



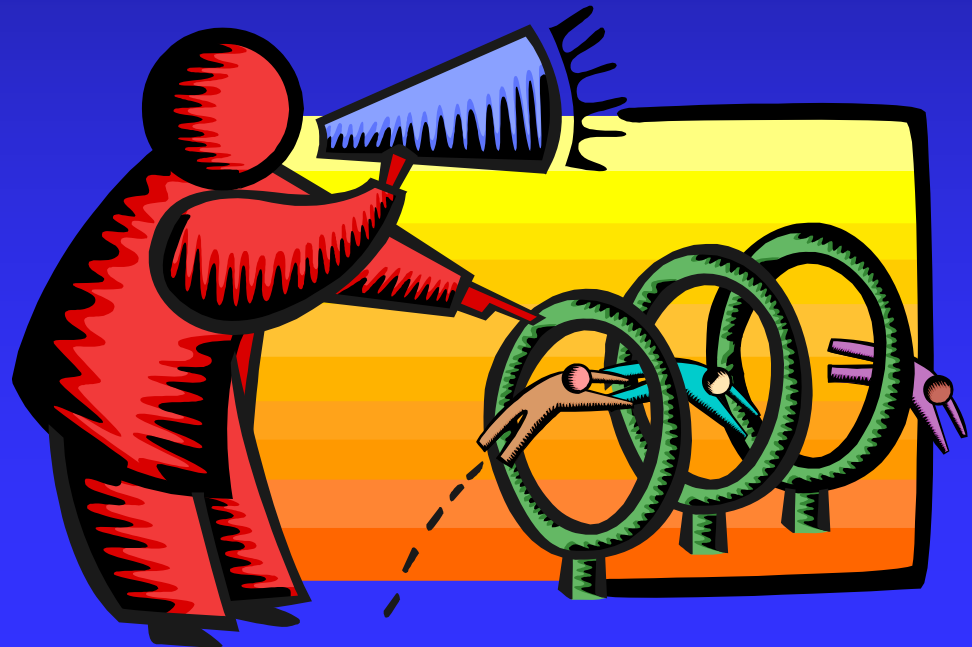
# PREPARING FOR CRA EXAMS

# PRESENTATION FORMAT

- We'll cover generic exam components
- Panelists will discuss different practices as we go through these slides
- Ask questions!
- Break-out sessions with your regulator are scheduled at the end

# List of upcoming exams published quarterly

- This is often first notice to a bank
- Earlier notice may be provided in writing or verbally



# Official Notice of an Exam

- Timing and content of official notices vary among the regulators
- Contact your regulator if you want to see copies of the notice or information requests

# If Your Regulator is Preparing Maps/Data For the Exam

- Make sure you are in agreement about how you are receiving consideration for community development loans
- Make sure you are in agreement about the assessment area

# Information Requested

- This varies
  - ◆ Is the exam work being performed on-site or off-site
  - ◆ Is it being performed concurrent with other exam work
  - ◆ Exam protocols vary among regulators
- Request will typically include everything we think we'll need to see

# Management needs to gather the information

- This is often delegated to the CRA Officer or other contact individual
- Activities of numerous departments impact performance
- Make sure the examiner knows who to contact for additional information



# Be proactive and expansive in gathering information

- We can't give consideration for something we don't know about!
- Plan on having an ongoing dialogue—exams are dynamic!
- Make sure your data is accurate and in a useable format!





# Exam Decisions—Pre-exam or at start of exam

- Full-scope vs. limited-scope reviews
- Weighting of assessment areas
- Weighting of CRA activities

**Work with your regulator in this process**

# Assessment Areas

- It's fundamental to the evaluation, but often an issue of confusion or disagreement
- Make sure you understand your assessment area and make sure your regulator agrees with it



# Consider Preparing a CRA Self-Assessment Because:

- This will highlight issues that need to be resolved up front
- This will help avoid rude surprises
- This will help to highlight areas where performance can be strengthened

# A self-assessment should include:

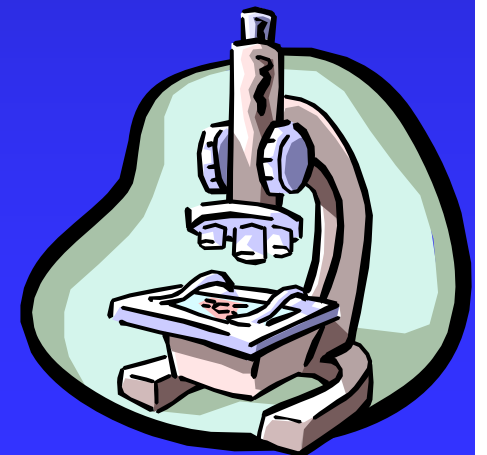
- Your performance context
- A realistic analysis of your CRA performance, including an analysis of community development activity

# Do Your Homework!

- Review your prior public evaluations
- Review public evaluations of your competition
- Consider meeting with local banks to share CRA information

# Performance Context

- It provides a basis for measuring performance given the operating environment, and is fundamental
- It's dynamic, and should reflect the changes in our national and local economies



# Performance Context--continued

- We use data from numerous sources, including the inter-net, other regulators, various state and federal agencies, and various trade groups
- Talk to your regulator about your performance context!

# Performance Context--Continued

## Consider:

- Have you changed your offices or ATMs?
- Is your product line different? Has product demand changed?
- Has your customer profile changed?
- Are you facing liquidity or other constraints? Has your business strategy changed?
- Have other factors impacted your performance?

**Discuss these changes and their impact up front**



# Provide relevant audits and meeting minutes

- Understanding your process helps us evaluate your performance



# Provide Lending, Investment, and Service data—emphasize community development activity

- This is covered in more detail in the following sessions, **but make sure it's accurate and make sure it's in a useable format**

# Examples of best practices



# Best Practices

- Determine which activities have a documented CD purpose
  - ◆ Don't just hand the examiner a list of possible activity to see what “sticks”
- Provide supporting documentation for donations
  - ◆ Don't just provide a check copy with no support

# Best Practices

- Track the number of hours of CD service and the number of housing units or jobs supported by CD investments and loans
  - ◆ Don't provide lists of organizations served or CD investments and loans without quantifiable data

# Best Practices

- Keep track of which assessment area(s) received what benefits
  - ◆ Don't provide general discussions of benefits that cannot be assigned to assessment areas or otherwise quantified
- Stay accessible during the exam and have an ongoing dialogue with the examiner
  - ◆ Don't let the examiner work in a vacuum