

CRA EXAMINATION POLICIES AND PROCEDURES

COMMUNITY REINVESTMENT

INTRODUCTION

The Community Reinvestment Act (CRA) (12 U.S.C. 2901 *et seq.*) is intended to encourage banks to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, while preserving the flexibility necessary to operate in a safe and sound manner.

Encouragement is to be provided by the Corporation which is required to:

- Use its examination authority to encourage a bank to help meet the credit needs of its entire community, consistent with the safe and sound operation of the bank;
- Assess, in connection with its examination, the bank's record of helping to meet the credit needs of its entire community; and
- Take that record into account in evaluating an application for deposit insurance, a branch or other deposit facility, office relocation or merger.

Proponents of the CRA were concerned, among other things, with situations in which local lenders reportedly exported local deposits to other areas despite sound local lending opportunities. Such disinvestment was considered a threat to community and neighborhood vitality. Lenders, therefore, are encouraged to give particular attention to local housing and development needs of urban and rural areas. Increased lender sensitivity to such needs would help preserve, rehabilitate and revitalize such areas. Moreover, even though credit for local housing and community development was emphasized, it was realized that other types of credit provide community facilities and services necessary for neighborhood vitality and, more generally, a healthy local community.

The CRA is not intended to inject hard and fast rules or ratios into the examination or application process. Rather, the law contemplates a judgmental evaluation of a lender's record in order to accommodate varying circumstances. Nor does the CRA require banks to make high risk loans that jeopardize their safety. Rebuilding and revitalizing communities are viewed as beneficial for both communities and banks.

PART 345 - COMMUNITY REINVESTMENT

The Corporation's implementing regulation (Part 345) requires the board of directors of each insured non-member bank to adopt and, at least annually, review a CRA statement. The statement must include: (1) a delineation on a map of each local community served by the bank, (2) a list of the specific types of credit

the bank is prepared to extend within each local community, and (3) a copy of the CRA notice. The regulation also encourages each bank to include in its statement a description of its efforts to ascertain and help meet community credit needs.

A bank must provide in each office a CRA notice, the exact wording of which is prescribed in the regulation. The public notice indicates that the CRA statement is available, that written comments on the statement and the bank's community lending performance may be submitted to the bank or the Corporation, that a file of such comments is publicly available, and that the public may request announcements of applications covered by the CRA from the Corporation. Each bank must keep a public file of CRA statements in effect and CRA-related public comments received during the past two years.

The CRA regulation sets forth a list of factors which the Corporation will consider in assessing each bank's record of helping to meet community credit needs, including those of low- and moderate-income neighborhoods. Banks are not required to adopt particular activities on the list since the regulation is designed to allow each bank considerable flexibility in determining how it can best help to meet the credit needs of its entire community in view of its particular skills and resources.

In essence, the regulation encourages banks to become aware of the full range of credit needs of their communities and to offer the types of credit and credit-related services that will help meet those needs. However, the regulation does not require banks to offer particular types or amounts of credit. The Corporation's assessment of a bank's CRA record will be taken into account by the Corporation in evaluating a variety of applications.

BACKGROUND FOR EXAMINATIONS

Judgmental Process

In conducting a CRA examination, the examiner is expected to adjust the CRA procedures on a case-by-case basis to accommodate banks that vary in size, expertise and locale. Community credit needs will often differ with the specific characteristics of each local community, and a bank should be evaluated on the basis of its attempts to ascertain, its determination to help meet, and its performance in helping to meet community credit needs in the context of its resources and local circumstances.

Balanced Viewpoint

The examiner should maintain a balanced perspective in conducting a CRA examination. The examiner cannot normally conclude on the basis of any one factor that a bank is or is not helping to meet the credit needs

of its local community or communities. Nor can the examiner adequately assess a bank's performance on the basis of any one source of information, data or opinion. For that reason, the examination procedures are designed to ensure that information from both the bank and the community is objectively reviewed and evaluated.

Bank's Input

The examination procedures give each bank the opportunity to demonstrate that it is having a beneficial influence on its local community or communities. Bankers that are helping to meet community credit needs are proud of that fact and will be of substantial assistance to the examiner in assessing the performance of their banks.

Examiner Encouragement

When appropriate, an examiner should encourage a bank to improve its CRA record by discussing with management various ways in which the bank may strengthen its performance. The examiner should not, however, insist on any specific action by the bank, such as the making of a certain type of loan, which would interfere with the bank's responsibility for establishing its own policies.

