



Community Reinvestment Act Updates and Issues Manual 2021

Summary of CRA

The Community Reinvestment Act (CRA) was enacted by Congress in 1977 and is implemented by Regulation BB (12 CFR 228). The purpose of the CRA is to ensure that banks meet the needs of their surrounding communities, including low- and moderate-income neighborhoods. The assessment area sets the parameters for the test by determining the scope of those communities. The CRA contains many different pieces and requirements that don't seem like they fit together but the FIRST question for CRA is: Are you meeting your community's needs? And the second question is: How? If you think of CRA in that context all the pieces fit together in a simpler way. Why does CRA matter? The bank's record of CRA impacts the bank's ability to open domestic branches, and to get approval to merge with, consolidate with, or acquire another bank. The information which will be covered throughout this manual include a brief overview of the scope of CRA, key dates, 2020 proposed amendments and the areas of focus or "hot topics".

Scope: 12 CFR 228.11

The CRA covers all FDIC-insured financial institutions. These requirements do not apply to special purpose banks that do not perform commercial or retail banking services by granting credit to the public in the ordinary course of business. It is important to note that what's required of a bank for CRA is dependent on the bank size.

Requirements:

Small Bank	Intermediate/Small	Large
Determine Assessment Area	Determine Assessment Area	Determine Assessment Area
Maintain Public File	Maintain Public File	Maintain Public File
		Collect Small Business/Small Farm information
		Report Loans by loan size and business size
		Report Community Development Loans
		Report HMDA information if a HMDA bank
		Optionally Report Other Loan-Types

Asset Size:

Financial institutions are evaluated under different CRA Standards based on asset size and are classified as small, intermediate-small, or large banks. This is important because small and intermediate small asset-size threshold are not subject to the reporting requirements that large banks are. However, any bank can choose to be evaluated as a large institution and would therefore, collect and report the same information. The threshold is updated each year.

Performance Criteria

The bank can and should review and adjust its assessment area to ensure that it is still reasonable each year. The bank will want to consider whether it needs to be updated more often in the event the bank:

- Grows, either through opening a new branch, establishing an offsite proprietary ATM, acquisition or the geographic expansion of its loan volume.
- Decrease, due to branch closure, or a regulatory CRA examination in which a bank's assessment area delineation is determined to be inappropriate or not in compliance with the regulation.

Assessment Area: [12 CFR 228.41](#)

The regulation specifically sets out the requirement to delineate assessment area. This can also mean having to determine multiple assessment areas. The purpose of setting these assessment areas is to set the parameters by which the bank's regulator will determine whether the bank has met the ultimate CRA goal: meeting the credit needs of the community.

Required Reporting: [12 CFR 228.42](#)

Large banks are required to submit a CRA LAR with specific collected information prior to March 1 of each year. Small or intermediate small banks that choose to be evaluated under the large bank lending, investment and services test are also required to collect and report this information. Otherwise, it is optional for small/intermediate-small banks to collect and report under this section but banks that submit data voluntarily possess the option of being examined like a large bank.

Public File: [12 CFR 228.43](#)

A bank is required to keep a public file related to its CRA compliance at its main office. They also have to have a lobby notice about the availability of that information.

Ratings: [12 CFR 228.28](#)

Banks are assigned one of the following four ratings: outstanding, satisfactory, needs to improve or substantial noncompliance. If a bank is under the LIS test and receives an outstanding rating in lending, they will receive a rating of at least, satisfactory for the whole exam. On the other hand, no bank can receive a satisfactory rating if it fails to get at least a low-satisfactory result on the lending test. Given the overall purpose of CRA, it makes sense that discrimination or illegal practices will impact a bank's exam rating. However, regulator will consider both the nature and extent of the practices in addition to any proactive mitigation taken by the bank.

