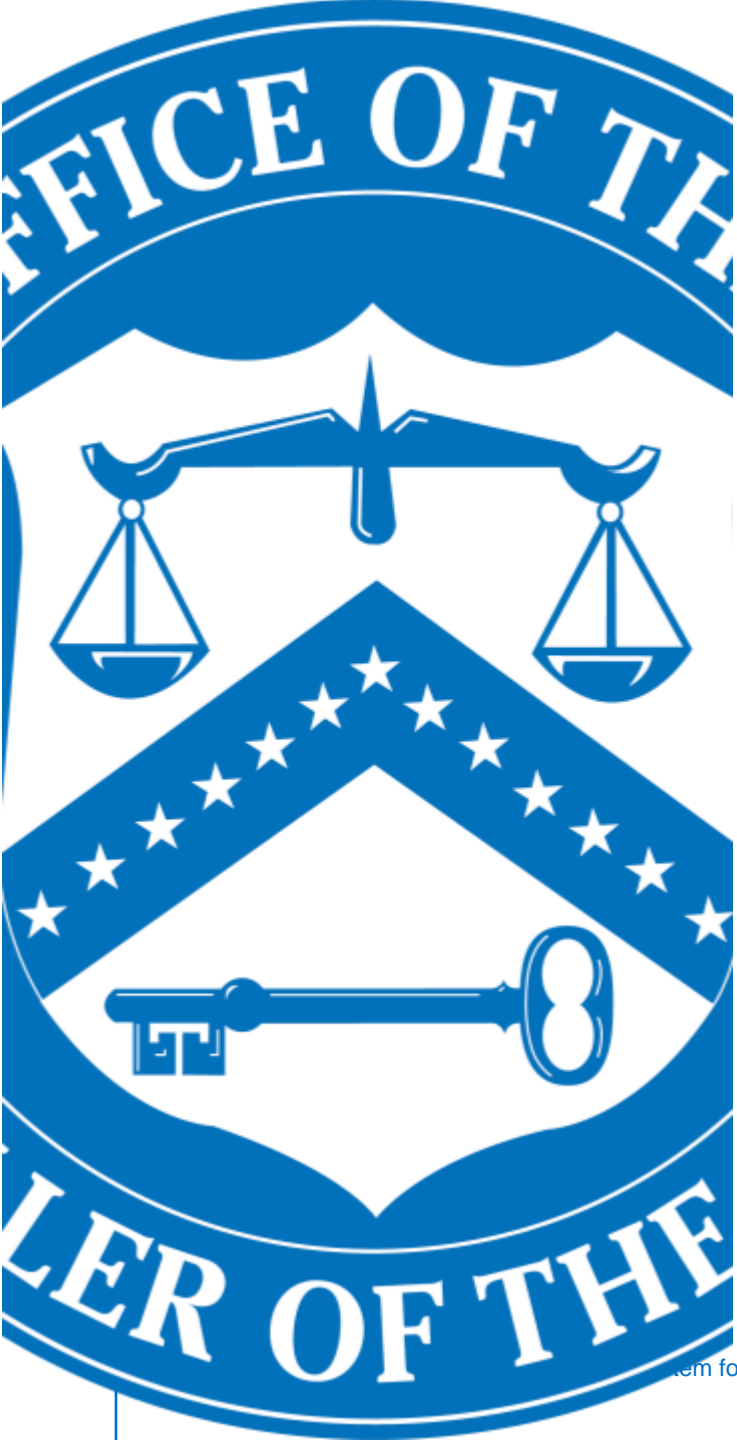




Partnering with Bank Regulators

Lisa Anne Mifflin, Community Affairs Officer
October 1, 2024 | FACSI Summit



The Office of the Comptroller of the Currency (OCC)

- Established in 1863
- Independent bureau of the **U.S. Department of the Treasury**.
- Charters, regulates, and supervises all **national banks** and **federal savings associations (FSAs)**.
- Accomplishes its mission by:
 - Supervising nationally-chartered banks and savings associations, representing \$16T in banking assets and 67% of all U.S. banking assets
 - Examining banks for safety and soundness, cybersecurity, anti-money laundering, consumer protection, and the **Community Reinvestment Act**

OCC COMMUNITY AFFAIRS

› Community Affairs Officers

- › Bank Consultations
- › Banker Outreach
- › Community Outreach
- › Examination Support
- › Examiner Support

