

Community Reinvestment Act Interagency Examination Procedures

The Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency revised their Community Reinvestment Act (CRA) regulations on July 19, 2005 (see 70 FR 44256 August 2, 2005). The revised CRA regulations took effect on September 1, 2005.

Among the revisions to the regulations, "intermediate small banks" are defined under §345.12 (u) as small banks with assets of at least \$250 million as of December 31 of both of the prior two calendar years and less than \$1 billion as of December 31 of either of the prior two calendar years. These banks are evaluated under two tests: the small bank lending test, and a new community development test. The agencies adopted and released the attached *Interagency Intermediate Small Institution Examination Procedures* in August 2005. The CRA regulation continues, however, to allow small institutions, including intermediate small institutions, to opt for examination as a large bank under the lending, investment, and services tests, provided CRA loan data are collected and reported.

In addition, interagency examination procedures were revised for small institutions, large institutions, wholesale and limited purpose institutions, and institutions under a strategic plan specifically to address the CRA regulatory changes mentioned above and the technical rule changes made in March 2005 (see 70 FR 15570 March 28, 2005). The revised interagency examination procedures published today were changed to reflect these recent technical and substantive changes to the CRA rules. Specifically, the revised examination procedures:

- Include conforming language pertaining to changes in the definition of community development;
- Include references to the consideration of illegal credit practices and affiliate activity consideration; and
- Update certain geographic area terminology to ensure consistency with the regulation.

The FDIC plans to incorporate these procedures in an updated *Compliance Examination Manual*. Until the revised manual is issued, examiners will use the attached procedures, effective immediately.

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