[Proposed Rule on Community Reinvestment Act Regulations](#)

Background

Three federal banking agencies, or regulators, are responsible for the CRA. Banks that have CRA obligations are supervised by one of the three regulators. Each regulator has a dedicated CRA site that provides information about the banks they oversee and those banks' CRA ratings and Performance Evaluations:

- Federal Reserve Insurance Corporation (FDIC)
- Federal Reserve Board (FRB)
- Office of the Comptroller of the Currency (OCC)

The CRA requires that each insured depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record is used in considering an institution's application for deposit facilities, including mergers and acquisitions. On December 12, 2019, two of the three agencies (FDIC and OCC) published their Notice of Proposed Rulemaking (NPR) to update the CRA's data collection and reporting. Comments must be received on or before March 9, 2020.

Overview of Proposed Rule

Technology and the expansion of interstate banking has transformed the financial services industry, how banks deliver their services and how customers choose to bank. These changes affect banks of all sizes and are most evident in banks that have a limited physical presence or rely heavily on technology to deliver their products and services. Due to this, banks' communities have evolved beyond those that are solely identifiable by the delineated areas surrounding banks' physical locations.

Additionally, a communities' Community Development (CD) and investment needs have evolved while the current CRA framework has not kept pace with the transformation of banking and has had the unintended consequence of incentivizing banks to limit some of their CD loans and investments to shorter terms than otherwise may be best to meet the needs of their communities.

Overall, the Proposed Rule aims to clarify and expand what qualifies for CRA credit, expand where CRA activity takes place, provide an objective method to measure CRA activity, and revise data collection, recordkeeping and reporting.

The Proposed Rule is designed to achieve the following positive outcomes desired by many stakeholders:

- Create incentives to do more—Achieved through clear benchmarks based on historical performances to allow regulators to set benchmarks at levels high enough to increase the level of qualifying lending, investment and services and adjust those benchmarks on a periodic basis.
- Reduce CRA deserts—Clarify how banks can achieve “satisfactory” or “outstanding” in their assessment areas and expand when banks can receive credit beyond the immediate areas surrounding bank branches (including rural, areas identified for aid, distressed areas and Indian country).
- Limit CRA hotspots—Clarify and expand when banks can receive credit beyond the immediate areas surrounding bank branches to reduce pressure in overheated markets where banks are already meeting community needs.
- Reduce activity uncertainty—Provide clear standards and an illustrative list of qualifying activities to be revised at least every three years to add or remove activities as necessary.
- Reduce delays in Performance Evaluation (PE) publication—Make evaluation of CRA performance more objective and improve reporting.
- Improve quality of PEs—An objective and standardized evaluation of CRA performance would make PEs more useful, comparable across banks, and meaningful for stakeholders.
- Increase small business lending—Increase loan size for small business loans and increase revenue size threshold for small businesses to encourage economic development and job creation.
- Increase small farm lending—Increase loan size for small farm loans and increase revenue size threshold for small farms to encourage economic development and job creation and help the US agricultural industry.
- Promote capital and investment in Indian country—Provide credit for retail and community development activities in Indian country to incent more investment and lending.
- Encourage long-term commitment to community reinvestment—Refocusing on ongoing commitment to lending and investment through evaluating on-balance sheet activities.
- Reduce displacement by refocusing on LMI individuals and activities—Emphasizing lending and services provided to or benefiting LMI individuals.

- Preserve the importance of branches—Require banks to designate assessment areas surrounding branches, headquarters, and deposit taking ATMs and including a measure of bank’s distribution of branches when assessing the impact of CRA activities.
- Preserve community voices—Retain performance context and a means for community stakeholders to share comments and concerns with examiners.
- Reduce inconsistent application of the rule—Clarify what activities count and increase the objectivity of CRA performance evaluations.
- Provide greater flexibility for community banks—Provide an opt in for small banks with assets of \$500 million or less to allow the bank to determine whether to be evaluated under existing performance standards or the revised framework based on their unique business models.

