

EXECUTIVE SUMMARY
Revised Community Reinvestment Act (CRA) Regulation
Federal Deposit Insurance Corporation

Small Institutions

- Definition: A small institution is a bank or thrift that, as of December 31 of either of the two prior calendar years, had assets of less than \$250 million and:
- (1) Was independent, or
 - (2) Was an affiliate of a holding company that, as of December 31 of either of the two prior calendar years, had total banking and thrift assets of less than \$1 billion.
- Evaluation: Small banks will be evaluated under a streamlined examination process that emphasizes lending activities.
- Documentation: There are no new data collection or reporting requirements for small banks unless the institution chooses to be evaluated under the test for large institutions.

Large Retail Institutions

- Definition: Large retail institutions are banks and thrifts that do not meet the definition of a small bank (above) and have not requested and received designation as a wholesale or limited purpose bank (see next page).
- Evaluation: Large retail institutions have the option to be evaluated under one of two tests:
- (1) A three-part test evaluating the institution's lending, service, and investment performance, with emphasis on low- and moderate-income people and areas; or
 - (2) A "strategic plan" designed by the institution with community involvement and approved by the appropriate federal financial supervisory agency.
- Documentation: Certain new data collection, reporting and disclosure requirements regarding small business and small farm loans, mortgage loans outside Metropolitan Statistical Areas, and community development loans. There also are optional data requirements for consumer loans, affiliate lending and lending by a consortium or third party.

Special-Purpose Banks

- Definition: Two types of institutions that can qualify:
- (1) "Wholesale banks," which are financial institutions that are not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers.
 - (2) "Limited purpose banks," which are financial institutions that offer only a narrow product line, such as credit cards, to a regional or broader market.

The appropriate federal financial supervisory agency must approve an institution's designation as a wholesale or limited purpose bank.

Evaluation: Wholesale and limited purpose banks will be evaluated under a specially tailored community development test that looks at an institution's record of meeting the credit needs of its community through community development lending, investments and services. These include initiatives that promote affordable housing, loans to small businesses or small farms, or activities that revitalize or stabilize low- or moderate-income areas.

Documentation: The data collection and reporting requirements that apply to wholesale and limited purpose banks are the same as those that apply to large retail banks.

Key Dates

July 1, 1995, The following become effective:

New definitions;

The authority and purpose section of the regulation;

The section on the effect of CRA performance on applications; and

Transition rules.

January 1, 1996: Small banks will begin to be evaluated under the new streamlined standards for performance.

January 1, 1996: Banks that want to be examined under a strategic plan can begin to submit their plan for approval.

The new data collection provisions for large banks go into effect. Data for calendar year 1996 must be reported by March 1, 1997.

Large retail banks may elect to be evaluated under the lending, service, and investment tests if they can provide the necessary data for evaluation under the tests.

Banks also may elect to be evaluated under the community development test if they provide the necessary data for evaluation under the test and have requested and received designation as wholesale or limited purpose banks by the appropriate federal financial supervisory agency.

July 1, 1997: Remaining portions of the rule become effective.

All institutions will begin to be evaluated under the new CRA performance tests.