› Community Development Specialists

- › Publications
- › Public Welfare Investments
- › Licensing Support

COMMUNITY REINVESTMENT ACT

- CRA encourages banks to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound operations.
- Affordable housing is a key component to meeting credit needs in LMI communities






UNDERSTANDING CRA

- Banks engage in a variety of lending, investment and service activities in their communities to respond to credit and community development needs
- Banks provide their CRA activities to regulators to demonstrate the bank's responsiveness in meeting those needs.
- Regulators evaluate the bank's CRA performance, rate their performance and prepare a public CRA report for each bank ("performance evaluation" or "PE").



BANK REGULATORS FOR CRA

Regulator		Oversight
Office of the Comptroller of the Currency (OCC)		Nationally chartered banks
Federal Deposit Insurance Corporation (FDIC)		Non-FRB member, State chartered banks
Federal Reserve Bank (FRB)		FRB member, State chartered banks, Bank Holding Companies

- Excludes credit unions and non-bank financial providers
- To find out the regulator of a financial institution and its insurance status, go to <https://banks.data.fdic.gov/bankfind-suite/bankfind>

KEY CRA TERMS

- Assessment Area
- Low- or Moderate-Income Individuals
- Low- or Moderate-Income Geographies

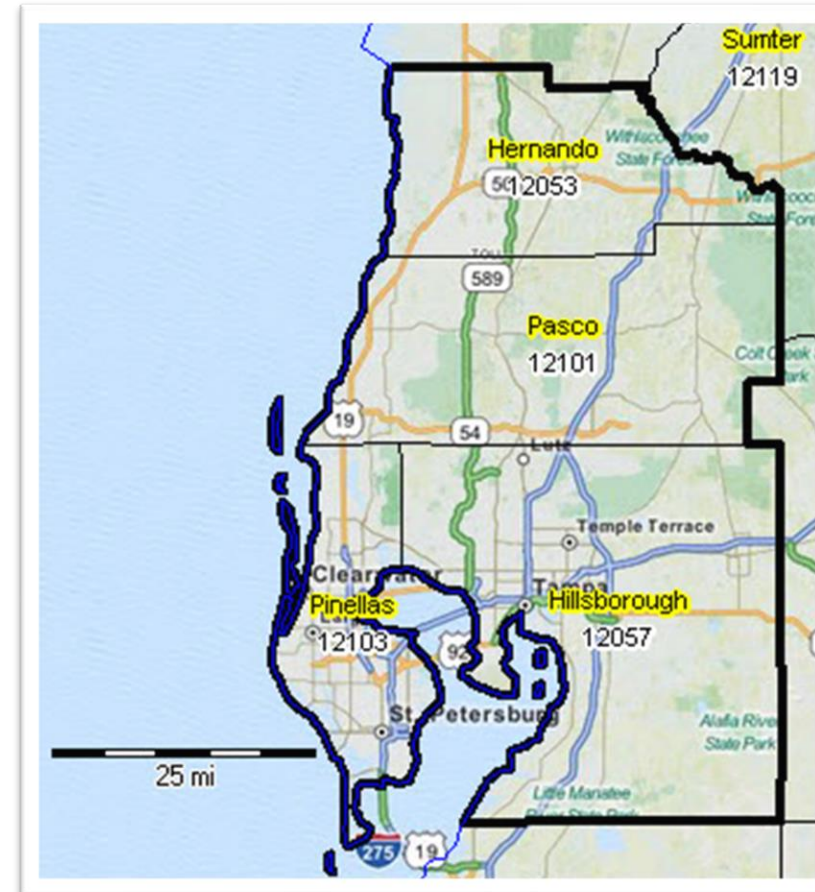
ASSESSMENT AREAS:

Area(s) where bank CRA performance is evaluated

INCLUDES

Geographic Areas

- Main Office
- Branches
- Deposit-taking ATMs
- Surrounding areas where a bank has originated or purchased a substantial portion of its loans