Clarifying and Expanding What Qualifies for CRA Credit

The proposal would:

- Establish clear criteria for the type of activities that qualify for CRA credit, which generally would include activities that currently qualify for CRA credit and other activities that are consistent with the purpose of CRA but may not qualify under the current CRA framework;
- Require the agencies to publish periodically a non-exhaustive, illustrative list of examples of qualifying services; and
- Establish a process for banks to seek agency confirmation that an activity is a qualifying activity.

First, the proposal would clarify the activities that qualify for CRA credit—the clarifying criteria would generally apply to all banks subject to the agencies’ CRA regulations. It would also provide a clearly defined qualifying activities criteria to identify the types of activities that meet the credit needs of banks’ communities. These criteria would both encompass the many activities that currently qualify for CRA consideration and include additional activities that meet the credit needs of economically disadvantaged individuals and areas in a bank’s communities.

The Proposed Rule would recognize activities substantively conducted by the bank. A list can be found [here](#) and would encompass all lending, investment and service activities that are related to the CD qualifying activities criteria. Any activity that meets more than one of the criteria would be treated as a single qualifying activity.

The proposal would expand the scope of the activities that qualify for CRA credit. This would include, for example:

- Home mortgage loans and consumer loans provided in Indian country;
- Small loans to businesses and small loans to farms provided to (1) small businesses or small farms in census tracts of all income levels or (2) businesses or farms in LMI census tracts.
- Expand affordable housing criteria so that it: (1) encompasses “naturally occurring affordable housing” (e.g. unsubsidized rental housing with rents that are affordable to LMI individuals and families); and (2) includes rental housing for low-, moderate-, and middle-income individuals in high-cost areas.
- Include rental housing for low-, moderate-, and middle-income individuals in high-cost areas, including criteria for activities supporting or financing another bank’s CD loans, investments or services, or for bank’s funding of community facilities, essential infrastructure, or federal, state, local or tribal government programs.
- Include activities that finance or support owner-occupied housing purchased, refinanced, or improved by LMI individuals or families, except for home mortgage loans provided directly to LMI individuals or families.
- Support collaboration between large banks and community banks on participation loans that have a primary purpose of CD and allow credit for a bank’s allowance of credit losses reported on the Call Report, Schedule RC-G if the bank commits to provide additional funding as required in certain contingencies.

The definitions of distressed nonmetropolitan middle-income area and underserved nonmetropolitan middle-income area would be revised to include additional census tracts where there are unmet financial needs. The requirement

that a distressed area be a nonmetropolitan area would be removed to recognize that there may be an urban area that experiences high rates of poverty, unemployment or population loss and need financial resources.

CRA regulations would no longer require that CD services be related to the provision of financial services (i.e.— banks would receive credit for *all* volunteer hours, including manual labor, provided to a CD project). Additionally, all CD activities that provide some benefit to, but do not primarily benefit, specified populations, entities or areas would receive *pro-rata* credit equal to the partial benefit provided.

The proposal would increase the size thresholds for small loans to businesses and small loans to farms to \$2 million or less. Loans of \$2 million or less to a business or farm would be considered qualifying activities if they are provided to small businesses or small farms or are in LMI census tracts.

Home mortgage loans would reference the Call Report instead of the Home Mortgage Disclosure Act (HMDA) resulting in construction loans for 1-4 family residential properties to be included as home mortgage loans. Consumer loans would also be defined with reference to the Call Report and included in all CRA evaluations.

The current framework includes a qualitative and quantitative assessment of the dollar value and number of CRA activities, but it does not set a threshold for the total dollar value of CRA activities when it evaluates CRA performance. It also does not provide a uniform method for assessment a bank’s performance context. The proposal would allow for banks to be evaluated under the general performance standards to determine their presumptive ratings at the bank-level and in each assessment area by first calculating their qualifying activities values (sum of quantified dollar value of qualifying activities that receive credit, after being adjusted by multipliers).