Examination Burden

The examiner must be careful to not unduly burden the bank since Congress did not intend to impose significant new reporting or recordkeeping requirements on banks. The examiner should normally request only required records and other existing information, but the scope of the review must always be sufficient for an adequate assessment.

Bank's Financial Condition and Size, Legal Impediments and Local Economic Conditions

A bank's ability to help meet community credit needs is influenced by its financial condition and size, as well as by any legal impediments and the local economic conditions under which it operates. An examiner must take these considerations into account in assessing the bank's performance and in providing encouragement.

Technical Compliance with the Regulation

The examiner will check for compliance with the specific requirements of the regulation. However, compliance with procedural requirements does not imply that the bank has been serving local credit needs. The converse is also true: noncompliance with a technical requirement does not necessarily mean that the bank is not helping to meet community credit needs.

The examiner must not lose sight of the intent of the statute in checking for technical compliance with the regulation. The entire examination is designed primarily to determine the extent to which the bank has helped and is helping to meet community credit needs.

Communication, Community Development and Low- and Moderate-Income Neighborhoods

In assessing the record, the examiner should bear in mind the special emphasis placed on effective communication and community development activities. With respect to communication, the premise is that community needs which can be met on a safe and sound basis are more likely to be met when the community is aware of the types of credit available and the lender is well informed about community credit needs. Hence, efforts to ascertain community credit needs and to publicize available credit services, including measures to identify the credit needs of, and to advertise in, low- and moderate-income neighborhoods, are encouraged. The examiner is authorized to conduct interviews with community members when such action would be appropriate in determining community awareness of the bank's credit services and local perception of credit needs.

The CRA also focuses on activities that foster development within the entire community, including low- and moderate-income neighborhoods. Consequently, housing-related extensions, participation in community development programs, and small business financing, including loans to small farms, are viewed favorably.

SELECTED FEATURES OF CRA EXAMINATIONS

The CRA Statement

A bank must prepare a separate CRA statement for each local community it serves, including a delineation of the relevant local community. It does not necessarily follow, however, that the statement prepared for each local community must contain a unique list of available credits. A bank serving several local communities may elect to prepare statements that contain lists of credits which are similar or identical for the local communities served. Since some credit needs are common to many local communities, such an approach would be consistent with the intent of CRA. There are other ways for a multi-community bank to satisfy this requirement. The examiner need not be especially concerned with the specific method employed by a multi-community bank so long as it makes a good faith effort to inform members of each local community about their community's boundaries and the types of credit extended there.

Reasonableness of Community Delineation

Each bank must delineate the local community or communities that it serves. For instance, a statewide

branching bank would serve a number of "local communities," the total of which would constitute its "entire community." Further, more than one office of a bank may serve the same local community. For example, a bank may have offices throughout a city and its suburbs and consider that entire metropolitan area to be the local community for those offices. Each community delineation must, of course, include the contiguous areas surrounding each office or group of offices.

Because many factors influence the size and shape of a bank's community, the regulation provides guidelines to assist each bank in defining its local community or communities.

The first guideline suggests the use of widely recognized existing boundaries such as those of MSAs or counties for delineating a bank's local community or communities. Such boundaries frequently constitute a reasonable approximation of a bank's local community.

In general, a local community based on existing boundaries should be no larger than an entire MSA or a county in a non-MSA area. If a bank has offices in more than one such area, it will have more than one local community. When a bank has an office near the boundary of an MSA or county, it should include those portions of adjacent counties that it serves. In rural areas, a local community may sometimes encompass more than one county but, generally, banks should not use states or regions of states to delineate local communities. A small bank that serves an area smaller than an MSA or county may define its community to be a part of the MSA or county. A bank may make adjustments in a community delineation in the case of areas divided by state borders, significant geographic barriers, or areas that are extremely large or of unusual configuration.

The second guideline proposes the use of effective lending territory, a concept more familiar to savings and loan associations than to commercial and mutual savings banks. The effective lending territory is that local area or areas around each office or group of offices where an institution makes a substantial portion of its loans and all other areas equally distant. If a bank employs its effective lending territory, it is encouraged to follow existing boundaries where practical.