INCOME CATEGORIES | LMI INDIVIDUALS

	2024 FFIEC Median Family Income	Upper 120% of MFI	Moderate 80% of MFI	Low 50% of MFI
JACKSONVILLE, FL MSA	\$ 98,000	\$ 94,080	\$ 78,400	\$ 49,000
MIAMI-MIAMI BEACH-KENDALL, FL MSA	\$ 90,400	\$ 86,784	\$ 72,320	\$ 45,200
ORLANDO-KISSIMMEE-SANFORD, FL MSA	\$ 79,400	\$ 76,224	\$ 63,520	\$ 39,700
TAMPA-ST. PETERSBURG-CLEARWATER, FL MSA	\$ 88,800	\$ 85,248	\$ 71,040	\$ 44,400
FL NON-MSA	\$ 66,100	\$ 63,456	\$ 52,880	\$ 33,050

Source: FFIEC.gov

How CRA IS EVALUATED

› CRA Examination Frequency

- › CRA performance is evaluated on a periodic basis
- › CRA Evaluation | Every _____ months
 - › Small Banks = 36 to 60 months
 - › Intermediate Small Banks = 36 months
 - › Large Banks = 36 months
 - › W/LP = 36 months
 - › Strategic Plan = 36 to 60 months

How CRA IS EVALUATED

CRA Examination Type ↓	Retail Lending	Comm Dev Lending	Comm Dev Investments	Retail Banking	Comm Dev Services
Small Bank: ≤ \$391 million	Lending Test	Optional			
Intermediate SB: \$391MM to \$1,564B	Lending Test	Community Development Test			
Large Bank: ≥ \$1,564B	Lending Test		Investment Test	Services Test	
Wholesale or Limited Purpose Bank		CD Test if applicable	CD Test		CD Test
Banks operating under a CRA Strategic Plan	Based on Approved Plan Goals				

How CRA IS EVALUATED

RETAIL LENDING ACTIVITIES

- › Home Mortgage Loans
 - › To LMI Individuals
 - › In LMI Geographies
- › Small Business & Sm. Farm Loans
 - › To Small Businesses/Farms
 - › In LMI Geographies
- › Other Loans Categories

Also considers innovative or flexible lending practices that address the needs of LMI individuals or geographies.

RETAIL BANKING ACTIVITIES

- › Distribution of branches
- › Record of opening and closing branches
- › Availability and effectiveness of alternative delivery systems
- › Range of services provided in each geography

Also considers availability & usage of low-cost deposit accounts and other services that improve access or decrease costs for LMI persons.

How CRA IS EVALUATED

BANK COMMUNITY DEVELOPMENT ACTIVITIES

- Loans, Investments & Services for:
 - *Affordable housing* for low- or moderate-income (LMI) individuals
 - *Community services* for LMI individuals
 - Promoting *economic development* by providing financing for small business or farms
 - *Revitalize or stabilize* certain geographies
 - LMI Areas ♦ Designated Non-Metro Middle-Income Areas ♦ Designated Disaster Areas

Also considers **innovativeness**, **complexity**, and **responsiveness** to community needs

How CRA IS EVALUATED

> CD Loans

- Must benefit the bank's AAs, or
- The broader statewide or regional area (BSRA) that includes the bank's AAs

> CD Investments

- An investment, deposit, membership share, or grant
- *Includes grants and in-kind donations*
- Includes municipal investments that have a CD purpose
- Must benefit the bank's AA or BSRA

> CD Services

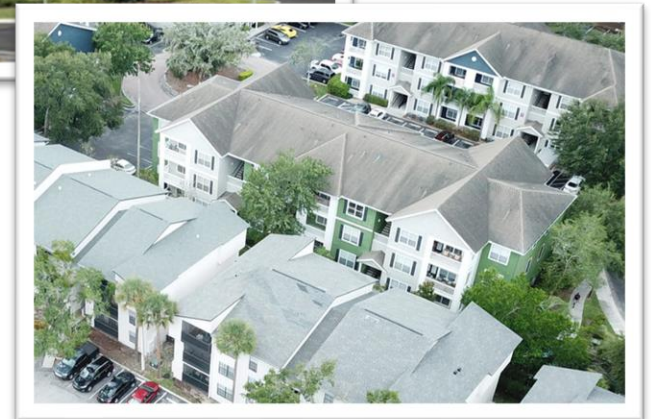
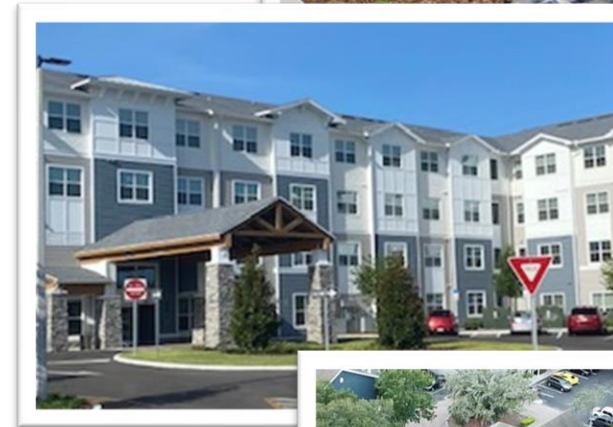
- Includes technical assistance services
- *Must be related to the provision of financial services or bank staff's expertise/banking role*
- Must benefit the bank's AA or BSRA