Qualifying loans and CD investments	Valued on average month-end on-balance dollar sheet. Note: qualifying retail loans originated and sold within 90 days are valued at 25% of origination value
Legally binding commitments to invest reported on Call Report, Schedule RC-L	Value based on average month-end dollar value
Legally binding commitments to invest reported on Call Report, Schedule RC-L	Value based on average month-end dollar value
Qualifying commitments to lend	Valued based on average month-end dollar value of allowance for credit losses on those commitments reporting on Call Report, Schedule RC-G
CD services and monetary/in-kind donations	Credited at the value of the monetary donation or in-kind activity, or at the hourly salary as estimated by Bureau of Labor Statistics for job category and number of hours provided.

A bank would calculate its bank-level and assessment area qualifying activities values by taking the sum of the quantified values of all qualifying activities, adjusted by any applicable multiple, as follows:

$$\begin{array}{l}
 \text{Qualifying Loans} \\
 \text{on balance sheet} \\
 \text{for at least 90 days and CD Investments}
 \end{array}
 +
 \begin{array}{l}
 \text{Twenty five percent of the origination value of} \\
 \text{Qualifying Loans sold within} \\
 \text{90 days of origination}
 \end{array}
 +
 \begin{array}{l}
 \text{CD Services and Monetary} \\
 \text{and In – kind donations}
 \end{array}$$

Expanding Where CRA Activity Counts

The proposal would preserve assessment areas surrounding banks’ facilities and expand where CRA activity counts to help banks meet the needs of their communities. Under the Proposed Rule, banks (except military banks) would be required to serve the communities where they have a physical presence and would be required to serve the surrounding geographies where they originated or purchased a substantial portion of their loans (consistent with



current rules). These would be identified as “facility-based” assessment areas. Also, the proposal would require a bank with significant portion of its retail domestic deposits outside of its facility-based assessment area, such as 50 percent or more, to delineate additional assessment areas wherever it has a concentration of retail domestic deposits (“50%-5% Rule”).

A bank that receives 50% or more of its retail domestic deposits from geographic areas outside of its facility-based assessment areas would be required to delineate deposit-based assessment areas where it receives 5% or more of its total retail domestic reports, based on the physical addresses of its depositors. As such, banks would receive CRA credit for qualifying activities conducted in their facility-based *and* deposit-based assessment areas at the assessment area level and at the bank level.

A “facility-based” assessment area is wherever a bank has a main office, branch or a deposit-taking facility, as well as any surrounding geographies where the bank has originated or purchased a substantial portion of its loans. Banks would delineate these facility-based assessment areas in any of the following ways: 1) MSA; 2) the whole nonmetropolitan area of a state; 3) one or more whole, contiguous MDs in a single MSA; or 4) one or more whole contiguous counties or county equivalents in a single MSA or non-MSA area. Banks would be given the option to choose the geographic level at which to delineate.

“Deposit-based” assessment areas would consist of: 1) a state; 2) a whole MSA; 3) the whole nonmetropolitan area of a state; 4) one or more whole, contiguous MDs in a single MSA; 5) the remaining geographic area of a state, MSA, nonmetropolitan area, or MD other than where it has a facility-based assessment area; or 6) one or more whole, contiguous counties or county equivalents in a single MSA or non-MSA. Instead of choosing, banks are required to delineate deposit-based assessment areas at the smallest geographic level where they receive 5% or more of their retail domestic deposits. For example, if a bank receives 60% of its retail domestic deposits from outside of its facility-based assessment area, and 5% of these deposits come from Cook County, Illinois, which is not in a facility-based assessment area, it must delineate Cook County as a deposit-based assessment area.

Banks would be allowed to change its assessment area delineation once during each evaluation period and would no longer be able to adjust an assessment area’s boundaries to include only the portion of a political subdivision that it reasonably can be expected to service. Banks would still be required that its assessment areas not reflect illegal discrimination or arbitrarily exclude low-or moderate-income geographies.