One should not conclude from this guideline that each office necessarily serves a separate and distinct local community because each office typically has a different, though possibly partially overlapping, effective lending territory. If a bank is represented throughout a trade or market area, it may be more reasonable to use that area as its local community.

Finally, the regulation allows a bank to use any other reasonably delineated area. A bank is thus given substantial leeway in specifying its local community so long as the definition is reasonable; that is to say, the

bank can provide a sensible rationale for the delineation and has not arbitrarily excluded any low- and moderate-income neighborhoods.

Low- and Moderate-Income Neighborhoods

In determining whether the community definition is reasonable, the examiner must be alert to situations where low- and moderate-income neighborhoods are gerrymandered out of a delineated area. Moreover, in assessing the record of a bank, the examiner should focus particular attention on its performance in low- and moderate-income neighborhoods within a local community.

Low- and moderate-income neighborhoods may be identified in most cases in a manner similar to the approach taken by HUD in administering the Community Development Block Grant Program. For this purpose, such neighborhoods are approximated by those census tracts in an MSA where median family income is less than 80 per cent of median family income for the entire MSA.

Unfortunately, these data are not available for non-MSA counties. Non-MSA areas, especially rural areas, present a particular problem in identifying low- and moderate-income neighborhoods. In those areas, the examiner may have to rely on personal knowledge of the area, physical inspection as necessary, discussion with bank personnel or a combination of these.

Small Business Lending

Small business loans represent one type of credit which the Corporation believes is directly related to the purposes of the CRA. In considering small business lending, the examiner should not be concerned with any hard and fast or precise definition of what constitutes a small business. Instead, the examiner should regard as small business lending any loans to local firms whose access to credit is limited to local sources because of their size.

EXAMINATION OBJECTIVES

1. To determine if the bank's policies address the intent of the CRA.
2. To encourage sensitivity and responsiveness to community credit needs.
3. To determine that the bank is complying with the requirements of the CRA regulation.
4. To determine the reasonableness of the bank's community delineation(s).
5. To assess the bank's record in helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with a safe and sound operation.
6. To develop, organize and report information on the bank's record for use in the supervisory and application processes.

EXAMINATION PROCEDURES**Limited Review**

1. Determine the method used by the bank to delineate its local community or communities and the reasonableness of each such delineation.(345.3(a)) Note particularly any low- or moderate-income neighborhoods or areas that appear to have been arbitrarily excluded.
2. Assess the bank's record of performance in helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with its safe and sound operation. The various assessment factors detailed in the regulation should all be considered to the extent applicable to the particular bank and the community or communities in which it operates. HMDA data should be used to ascertain the volume and location of housing loans. Particular attention should be paid to the relative volume of lending in low- and moderate income areas.

In assessing the record, the examiner should review the Officer's Questionnaire, review and analyze the bank's public file and interview responsible personnel to determine efforts undertaken by the bank to ascertain and help meet community credit needs. To the extent necessary for an adequate assessment, the examiner is encouraged to interview community members to determine community awareness of the bank's credit services and local perception of credit needs as well as the bank's efforts to meet those needs.

3. Review each CRA statement in effect during the past two years to determine that all required items are included.(345.4(b)) Note the specific types of credit the bank is prepared to extend within the local community and determine whether the types of credit in the CRA statement correspond with the types of credit actually being extended. Request an explanation of any difference.(345.4(b)(2))
4. Review minutes of directors' meetings to verify that all required CRA statements have been adopted, are reviewed at least annually and that the board has acted upon any interim changes and noted such actions in the minutes.(345.4(d))
5. Ascertain that the public file contains all signed comments received from the public that specifically relate to any CRA statement or to the bank's performance under the CRA as well as any responses made by the bank. The file should also contain all CRA statements in effect during the past two years.(345.5)
6. Ascertain that the bank's public notice contains the correct language and is properly posted.(345.6)
7. Review with management the following:
 - The extent to which the bank is helping to meet the credit needs of its community;
 - Suggestions that might better enable the bank to help meet the credit needs of its community;
 - Deficiencies or exceptions in policies or practices; and
 - Procedural violations of the regulation.

