

Community Reinvestment Act Proposed Interagency Questions and Answers

The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board and the Office of the Comptroller of the Currency (the agencies) published the attached "Proposed Interagency Questions and Answers Regarding Community Reinvestment" in the *Federal Register* on November 10, 2005 (also available on the FFIEC's Web site at: <http://www.ffiec.gov/cra/default.htm>). The agencies invite public comment on the proposal and any other community reinvestment issues not addressed in the document. Comments are due by January 9, 2006.

Due to the significant revisions to the Community Reinvestment Act (CRA) regulations that took effect on September 1, 2005, the agencies prepared informal staff guidance in the form of 13 proposed new questions and answers (Q&As) addressing those changes, along with three revisions to existing Q&As (see: 65 FR 25088, April 28, 2000). After reviewing comments on this proposal, the Q&As will be added to the agencies' Interagency Questions and Answers, an existing document that contains informal staff guidance for agency personnel, financial institutions and the public.

Of the 13 proposed new Q&As, seven discuss the revised definition of "community development," which includes activities that revitalize or stabilize a distressed or underserved nonmetropolitan middle-income geography or a designated disaster area. The Q&As also address the treatment of individuals in designated disaster areas and individuals who are displaced by disasters. The guidance includes three Q&As that address the community development test applicable to intermediate small banks and how these banks will be evaluated under it. A new Q&A that would apply to banks of all sizes explains how examiners evaluate qualified investments that were made during the prior evaluation period but that are still outstanding during the current evaluation period. The remaining proposed new Q&As address the following issues:

- Any small bank (including an intermediate small bank) may request that activities of an affiliate in the small bank's assessment area(s) be considered in its performance evaluation.
- The asset size thresholds for "small bank" and "intermediate small bank" will be adjusted annually based on changes to the Consumer Price Index.

In addition, the proposed guidance includes three revisions to two existing Q&As. These two Q&As provide additional clarification and examples of community development services and qualified investments. In particular, a new provision states that a community development service may include providing international remittances services that increase access to financial services by low- and moderate-income persons.

Written comments on the proposed questions and answers may be sent to Robert E. Feldman, Executive Secretary, Attention: Comments/Executive Secretary Section, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, D.C. 20429. Comments also may be mailed electronically to comments@fdic.gov or hand-delivered to the guard station at the rear of the 17th Street building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m. Eastern Time.

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