Banks would also be permitted to receive CRA credit for qualifying activities conducted outside of their assessment areas at the bank level. Under this approach, banks would still be encouraged to meet local community needs where they have branches and depositors, but would be granted the flexibility to serve other communities with distinct needs since those activities would now be considered when calculating the overall dollar value of their qualifying activities under the Proposed Rule. This aims to potentially reduce the number of areas where there are more banks that want to engage in CD activities than there is a need for those activities (CD “hot spots”) and, areas where there is a great need for CD activities but few banks that engage in those activities (CD “deserts”).

Provide an Objective Method to Measure CRA Activity

The Proposed Rule would include different performance standards applicable to banks of different sizes. Small banks would continue to be evaluated under the small bank performance standards currently applicable to small banks that are not intermediate banks. The Proposed Rule would also establish a new, general performance standard to evaluate other banks’ CRA activities and the CRA activities of small banks that opt into these standards.

The new general performance standard would assess two fundamental components of the bank’s CRA performance:

1. The distribution (i.e.- number) of qualifying retail loans to LMI individuals, small farms, small businesses and LMI geographies; and
2. The impact of the bank’s qualifying activities measured by the value of the bank’s qualifying activities relative to its retail domestic deposits.

Both components would be compared to specific benchmarks and thresholds that would be established prior to the beginning of the bank's evaluation period. To receive a presumptive rating of "satisfactory" or "outstanding" at the assessment area level:

1. Banks would be required to meet the minimum thresholds for performance on the applicable retail lending distributions tests in that assessment area for each major retail lending product line with at least 20 loans in that assessment area; and
2. The average of banks' CRA evaluation measures for an evaluation period would have to meet the associated empirical benchmark.

Banks evaluated under the general performance standards would also be required to meet a minimum CD lending and investment requirement in each assessment area and at the bank level to achieve a "satisfactory" or "outstanding" rating. The ratings for a bank evaluated under the general performance standards would be based on a combination of approaches.

Retail domestic deposits would be defined as the total domestic deposits of individuals, partnerships, and corporations, as reported on Schedule RC-E, item 1 of the Call Report. This will exclude, however, brokered deposits, municipal deposits and deposits from foreign governments or entities.

The chart provided [here](#) demonstrates possible ways to achieve each presumptive rating category associated with the statutory rating categories in a given assessment area. It is important to note that banks evaluated under the general performance standards would no longer apply the geographic distribution test to its consumer and home mortgage product lines. Currently, banks receive positive consideration for home mortgage and consumer loans made in LMI areas, even if they are made to middle-or upper-income individuals or families. A mortgage to a high-income individual living in a low-income census tract would no longer qualify for CRA credit.

The CRA evaluation measure would be applicable to banks subject to the general performance standards and would provide an objective measure of a bank's ongoing commitment to CRA and would be determined annually at the bank level and for each of its delineated assessment areas. A bank would initially calculate its CRA evaluation measure by taking the sum of (1) a bank's qualifying activities value divided by the average of its quarterly retail domestic deposits, and (2) a calculation that accounts for the bank's branch distribution. Agencies would validate the calculation.

$$\frac{\text{Qualifying Activities Value}}{\text{Average quarterly Retail Domestic Deposits}} + .01 \left(\frac{\text{Branches in Specified Areas}}{\text{Total Branches}} \right)$$

Small bank performance standards are outlined [here](#).

The Propose Rule would also include a strategic plan option for all banks. This option would address the unique needs of banks with business models that could not be effectively evaluated under the proposed objective framework reflected in the general performance standards or the small bank performance standards, such as banks that do not have retail domestic-deposits or small banks that do not originate retail loans. Taken together, these features would appropriate differentiate banks based on their size, location and business model.