Expanded Review

1. Ascertain from bank personnel what steps the bank has taken or plans to take which indicate whether it is helping to serve the credit needs of its local community or communities.
2. Obtain the following:
 - Minutes of the board of directors' meetings, particularly those dealing with the adoption, review and revision of all CRA statements.
 - The bank's files of public comments and recent CRA statements.
 - Comment letters received by the Corporation.
 - The bank's loan and investment policy and procedural manuals, along with other manuals relating to the CRA.
3. Review minutes of directors' meetings and verify that the board has:
 - Adopted a CRA statement for each delineated community.
 - Reviewed each statement at least annually.
 - Acted upon any material change in each statement at the first regular meeting of the board following the change.
4. Review and analyze the public files for:
 - Any signed, written comments received from the public during the past two years that specifically relate to any CRA statement or to the bank's performance in helping to meet the credit needs of its community or communities. Determine that the comments do not contain any material specifically prohibited by the regulation. However, the comments themselves should be considered.
 - Any responses to the commentors that the bank may have made.
 - All CRA statements in effect during the past two years.
5. Review each CRA statement in effect during the past two years and:
 - Ascertain if the bank's delineation of its local community or communities is reasonable. Give special attention to the following:

— Considerations used by the bank to define its community.

— Community boundaries that are sharply asymmetrical, too narrowly drawn or so broad that the bank fails to focus on its local community.

— Whether any low- and moderate-income neighborhoods have been arbitrarily excluded.

— Public comments specifically relating to the reasonableness of the bank's delineation(s).

— Any relevant information obtained from other examination programs that have been performed.

If a question remains regarding the reasonableness of the community delineation, a review of community boundaries drawn by comparable local banks may provide useful information.

- Review and analyze the specific types of credits within certain categories that the bank is prepared to extend within the local community. Determine if the types of credit in the CRA statement correspond to the types of credit actually being extended by the bank. Request an explanation of any differences. If feasible and appropriate, review the list of available credits prepared by comparable local banks.
- Determine that a copy of the CRA public notice is included.
- Analyze any of the following optional information that the bank may have included:
 - A description of how its efforts, including special credit-related programs, help to meet community credit needs.
 - A periodic report regarding its record of helping to meet community credit needs.
 - A description of its efforts to ascertain the credit needs of its community, including efforts to communicate with members of its community regarding credit services.
 - Any other material the bank may have included.

6. Analyze the bank's policies, procedures and operating practices to determine if the bank:

- Provides the CRA public notice in a manner specified by the regulation. (A bank may reprint this notice as a poster or flyer to be placed in its lobby. The notice requirement may also be satisfied by making the CRA statement, which

includes the notice, available as a brochure in the lobby.)

- Makes all CRA statements available to the public as provided by the regulation.
- Makes the public comment files readily available for public inspection as provided in the regulation.

7. Review the bank's credit underwriting and appraisal criteria and the terms and conditions of loans to determine if they are being used for exclusionary purposes contrary to the objectives of the CRA.

8. Assessment Factors

- Activities conducted by the bank to ascertain the credit needs of its community, including the extent of the bank's efforts to communicate with members of its community regarding the credit services being provided by the bank.

Ascertain from bank records and through interviews the extent to which the bank has communicated with members of its local community or otherwise has attempted to determine such needs. Pertinent factors may include:

- Management review of written, signed comments received in response to the bank's CRA statement(s).
- Studies conducted or reviewed by the bank concerning local credit needs.
- The extent of the bank's efforts to communicate with members of its community regarding the credit services it is providing. Such members might include customers of the bank; educational organizations; merchants' associations; religious organizations; local government officials; block clubs; neighborhood organizations; coalitions of neighborhood organizations; local civil rights, consumer, minority, and non-English speaking groups; housing counseling service centers; community development corporations; non-profit housing development corporations; and local development corporations.
- The bank's communications with private organizations as may be identified by the Office of the Assistant Secretary for Neighborhoods, Voluntary/Associations and Consumer Protection at HUD.
- The bank's review of the local government's Community Development Plan and Housing Assistance Plan prepared in conjunction with HUD's Community Development Block Grant Program.

- Economic forecasting, as developed or used by the bank.

- The extent of the bank's marketing and special credit-related programs to make members of the community aware of the credit services offered by the bank.