EXAMPLES | LOANS & INVESTMENTS

- *Affordable housing* rehabilitation, construction, permanent financing for LMI
- Construct or rehabilitate *community facilities* that are located in LMI areas or that serve primarily LMI individuals;
- Finance *environmental clean-up* or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located
- Borrowers to finance renewable *energy*, energy-efficient, or *water* conservation equipment in LMI housing

EXAMPLES | LOANS & INVESTMENTS

- › Nonprofit Organizations serving CD needs
- › Low-Income Housing Tax Credits
- › New Market Tax Credits
- › Local, State or Tribal governments
- › Financial Intermediaries
 - › **Community Development Financial Institutions (CDFIs)**
 - › New Markets Tax Credit CDEs
 - › **Community Development Corporations (CDCs)**
 - › Minority & Women-Owned Financial Institutions
 - › Community Loan Funds
 - › Low-income or Comm. Development Credit Unions



EXAMPLES | SERVICES

- Technical assistance to nonprofit, tribal, or government organizations serving LMI or economic revitalization and development needs;
- Technical assistance to small businesses or community development organizations
- Serving on the board of directors
- Teaching financial education
- Providing services related to the bank employees' expertise at the bank



BANK CRA EXAMPLES | FROM PUBLIC PE'S

- A bank made \$821 million in FHA, USDA, and VA **home loans** to homebuyers. (Bank TA = \$3.7 billion)
- A bank made a \$15 million **loan** to a CBO that provides **affordable housing**, financial literacy, and housing counseling to LMI individuals. (Bank TA = \$2.85 billion)
- A bank **invested** \$5 million to launch its second **CDFI investment fund** to make equity equivalent investments (“**EQ2s**”) in CDFIs across the bank’s 17-state footprint. (TA = \$9.1 billion)
- A bank made a \$7.6 million **LIHTC investment** that financed a 36-unit multifamily development (Bank TA = \$3.7 billion)
- A bank made **grants** of \$202,000 to a CBO whose primary purpose is to provide **affordable housing** to LMI families. (Bank TA = \$738 million)

BANK CRA EXAMPLES | FROM PUBLIC PE'S

- A bank made a **grant** of \$20,000 to a CBO that provides **homeless services** including food, clothing, housing assistance, human trafficking recovery, and substance abuse treatments. (Bank TA = \$7.6 million)
- A bank made **grants** of \$450,000 to a local university to create shared space with **technical assistance** and **supportive services** for **small businesses**. (Bank TA = \$2.85 billion)
- A bank made **grants** of \$335,000 to a local government **training program** targeting 75 **micro-enterprises**, and a one-on-one coaching to assist women- and minority-owned early-stage **small businesses**. (Bank TA = \$401 billion)
- Bank employees **provided financial education** and career skills instruction for a local youth development program that primarily serves LMI youth. (Bank TA = \$2.85 billion)
- Bank employees **provided small business education** on business planning and accessing financing. (Bank TA = \$401 billion)

CD ACTIVITIES IN THE BSRA

Always considered

Activities with a ***direct benefit*** to the bank's AA(s)

OR

Purpose, mandate, or function of the activity is to serve the bank's AA(s)

May be Considered

If the bank has been responsive to the needs and opportunities in its AA(s) -

Activities that do not serve and will not benefit the bank's AA(s)