Revise Data Collection, Recordkeeping and Reporting

Banks evaluated under the general performance standards would be required to collect, maintain and report certain data related to their qualifying activities, certain non-qualifying activities, retail domestic deposits and assessment areas. Those banks would also be required to use that information to make the calculations necessary to determine their ratings, based on the application of the performance standards in the proposal. Prior to a CRA performance evaluation, the evaluating agency would validate the data used in determining a bank's ratings. The agencies would provide additional guidance on the data that banks need to collect and maintain under the Proposed Rule that would standardize the information collected and help banks ensure that they meet the requirements of the Rule.

Banks evaluated under the general performance standards would be required to collect and maintain their retail lending distributions test results, CRA evaluation measures calculations, and presumptive ratings determinations. They would also be required to collect and maintain data for each qualifying loan or CD investment on-balance sheet and CD services and monetary and in-kind donations that the bank provides until the completion of the next evaluation. For each qualifying activity, among other things, the bank would collect and maintain records of the dollar value of the activity, the activity location, how the activity satisfies the qualifying activities criteria, and whether it serves a particular assessment area. For each qualifying loan and investment, a bank would collect and maintain records of the dollar value of the activity as of the close of business on the last day of each month that the loan or investment is on-balance sheet, or, in the case of a monetary or in-kind donation, its qualified value; a unique identification number or symbol; and the type of loan or investment.

Additionally, for qualifying loans, a bank would need to collect and maintain the date of origination or purchase; the date of sale, if sold by the bank within 90 days of origination; an indicator of whether the loan was originated or purchased; the loan amount at origination or purchase; and the income or revenue of the borrower. For each qualifying investment, a bank would need to collect and maintain the date of the investment. It would also collect and maintain records of descriptions of each qualifying CD service and the date on which each CD service was performed. The value of each retail domestic deposit account and the physical address of each depositor at the end of each quarter would also be collected and maintained. Banks would be required to collect and maintain certification from each relevant party in those situations where the bank is substantively conducting qualifying activities, but the activity is nominally done by another party, such as an affiliate.

Annually, banks would be required to report their retail lending distribution test results, CRA evaluation measures calculations, and presumptive ratings determinations to the agencies, and would also provide their annual quantified value of the following activities as of the close of business on the last day of each month:

- Qualifying retail loans;
- CD loans;
- CD investments; and
- CD services.

Banks would also be required to report annually information about the number of home mortgage loans, consumer loans, by product line, small loans to businesses, and small loans to farms; the average monthly value of retail domestic deposits; and assessment area information. For each assessment area, a bank would be required to report a list of each county or county equivalent, MD, nonmetropolitan area, MSA, and state within the assessment area. They would also be required to provide a certification from each affiliate or other third party that the qualifying activity information collected from that affiliate third party is true and correct and report performance context information.

Banks evaluated under the small bank performance standards would generally be exempt from the data collection, recordkeeping and reporting requirements but they would be required to collect and maintain information on retail domestic deposits, based on the physical address of the depositor. This is to ensure that the agencies could validate a bank's deposit-based assessment area delineations, as applicable.

It is the belief that standardize information required by the Proposed Rule would help better measure, assess and understand CRA activity across various areas and across the industry and over time. The use of the objective measures would allow performance evaluations to be written in standardized forms and captured in shorter narratives, which would contribute to more timely and useful public reporting.

Effective Date and Compliance Dates

The proposed effective date of the Final Rule would be the first day of the first calendar quarter that begins at least 60 days after the issuance of the Final Rule. To reduce compliance burdens, the Proposed Rule would include a transition period through varying compliance dates after the effective date to allow banks to revise their systems for

collecting, maintaining, and reporting data and to establish processes for calculating their qualifying activities values and CRA evaluation measures and determining their presumptive ratings.