Review the bank's marketing program and determine if it is adequately designed to encourage applications for loans in its community, particularly in low- and moderate-income neighborhoods. Pertinent factors may include:

- Any working relationships the bank may have with real estate brokers or others who service low- and moderate-income neighborhoods.
- Mortgage counseling programs and programs of management assistance for small or minority businesses.
- Development and participation in mortgage review boards.
- Credit and credit-related services in low- and moderate-income neighborhoods compared to such services in other neighborhoods served by the bank.
- Use of bank representatives for seeking out potential housing-related and small business demand in low- and moderate-income neighborhoods.
- Advertising the types of loans the bank is willing to make in media likely to reach low- and moderate-income individuals in the bank's local community or communities.
- Availability of convenient hours in offices accessible to residents of low- and moderate-income neighborhoods.
- Use of informational brochures and participation in other educational efforts.

- The extent of participation by the bank's board of directors in formulating the bank's policies and reviewing its performance with respect to the purpose of the CRA.
- Any practices intended to discourage applications for types of credit set forth in the bank's CRA statement(s).

Review other fair lending examination programs, particularly as they pertain to interviewing and prescreening. Additionally, ascertain the following:

- Whether administrative loan personnel and loan offices are aware of the CRA and the requirements of the implementing regulation.
- Whether lending officers are aware of the bank's delineation of its local community or communities and its policies, if any, with respect to its commitment to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods.
- Whether loan officers are aware of the types of credit the bank offers to members of its local community or communities.
- Whether public contact personnel are aware of the availability of the bank's CRA statement(s) and files of public comments.
- Whether the bank is prepared to extend certain types of credit in some local communities or neighborhoods but not in others. An explanation of any difference should be requested.
- The extent to which the bank is willing to make loans in its delineated local community or communities, utilizing information derived below. Special attention should be given to the specific reasons why loan applications have been denied, whether or not such denial has been on a prohibited basis.
- Whether loan officers or other public contact personnel prescreen potential applicants from obtaining loans that the bank has stated it is willing to make, particularly applicants from low- and moderate-income neighborhoods.
- The geographic distribution of the bank's credit extensions, credit applications and credit denials.

Determine whether there is any indication of a geographic distribution of credit extensions, applications for credit and credit denials which would signify failure to serve selected areas of local communities, particularly low- and moderate-income neighborhoods. Initial reliance may be placed on discussion with other examiners, review of reports of examination and work papers from other examination programs performed. For those banks located in MSAs, additional reliance may be placed on other fair lending examination programs for ascertaining the volume and location of housing-related credits. For loans made outside MSAs, particularly with respect to banks that are not located in such areas, interview management and review internal files to determine the extent of

housing-related lending in low- and moderate-income neighborhoods and the extent to which the bank has not extended such credit in these areas.

Reliance may be placed upon geocoding of credit extensions, credit applications and credit denials. Where the bank is required to maintain logs of applications, the examiner should also review the logs to determine the geographic distribution of loans, applications and denials. In conjunction with other fair lending examination programs, it may be necessary to analyze further the geographic distribution of small business loans, including loans to small farms within the bank's local community.

- Evidence of prohibited discriminatory or other illegal credit practices.

Review prior Compliance Reports and, in conjunction with other examination programs, determine the extent to which the bank is currently complying with the law.

- The bank's record of opening and closing offices and providing services at offices.

Review the bank's record of and future plans for opening and closing branches and determine what factors management uses to determine which branches to close, which to leave open, and where to open new branches. The bank's approach can be determined through interviews with bank personnel knowledgeable about the bank's policy on opening and closing branches. Information can also be obtained through reviews of minutes of board of directors meetings, other bank records, Regional Office files, and interviews with representatives of public organizations with a particular focus on low- and moderate-income and minority neighborhoods. Also consider any information from interviews with community representatives about the attitudes of the community toward any actual or prospective branch closings.

A review of the bank's branch record should include at a minimum the following items:

- Any actions the bank has taken to minimize the impact of branch closings by trying to continue to offer services by alternate means, such as providing a way for customers to continue to obtain credit, installing ATMs or night deposit facilities, or by promoting continued productive use of the branch building.
- Any attempts the bank has made to prevent closing any branches by adjusting hours, services, facilities, finding alternative sites

suitable to community residents, or the like in an attempt to make the branch viable.

- The bank's written plan for opening or closing its branches, if applicable. (Also review minutes of board of directors meetings for discussion of same.)
- The bank's system to account for expenses, income and profitability of branches and the application of this system to branch closings. (Also review minutes of board of directors meetings for discussion of same.)
- Any studies that may have been done to determine whether other financial institutions adequately serve neighborhoods where bank branches are or will be closed.
- The bank's participation, including investments, in local community development and redevelopment projects or programs.

