

Joint Release

Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation
Board of Governors of the Federal Reserve
Office of Thrift Supervision

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FEDERAL REGULATORS TO HOLD HEARING IN HENDERSON, NC
ON COMMUNITY LENDING BY FINANCIAL INSTITUTIONS

The federal financial supervisory agencies today announced details of a public hearing on the Community Reinvestment Act (CRA) to be held in Henderson, North Carolina on Wednesday, September 15.

This sixth in a series of hearings will be held at the Vance-Granville Community College at the intersection of I-85 and Poplar Creek Road, Henderson, North Carolina. The hearing, to take testimony on suggested changes to the CRA, from the public, community groups and the banking industry, will run from 12:30 p.m. to 4:30 p.m.

The hearings are intended to help the agencies develop new regulations and standards for procedures assessing a financial institution's performance under the CRA.

Presiding at the Henderson hearing will be Federal Deposit Insurance Corporation Acting Chairman Andrew C. Hove, Jr. Other panel members are: Comptroller of the Currency Eugene A. Ludwig; Acting Director of the Office of Thrift Supervision Jonathan Fiechter; and Griffith L. Garwood, Federal Reserve, Director, Division of Consumer and Community Affairs.

The first hearing was held August 10 in Washington, D.C. Other hearings have been scheduled in San Antonio, Texas; Los Angeles, California; Albuquerque, New Mexico; New York City, New York; and Chicago, Illinois.

The CRA, enacted in 1977, indicates that insured depository institutions have an affirmative obligation to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods.

The CRA requires the agencies to use their authority to encourage financial institutions to meet their CRA obligations, to assess the CRA performance of financial institutions, and to take CRA performance into account when deciding whether to allow institutions to expand their businesses.

On July 15, President Clinton asked the regulators to work together and consult with the public, community groups, and the banking and thrift industries to make the CRA more effective. The agencies' goal is to reform CRA regulations and supervision in order to improve performance, clarify the standards, and make CRA performance assessments more objective.

The agencies are particularly interested in receiving comments on the following questions:

- In what specific ways can the CRA regulations be improved to provide increased performance, clarity and objectivity?
- In what specific ways, if any, have the existing 12 CRA assessment factors forced banks and thrifts to maintain unnecessary and unproductive CRA documentation? How should they be changed?
- What objective factors should be incorporated into the new CRA standards to focus community reinvestment activities on:
 - lending to low- and moderate-income neighborhoods, small
 - businesses, and small farms;
 - investments in low- and moderate-income neighborhoods; and
 - provision of banking services to residents of low- and moderate-income neighborhoods?
- In developing the CRA performance standards, should differences among banks and thrifts (location, corporate structure, product lines, etc.) be taken into account? If yes, how should these differences be incorporated into the new standards?

At a previous hearing, some witnesses described activities that certain financial institutions undertook -- often in conjunction with members of their community -- to help meet community credit needs. The hearing panel would like to know about specific examples of this type of successful collaboration. The panel is also interested in hearing views about the role the public could play in assessing the CRA performance of banks and thrifts.

The hearing is open to the general public. Individuals wishing to participate in this hearing by providing oral testimony should notify, by fax or mail: James F. Pilkington, Community Affairs Officer, Federal Deposit Insurance Corporation, Marquis One Building, Suite 1200, 245 Peachtree Center Avenue, N.E., Atlanta, Georgia 30303 (telephone 404-225-5872, fax 404-230-6633), no later than, September 3. Individuals interested in attending, but not speaking at the hearing, need not submit a written request.

Depending on the number of requests received, participants may be limited in the length of their oral presentations. Participants will be notified of the time scheduled for their presentation. The agencies anticipate establishing panels of participants and to select at their discretion those persons who may make oral presentations if they receive more requests for participation than may be accommodated in the time available. Persons not scheduled may be allowed to speak at the hearing if time permits after the scheduled witnesses have testified.

Requests to participate in the hearing must include the following information: the name, address, and business telephone number and fax number of the participant; the entity or entities that the participant will be representing; and a brief summary of the participant's remarks, identifying any specific issues to be addressed.

Participants should submit written statements to Mr. Pilkington by 5 p.m. (EDT), September 7. Participants who submit written statements in Henderson on September 15 should bring 200 copies with them to the hearing.

Persons wishing to provide a written statement, but not make an oral presentation, should submit the statement to Mr. Pilkington by 4:30 p.m. (EDT), September 15.

To the extent available, interpreters will be provided to persons wishing to present their views in a language other than English, if they make such a request not later than September 7. Similarly, persons in need of other special arrangements (such as signers for the hearing-impaired) will also be accommodated upon a timely request.

The public hearing will be transcribed and copies of the transcript will be made available to the public. The hearing record will close at 4:30 p.m. (EDT) on September 15.

Any questions about the hearing should be directed to James F. Pilkington, Community Affairs Officer (telephone 404-225-5872) or Janice M. Smith, Director, Office of Consumer Affairs (telephone 202-898-6777).

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