A bank other than a small bank would be allowed one year after the Rule's effective date to comply with the Rule's assessment area, data collection and recordkeeping requirements, and two years after the Rule's effective date to comply with the Rule's reporting requirements. Small banks would be provided one year after the Rule's effective date to comply with the Rule's assessment area and applicable data collection and recordkeeping requirements. All banks would not comply with the applicable remaining requirements of the Rule and would not be evaluated under the new framework until they complete their evaluation period that concludes immediately after the reporting requirements for compliance, including any extensions approved by their relevant agencies.

OCC CRA Modernization Rule Updates and Clarification

When the OCC published their CRA Modernization Final Rule on May 20, 2020, they provided a summary breakdown of the important changes included in the Rule. Since that time, Compliance Alliance has noted a couple of important issues that were not included in their summary—particularly, a change to Appendix B, which includes the model Public Notice and the address to include on that public notice.

Note that we said “notice” and not “notices.” The new rule removes the requirement to have two notices: one for the main office and a different one for your branches. The Final Rule in § 25.30 instructs that “banks must make available to the public the notice set forth in Appendix B of this part.” In the revised Appendix B, the OCC has removed the introductory text referring to the separate notice requirements. Section § 25.30 also goes on to state “Parenthetical text must be adjusted by each bank as appropriate. Bracketed text must be included if applicable. 5. Revise paragraph (a) of newly designated § 25.32 to read as follows:”, which indicates changes to the model form. Below is a mock-up of the model form with the changes highlighted: <https://www.federalregister.gov/d/2020-11220/p-amd-8>

Under the Federal Community Reinvestment Act (CRA), the Comptroller of the Currency evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Comptroller also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the Comptroller; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Comptroller publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Deputy Comptroller (address). You may send written comments about our performance in helping to meet community credit needs to (name and address of official at bank) and Deputy Comptroller (address). Your letter, together with any response by us, will be considered by the Comptroller in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Deputy Comptroller. You may also request from the Deputy Comptroller an announcement of our applications covered by the CRA filed with the Comptroller. We are an affiliate of (name of holding company), a bank holding company. You may request from the (title of responsible official), Federal Reserve Bank of _____ (address) an announcement of applications covered by the CRA filed by bank holding companies.

The OCC has sent out a notice to its banks that includes the e-mail required to be used in the above notice, which was not listed in the Final Rule. This email is: CRACOMMENTS@OCC.TREAS.GOV. This email address has not changed, it was just not provided for in the Final Rule and the revised Appendix B above. As always, please confirm with your local OCC field office if you have not received direct communication from the OCC regarding this address notification.

“Hot” Topics and Areas of Focus

It is important to remember that while the effective date of the Final Rule was October 1, 2020, the mandatory compliance date differs under the Final Rule depending upon classification. Those dates are as follows:

- Banks other than those classified as “small,” “intermediate,” “wholesale,” and “limited purpose banks” must comply with the notice rule by January 1, 2023.
- Wholesale and limited purposes banks must comply by January 1, 2023.
- Small and intermediate banks must comply by January 1, 2024.

Joint Statement: CRA Consideration for Activities in Response to COVID-19

The Board of Governors of the Federal Reserve System (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the agencies) along with state bank regulators issued a statement encouraging financial institutions to meet the financial services needs of their customers located in areas affected by the COVID-19 pandemic. Favorable consideration will be provided if it meets the requirements as outlined below. The statement will be in effective for a six-month period after the national emergency declaration is lifted, unless extended by the agencies

Working With Customers: Retail banking services and lending activities, consistent with safe and sound banking practices will be favorable considered by the agencies if they are located in a bank’s assessment area and responsive to the needs of low- and moderate-low individuals, small businesses and small farms affected by COVID-19.

Such activities may include, but are not limited to:

- Waiving certain fees, such as:
 - Automated teller machine (ATM) fees for customers and non-customers,
 - Overdraft fees,
 - Late payment fees on credit cards and other loans, and
 - Early withdrawal penalties on time deposits.
- Easing restrictions on cashing out-of-state and non-customer checks.
- Expanding the availability of other short-term, unsecured credit products for creditworthy borrowers.
- Increasing credit card limits for creditworthy borrowers.
- Providing alternative service options to customers in light of limited ability to access branches; and
- Offering payment accommodations, such as allowing borrowers to defer or skip payments or extending the payment due date, which would avoid delinquencies and negative credit bureau reporting, caused by COVID-19-related issues.