Review written lending policy and procedural manuals and interview lending officers to ascertain whether current programs include, or if the bank has considered involvement in, programs for satisfying potential credit needs such as the following:

- HUD's Community Development Block Grant Program.
- Local neighborhood preservation efforts.
- Community Development Corporations.
- Financing for Local Development Corporations.
- Neighborhood Housing Services.
- Investments in, or coordination with Minority Enterprise Small Business Investment Corporations (MESBICs), or Small Business Investment Corporations (SBICs) in providing loans to business for which equity or subordinated debt is provided by MESBIC or SBIC.
- Purchase of securities of state and local housing agencies.
- The bank's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

Review the bank's financial statements, other appropriate records including HMDA statements, its written lending policy and procedural manuals, and interview lending personnel

to ascertain whether the bank has originated or purchased such loans or has plans to do so.

- The bank's participation in governmentally insured, guaranteed, or subsidized loan program for housing, small business or small farms.

This information may be obtained in ways similar to the ones in the assessment factor above. Examples of such government loan programs include:

- FHA/VA/FmHA mortgage loans to members of its community or communities.
- FHA Title I home improvement loans.
- SBA loan guaranty programs.
- Similar programs conducted by state or local agencies.

- The bank's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

The financial condition of the bank may be ascertained from discussion with other examiners or review of examination work papers and reports. Small banks may not have the specialized staff or financial resources needed to participate in some loan programs.

Legal restrictions on permissible activities, interest rates, and branches may affect a bank's ability to help meet community credit needs. Adverse economic conditions caused by local or general economic difficulties may force a bank to temporarily curtail its lending activities.

Other factors may affect a bank's ability to help meet community credit needs.

- Other factors that in the Corporation's judgment reasonably bear on the extent to which the bank is helping to meet the credit needs of its entire community.

Pertinent factors may include:

- Purchases of state and municipal bonds, secondary mortgage market securities, or such other activities when they further special purposes in the community, such as the construction or rehabilitation of low- and moderate-income housing or other neighborhood or community development, or are issued by municipalities or other local public financing units which do not have access to the capital markets.
- Whether the bank's policies promote efforts to assist existing residents in neighborhoods

undergoing a process of reinvestment and change.

— Whether the bank offers "basic financial services" such as low cost transaction and savings accounts with low or no minimum balances, accounts for consumers who use a limited number of checks or drafts, and other accounts on which minimal charges are made for account maintenance. The marketing efforts for these types of accounts should also be evaluated.

— Any other relevant factors.

In some instances, it may prove beneficial or necessary to the assessment process to contact persons or organizations outside the bank to help determine the bank's record of meeting community credit needs and to identify unmet credit needs. The following are examples of types of outside contacts the examiner should normally make:

- Any person or organization that has specifically requested to speak to an examiner on a CRA or fair housing lending matter;
- Any person or organization that has raised in a CRA comment letter a substantial issue which requires further explanation or verification;
- A sample of persons or organizations with whom the bank has said it communicated. (This form of contact, however, should usually be made only in circumstances where the examiner determines a need to independently verify the bank's efforts to ascertain local credit needs.)
- Where there are indications of prescreening on the basis of race or sex or other disparate treatment of minorities or women, any person organization that is likely to receive complaints or other information concerning such treatment.

- Any other person or organization likely to provide valuable information concerning the credit needs of the bank's community, its efforts to ascertain those needs and make known its credit services, or its efforts to meet the credit needs of the community. Examples include local community development officials, real estate brokers, city and county officials, chambers of commerce, community action groups, local business persons and clergymen.

Initial contact may be made by telephone and suffice as adequate in some instances. An in-person interview should be conducted, however, whenever considerable information is likely to be provided, a number of people may be interviewed at the same location or relevant documentation may be made available for review. Outside contacts should be documented either in the workpapers or in the supervisory section of the Compliance Report, including the names and titles of the persons and/or organizations contacted and a brief summary of their comments regarding the bank's record of performance in the community.

9. Determine if the bank's record of performance demonstrates a recognition of its continuing and affirmative obligation to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation.

10. Review the following with management:

- The extent to which the bank is helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation.
- Suggestions that might better enable the bank to help meet the credit needs of its entire community.
- Procedural violations of the regulation.
- Deficiencies or exceptions in policies or practices.