

Small and Intermediate Small Bank
CRA Best Practices

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Training

- **Make sure loan officers and management are aware of the activities that qualify for community development credit.**
 - These include loans, services, and investments
- **Provide training to the Board and senior management, especially with regard to community development services.**
 - This area normally includes bank executives for services
 - We also see where executives are not familiar with what qualifies as a community development activity
- **Monitor bank's asset size, especially when assets are close to the next size category.**

Perform Self-Assessments

Monitor Bank's Lending for Lending Test

- **Average Quarterly Net Loan to Deposit Ratio**
- **Geo-code loans to determine location**
 - Most HMDA reporters already geo-code
 - If not HMDA bank, start geo-coding loans as they are booked on the bank's loan system
 - Have bank's data processor geo-code the bank's loans on a recurring basis

Perform Self-Assessments (continued)

- Use geo-coding to assess bank's lending between examinations
 - Lending in the bank's assessment area(s)
 - Monitor for geographic distribution
 - Monitor for borrower profile (Income, GAR)
- Also use monitoring results to see if bank is lending in minority census tract(s) because adverse fair lending issues could affect CRA rating
- Management could also use the monitoring results to revise the delineation of the bank's assessment area(s)

Perform Self-Assessments (continued)

- **Track community development activity.**
 - Monitor quarterly or annually, depending on volume
 - Maintain spreadsheets to report to senior management
 - Monitoring creates awareness throughout the bank

Document CD Activities

- **Provide loan officers and management forms to document each qualified activity and include:**
 - The transaction date
 - The amount, if applicable
 - How the activity qualifies as Community Development (CD)
 - The census tract(s) or geographic location, if applicable
 - Documentation evidencing qualification
 - Person responsible for the activity
 - Contact information for the activity

Review Peer Performance Evaluations (PEs)

- Identify similarly situated banks
 - Asset size
 - Location
 - Lending concentrations
- PEs are publicly available for all banks
- Review PEs for opportunities and examples of community development activities

Other “Take Aways”

- Work to foster relationships with Community Development Organizations, local housing authorities, small business development agencies and incubators, federal regulators, and other banks.
 - FDIC has Community Affairs Specialists within each region that focus on fostering relationships between financial institutions, community development groups, and non-profit entities.
- Work with other non-profits and groups to determine needs and opportunities within the bank’s assessment area(s).

FDIC CRA Resources

<http://www.fdic.gov/regulations/community/community/index.html>

- Regulations
- CRA Q&As
- Joint Final Rule
- CRA and Institution Search Tools
- Schedule of Examinations

FFIEC CRA Resources



<http://www.ffiec.gov/cra/default.htm>

- Regulations
- CRA Q&As
- Geo-coding Tool
- Information on Data Collection
- CRA Public Data
