only a narrow product line (such as a credit card or motor vehicle loans) to a regional or broader market.



# Limited Purpose Definition

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- **Special Purpose Banks – nontraditional operations**
- **Banks that operate in unusual markets**
- **Such as regional and/or national markets**
- **Not structured as a traditional bank**
- **Alternative delivery system, absence of branches**
- **Affinity group lending or focus on private banking**



# Wholesale Definition

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- A bank that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers.

# Definition of Community Development



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- Affordable Housing
- Community Services
- Economic Development
- Activities that Revitalize or Stabilize

# Definition of CD Qualified Investment



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- Purpose
- Investment, Grant and/or Donation
- Benefits the bank's Assessment Area or Broader area
- Qualitative
- Quantitative



# Definition of Community Development Loan

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- Primary purpose – Community Development
- Not previously reported
- Benefits the Bank's Assessment Area or broader area



# Definition of Community Development Service

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- Primary purpose – Community Development
- Related to provision of financial service
- Not previously considered in the evaluation of bank's retail services

# Community Development Test - Examination Process



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- Number and amount of CD loans, qualified investments or CD services
- Use of innovative or complex qualified investments, CD loans, or CD services
- Bank's responsiveness to credit and CD needs.

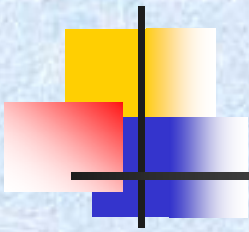
# Indirect Activities- At bank's option



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- Qualified investments or CD services provided by an affiliate
- CD lending by affiliates, lending consortia and third parties

# Benefits

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- Considers all qualified investments, CD loans and CD services that benefit areas within the AA or broader statewide or regional area AND
  - Outside the AA, if bank adequately addressed the needs of AA.



# Challenges

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- Competition from other banks for CD Investment and Lending opportunities
- What “counts” under Community Development?
- How much is enough?
- Small staff, many responsibilities
- Others?

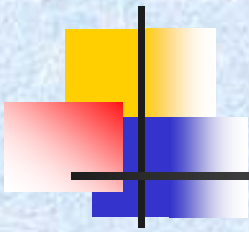


# Tips – Focus of our Discussion

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- Lending partnerships among banks, nonprofit organizations and local government for community and economic development.
- Others???

# Resources

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- <http://www.fdic.gov/>
  - <http://www.frbsf.org/>
  - <http://www.occ.treas.gov>
  - <http://www.ffiec.gov/>
  - CRA Q & A's
  - Part 345 of the FDIC Rules and Regulations
  - FIL-10-96 CRA Public Evaluation Procedures



# QUESTIONS ???

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Carol Saccomonto

Review Examiner

Federal Deposit Insurance Corporation

[csaccomonto@fdic.gov](mailto:csaccomonto@fdic.gov)

415-546-0160