PERFORMANCE CONTEXT

- Regulators consider internal and external factors that impact CRA performance. For example,
 - demographic data on income levels and housing costs
 - lending, investment and service opportunities
 - the bank's product offerings, business strategy, and capacity
 - the performance of similarly situated institutions
 - the bank's public file and ***any written comments about the bank's CRA performance***
- ***Community Contacts***
 - Regulator interviews with CBOs in the bank's AAs
 - Gather ***information***, determine AA ***opportunities***, understand ***perceptions***, provide ***context***
 - The interviews and your comments are ***confidential!***

PUBLIC COMMENTS

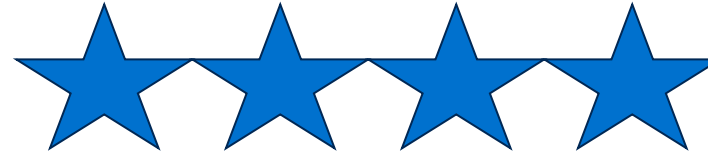
- How can I comment on a bank's CRA performance?
 - ***Examination Schedules***
 - Each quarter the agencies publicly release their CRA examination schedule their regulated banks.
 - This allows interested parties to file public comments about the banks' performance under the CRA.
 - All public comments received before the close of the CRA examination will be considered in the performance evaluation.
 - <https://www.occ.treas.gov/topics/consumers-and-communities/cra/exam-schedule/index-cra-evaluations-coming-due.html>

PUBLIC COMMENTS

- How can I comment on a bank's CRA performance?
 - ***Public Comments on Corporate Applications***
 - Certain financial institution applications and notices require public notice, allowing the public an opportunity to comment on the proposed transaction.
 - Public comments may include:
 - Support or opposition to a filing;
 - Request to extend the comment period, or to convene a meeting or public hearing;
 - Recommendation that the agency grant approval only if certain conditions are imposed.
 - <https://www.occ.gov/topics/charters-and-licensing/public-comment/index-public-comments-on-applications.html>

CRA RATINGS

- Outstanding



- Satisfactory



- Needs to Improve



- Substantial Noncompliance



CRA RATINGS

- Regulators must take into account the banks record of helping to meet the community credit needs when considering any corporate or licensing action.
- Examples include:
 - Branching
 - Mergers
 - Acquisitions
 - Consolidations



OCC INITIATIVE: PROJECT REACH

REACH / Roundtable for Economic Access and Change

Project REACH brings together leaders from banking, business, technology, and national civil rights organizations to reduce specific barriers that prevent full, equal, and fair participation in the nation's economy.



“Through Project REACH, more than 100,000 credit invisibles now have access to credit and more than half a billion dollars has been invested into minority depository institutions”