Community Development Activities: In light of the declaration of a national emergency, this statement clarifies that financial institutions will receive CRA consideration for community development activities. The agencies remind financial institutions that they will give favorable consideration to for community development activities that help stabilize communities affected by the COVID-19 as long as they are responsive to the community development needs and are located in a broader statewide or regional area that includes a bank’s CRA Assessment Area.

OCC Final Rule: Issued May 2020

On May 20, 2020, the OCC issued a final rule strengthening and modernizing the regulations under the CRA. The final rule includes several changes to the proposed rule issued on December 12, 2019 in response to stakeholder comments. The final will increase CRA-related lending, investment, and services in low- and moderate-income communities which have a continuous need for responsible lending and access to banking services.

Changes in response to stakeholder's comments include:

- Clarifying the importance of the quantity and quality of activities as well as their value.
- Increasing credit for mortgage origination to promote availability of affordable housing in low- and moderate-income areas.
- Clarifying credit for athletic facilities to ensure they benefit and support low- and moderate-income communities.
- Deferring establishment of thresholds for grading banks' CRA performance until the OCC assesses improved data required by the final rule.

The final rule will benefit communities, businesses, and banks by:

- Clarifying what qualifies for CRA consideration.
- Updating how banks define assessment areas by retaining immediate geographies around branches and establishing additional assessment areas for banks that do not rely on branch networks to serve their customers.
- Evaluating bank CRA performance more objectively through quantitative measures that assess the volume and value of activity.
- Making reporting more transparent and timelier.
- Providing greater support for small businesses, small and family-owned farms, and Indian Country.
- Thoroughly evaluating banks' CRA performance in all their assessment areas, not just a limited evaluation in some of them.

Federal Reserve Board Issues Advance Notice of Proposed Rule: September 21, 2020

On September 21, 2020, the Federal Reserve Board issued an Advanced Notice of Proposed Rulemaking (ANPR) in an attempt to modernize regulations that effect CRA by strengthening, clarifying and tailoring the regulations to better meet the purpose and the needs behind the CRA. Methods to evaluate how banks meet the needs of low- and moderate-income (LMI) communities and address inequities in credit access are requested in feedback to the ANPR. Comments should be received no later than February 16, 2021.

The goal of the public comments and feedback received from the ANPR is to assist the Board of Reserve as they refine the proposals for CRA modernization to:

- Strengthen CRA's core purpose of meeting the wide range of LMI banking needs and addressing inequities in financial services and credit access
- Address changes in the banking industry
- Promote financial inclusion by including special provisions for activities in Indian Country and underserved areas, and for investments in Minority Depository Institutions and Community Development Financial Institutions
- Bring greater clarity, consistency, and transparency to performance evaluations that are tailored to local conditions
- Tailor performance tests and assessments to account for differences in bank sizes and business models
- Clarify and expand eligible CRA activities focused on LMI communities
- Minimize data burden and tailor data collection and reporting requirements
- Recognize the special circumstances of small banks in rural areas
- Create a consistent regulatory approach

FDIC's Stance on the OCC's Final Rule

There has been a great deal of confusion surrounding the proposed and final rules of the Community Reinvestment Act. The release and confusion have led many to criticize the OCC's approach to changing and modernizing of the Community Reinvestment Act, however many see this as a rush by the OCC. The FDIC has expressed that it would like to see a consistent interagency approach on the rule. Although the FDIC joined the OCC in their 2019 proposal, the FDIC did not join the OCC in the release of their final rule. One reason is the focus of financial institutions on the response to the coronavirus pandemic and being flooded with Paycheck Protection Program loans.