FPP May 2021

“Better Together” Virtual Session:

“The Fundamentals of CRA – What Every Financial Capability Practitioner Needs to Know About the Community Reinvestment Act”

April Atkins and Lisa Mifflin
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ELEVATING FINANCIAL CAPABILITY FOR ALL
FPP 2021 13th Annual Conference

Wednesday, June 2 – Thursday, June 3, 2021
Live and Virtual
Omni Orlando at Championsgate
and Spondulics.org
FPPConference.org
This Session’s Format

Better Together

ELEVATING FINANCIAL CAPABILITY FOR ALL
First Opportunity for You to Engage . . .

WHAT'S YOUR Why?

ELEVATING FINANCIAL CAPABILITY FOR ALL
Please note the following:

• There will be no discussion of the CARES Act and the PPP. Please address any related questions to your examiner.

• The FDIC will not discuss CRA Modernization. Neither the FDIC or OCC will take questions related to CRA Modernization. Please address any related questions to your examiner.

• The presentations featured in today’s webinar represent the views of the speaker and not necessarily those of the FDIC, OCC or their Board of Directors.

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An Opportunity for You to Engage . . .

Why does the Community Reinvestment Act exist?

What is the history of the CRA?
1969 • Truth in Lending Act—applies to all lenders who extend credit to consumers for personal use. Requires disclosures to consumers about the cost of credit; to enable consumers to make meaningful comparisons.

1974 • Equal Credit Opportunity Act—prohibits discrimination on the basis of race, color, religion, national origin, sex, marital status, age, receipt of public assistance or good faith exercising of certain consumer rights.

1975 • Home Mortgage Disclosure Act—requires banks and other mortgage lenders to collect, and make available to the public, data on mortgage loan applications.

1977 • Community Reinvestment Act—encourages banks to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations.

## CRA Changes

<table>
<thead>
<tr>
<th>CRA 1977</th>
<th>Focused largely on the <em>process</em> by which banks engaged in CRA-related activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRA 1995</td>
<td>Focuses on <em>outputs</em> by number and dollar volume of CRA-related activities</td>
</tr>
<tr>
<td>CRA Next</td>
<td>How will CRA evolve to consider new products, services and needs?</td>
</tr>
</tbody>
</table>
How does the CRA legislation define low- to moderate-income, or LMI?
## LMI Individuals & Families

<table>
<thead>
<tr>
<th>Area</th>
<th>2020 FFIEC Median Family Income</th>
<th>Upper 120% of MFI</th>
<th>Moderate 80% of MFI</th>
<th>Low 50% of MFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORLANDO-KISSIMMEE-SANFORD, FL MSA</td>
<td>$68,100</td>
<td>$81,720</td>
<td>$54,480</td>
<td>$34,050</td>
</tr>
<tr>
<td>MIAMI-MIAMI BEACH-KENDALL, FL MSA</td>
<td>$59,100</td>
<td>$70,920</td>
<td>$47,280</td>
<td>$29,550</td>
</tr>
<tr>
<td>TAMPA-ST. PETERSBURG-CLEARWATER, FL MSA</td>
<td>$69,200</td>
<td>$83,040</td>
<td>$55,360</td>
<td>$34,600</td>
</tr>
<tr>
<td>JACKSONVILLE, FL MSA</td>
<td>$74,800</td>
<td>$89,760</td>
<td>$59,840</td>
<td>$37,400</td>
</tr>
<tr>
<td>nonMSA portions of FLORIDA</td>
<td>$52,600</td>
<td>$63,120</td>
<td>$42,080</td>
<td>$26,300</td>
</tr>
</tbody>
</table>

Source: FFIEC.gov
LMI Geographies | Tampa

www.policymap.org
Who is responsible to ensure financial institutions comply with the CRA?
## Bank Regulators for CRA

<table>
<thead>
<tr>
<th>Regulator</th>
<th>Oversight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Deposit Insurance Corporation (FDIC)</td>
<td>Regulates non-Federal Reserve member state chartered banks</td>
</tr>
<tr>
<td>Federal Reserve Bank (FRB)</td>
<td>Regulates state chartered member banks, bank holding companies</td>
</tr>
<tr>
<td>Office of the Comptroller of the Currency (OCC)</td>
<td>Regulates national chartered banks</td>
</tr>
</tbody>
</table>