--Acting Comptroller of the Currency Michael J. Hsu

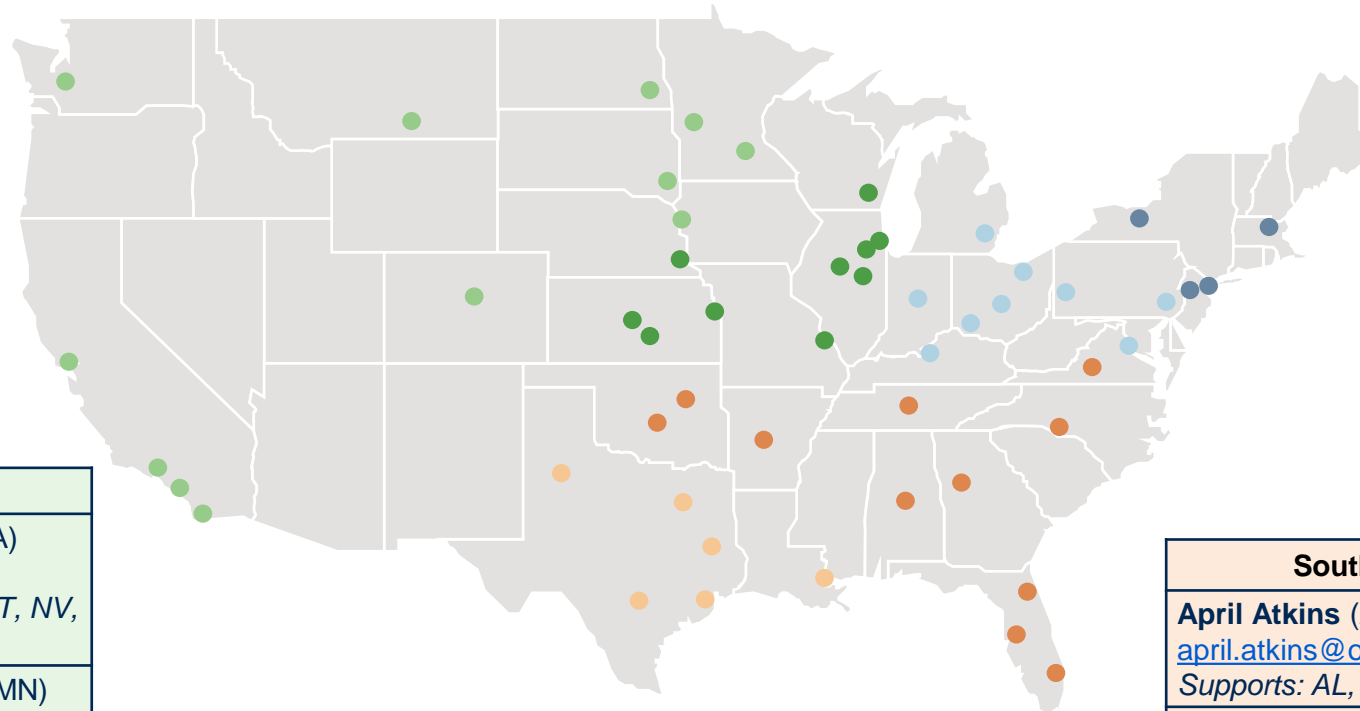
www.occ.gov/reach



OCC Community Affairs

Connect with Us!

OCC Community Affairs Officers' Field Locations



West/Midwest
Anna Cheong (Los Angeles, CA) anna.cheong@occ.treas.gov <i>Supports: AK, AZ, CA, HI, ID, MT, NV, OR, WA</i>
Melissa Holman (Minneapolis, MN) melissa.holman@occ.treas.gov <i>Supports: MN, ND</i>
Kathy Holmes (Denver, CO) katherine.holmes@occ.treas.gov <i>Supports: CO, NM, SD, UT, WY</i>
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Raymond Irizarry (Charlotte, NC) raymond.irizarry@occ.treas.gov <i>Supports: NC, SC, VA, WV</i>
Lisa Mifflin (Tampa, FL) lisa.mifflin@occ.treas.gov <i>Supports: FL, OK</i>

OCC COMMUNITY AFFAIRS | WEBSITE

› Outreach Calendar ♦ Publications ♦ Resources

OCT 2, 2024 

[Closing the Housing Gap in Southeast Minnesota](#)

Rochester, MN

This event is part of: [CRA & Community Development](#)

OCT 9, 2024 

[Banker Roundtable: Supporting Financial Inclusion in the Tallahassee MSA](#)

Tallahassee, FL

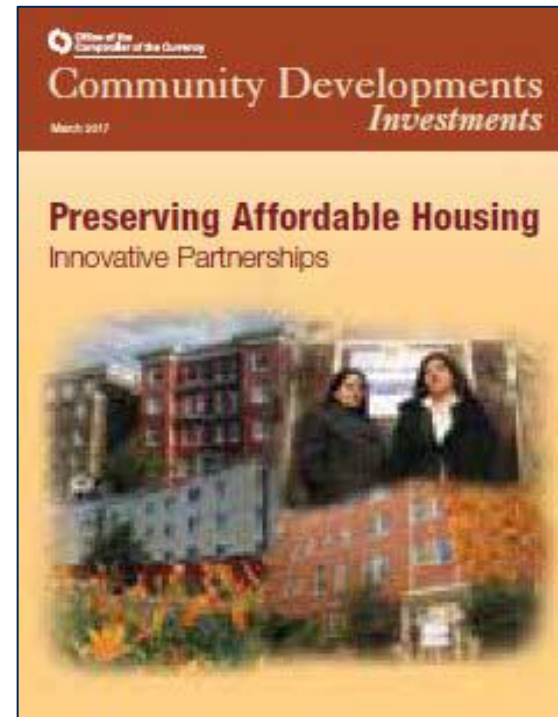
This event is part of: [CRA & Community Development](#)

OCT 9, 2024 

[Partnering for Success: CRA for Community-Based Organizations](#)

New York, NY

This event is part of: [CRA & Community Development](#)



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MY CONTACT INFO

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