

Excerpt from Joint Notice of Public Hearings; Request for Comment on the Community Reinvestment Act Regulations

Topics and Questions

The agencies invite testimony on, and are particularly interested in receiving written comments on, the following topics and questions:

Geographic coverage. What are the best approaches to evaluating the geographic scope of depository institution lending, investment and/or deposit-taking activities under CRA? Should geographic scope differ for institutions that are traditional branch-based retail institutions compared to institutions with limited or no physical deposit-taking facilities? Should it differ for small local institutions compared to institutions with a nationwide customer base? If so, how? As the financial services industry continues to evolve and use new technologies to serve customers, how should the agencies adapt their CRA evaluations of urban and rural communities?

CRA performance tests, asset thresholds and designations. Should the agencies revise the criteria used to assess performance under the current CRA tests: small institution; intermediate small institution; large institution; “wholesale and limited purpose” institution or strategic plan? Are the current asset thresholds that apply to institutions and tests appropriate?

Affiliate activities. Currently, the agencies consider affiliate activities only at the request of the related depository institution. Should the agencies revise the regulation and, instead, require that examiners routinely consider activities by affiliates? If so, what affiliates or activities should be reviewed? How should consideration of affiliates affect the geographic coverage of CRA assessments?

Small business and consumer lending evaluations and data. Should the agencies revise the evaluation of and/or data requirements for small business and small farm lending activities or for consumer lending activities, including activities or products designed to meet the needs of low- and moderate-income consumers? If so, what changes are needed?

Access to banking services. How should access to financial services be considered under CRA? What changes would encourage financial institutions to expand access to un-banked and under-banked consumers in a safe and sound manner and to promote affordable, safe transaction and savings accounts? Should the agencies revise CRA to include additional regulatory incentives to provide access to services for historically underserved and distressed areas?

Community development. What are the opportunities to better encourage community development loans, investments and services to support projects that have a significant impact on a neighborhood? Should the agencies consider revisions to the Community Development Test or to the definition of community development? How

could the rules most effectively balance support for community development organizations of different sizes, varying geographic scope, and in diverse rural and urban communities? How might they balance incentives for meeting local needs as well as the needs of very distressed areas or those with emergency conditions?

Ratings and incentives. Is there an opportunity to improve the rules governing CRA ratings to differentiate strong, mediocre, and inadequate CRA performance more consistently and effectively? Are there more effective measures to assess the qualitative elements of an institution's performance? Are there regulatory incentives that could be considered to encourage and recognize those institutions with superior CRA performance?

Effect of evidence of discriminatory or other illegal credit practices on CRA Performance Evaluations. Currently, the agencies' evaluations of CRA performance are adversely affected by evidence of lending discrimination or other illegal credit practices as outlined in the CRA rules. Are the existing standards adequate? Should the regulations require the agencies to consider violations of additional consumer laws, such as the Truth in Savings Act, the Electronic Fund Transfer Act, and the Fair Credit Reporting Act? Should the regulations be revised to more specifically address how evidence of unsafe and unsound lending practices adversely affects CRA ratings?

CRA disclosures and Performance Evaluations. Should the agencies consider changes to data collection, reporting, and disclosure requirements, for example, on community development loans and investments? What changes to public Performance Evaluations would streamline the reports, simplify compliance, improve consistency and enhance clarity? Should the agencies consider changes to how Performance Evaluations incorporate information from community contacts or public comments?