



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429-9990

Financial Institution Letter
FIL-21-2005
March 22, 2005

Community Reinvestment Act Joint Notice of Proposed Rulemaking

Summary: The federal bank regulatory agencies are seeking comment on the attached proposed rule regarding the Community Reinvestment Act (CRA). The rule would reduce regulatory burden for banks with assets between \$250 million and \$1 billion, while encouraging meaningful community development loans, investments and services by these banks in their communities. Comments must be received by May 10, 2005.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
Compliance Officer
CRA Officer

Related Topics:

12 C.F.R. Part 345 Community Development Credit

Attachment:

[Joint Notice of Proposed Rulemaking - PDF](#) 114k

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Note:

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Highlights:

For banks with assets between \$250 million and \$1 billion, the proposal would:

- Eliminate CRA loan data collection and reporting of small business, small farm and community development loans.
- Replace the separately rated lending, investment and service test requirements with two separately rated tests: (1) the existing streamlined small bank lending test; and (2) a new community development test permitting more flexible levels of community development loans, investments and services depending on the business strategy and capacity of the bank and the opportunities and needs of its community.

For banks of any size, the proposal would:

- Expand the term "community development" to include certain community development activities in "underserved" rural areas and designated disaster areas.
- Clarify the effect illegal credit activities may have on a bank's CRA performance.