- Excludes credit unions and non-bank financial providers
- To find out the regulator of a financial institution and its insurance status, visit [http://research.fdic.gov/bankfind/](http://research.fdic.gov/bankfind/)
Federal Deposit Insurance Corporation (FDIC)

- Founded in 1933
- Independent federal agency
- Major responsibilities:
  - Insuring deposits
  - Bank supervision
  - Consumer protection
  - Failed bank resolution
FDIC’s Community Affairs

- Fosters initiatives to move unbanked and underserved consumers into positive banking relationships
- Promotes collaborations among financial institutions, national, regional and local organizations to advance economic inclusion and support community development projects in underserved markets
- Serves as subject matter experts at industry and community conferences
- Provides technical assistance to financial institutions and FDIC compliance staff
- Increases knowledge of CRA and fair lending laws
The Office of the Comptroller of the Currency (OCC)

• Established in 1863
• Independent bureau of the U.S. Department of the Treasury.
• Charters, regulates, and supervises all national banks and federal savings associations (FSAs).
• Accomplishes its mission by:
  – supervising nationally-chartered banks and savings associations, representing 68% of all U.S. banking assets
  – examining financial institutions for safety and soundness, cybersecurity, anti-money laundering, consumer protection, and the Community Reinvestment Act
OCC Community Affairs

Support the OCC's mission by helping national banks and FSAs to be leaders in community development finance

• CRA **Training** & Technical Assistance
  Bankers ◆ Communities ◆ OCC Examiners

• Conduct CRA-related **Outreach**

• Support CRA **Examinations** of National Banks & FSAs
How CRA Shifts the Community Landscape . . .

In what ways does the CRA influence bank activity?
Banks provide $7.7B annually in CRA-related loans and investments in the Southeast U.S. (estimated)

CRA Impact

- Loans for LMI homeownership
- Loans to small businesses
- Small dollar loans to LMI consumers
- Loans to develop affordable housing for LMI
- Investments in community-based lenders
- Grants that support nonprofit LMI programs
- Investments that support LMI job creation
- Investments that revitalize LMI neighborhoods
- Investments that support disaster recovery
- Service of bank employees in a community-development capacity
- Service in development of products that are responsive to community development needs
Hearing From Our Banker Friends . . .

What is the banker’s perspective on CRA? National, Regional and/or Local?
Our Regulator’s Take on CRA . . .

How do regulators ensure compliance with CRA . . .

What is the examiner’s perspective on CRA?
Finding the Data . . .

Where can a bank’s CRA rating and CRA report be located?
Hearing From Our NPO Friends . . .

What is a non-profit organization’s perspective on CRA?
An Opportunity for All To Share Perspectives . . .

What is the community’s perspective on CRA?
Looking Ahead to FPP’s May 11 Virtual Session . . .

How may a non-profit organization leverage CRA to foster relationships with banks?
As a Financial Capability practitioner (representing any organization or entity), what do I do with this knowledge of CRA?
Putting This Insight Into Action . . .

How can you identify the banks in your market?
Assessment Area(s)

Banks define their CRA **Assessment Area(s):**
The area(s) in which their CRA performance is evaluated

**INCLUDES**

Geographic Areas
- Main Office
- Branches
- Deposit-taking ATMs

- Surrounding areas where a bank has originated or purchased a substantial portion of its loans
Resource Summary

• FFIEC | [www.ffiec.gov/cra](http://www.ffiec.gov/cra)
  – One-stop for CRA ratings, schedules and data
• FDIC | [www.fdic.gov](http://www.fdic.gov)
  – Deposit Insurance / BankFind
  – Industry Analysis / Deposit Market Share Report
  – Affordable Mortgage Lending Center
  – Economic Inclusion
• OCC | [www.occ.gov](http://www.occ.gov)
  – OCC CRA Final Rule | May 20, 2020
  – Community Affairs Publications
• Federal Reserve Board
  – [CRA from the Chicago Fed](http://CRA from the Chicago Fed)
  – [CRA from the Kansas City Fed](http://CRA from the Kansas City Fed) — includes banker tools & resources
  – [www.fedcommunities.org](http://www.fedcommunities.org) — FRB system research publications
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