



Catherine Petrusz, CRA Coordinator

March 24, 2022

CRA BASICS

About NCRC

The National Community Reinvestment Coalition and its grassroots member organizations **create opportunities for people to build wealth.**

NCRC members include

- community reinvestment organizations;
- community development corporations;
- local and state government agencies;
- faith-based institutions;
- community organizing and civil rights groups;
- minority and women-owned business associations; and
- local social service providers from across the nation.

NCRC Programs & Services

- Agenda-setting **research**
- Renovate and **build affordable homes** for low- and moderate-income families
- **Counseling for home buyers** and owners
- Business-building expertise for **entrepreneurs**
- Train and support housing counselors
- **Test and challenge discrimination** in financial services and housing
- Convene and facilitate agreements between financial institutions and community networks to increase lending, investments and philanthropy in neighborhoods that need it
- **Represent members before Congress** and federal regulatory agencies
- Routinely cited by journalists, economists and scholars focused on banking, housing, urban renewal, rural development and civil rights

Overview and Housekeeping

Today's Presentation

1. Brief History of CRA
2. CRA Implementation and Issues with Enforcement
3. How to Get Involved: CRA Advocacy and Community Benefits Agreements
4. What does NCRC do to help?

Housekeeping

Questions: Use the **Q&A tool** for questions. I'll address as many as I can at the end of the webinar.

Chat: if you are comfortable doing so please put your name or organization, and your location, into the chat.



BRIEF HISTORY OF THE COMMUNITY REINVESTMENT ACT

*"National banks are instrumentalities
of the federal government, created
for a public purpose."*

**U.S. Supreme Court,
Davis v. Elmira Savings Bank,
161 U.S. 275 (1896)**

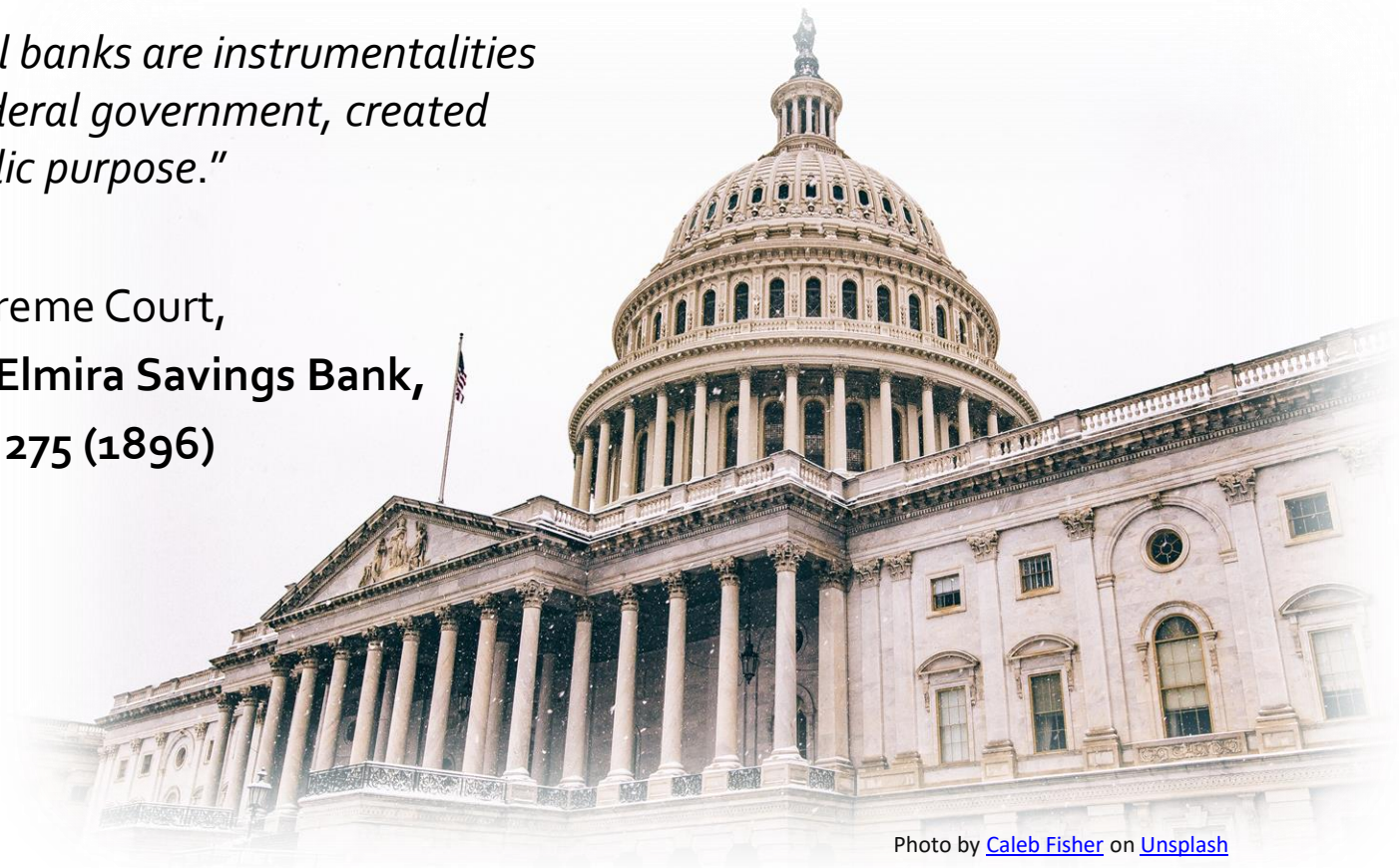


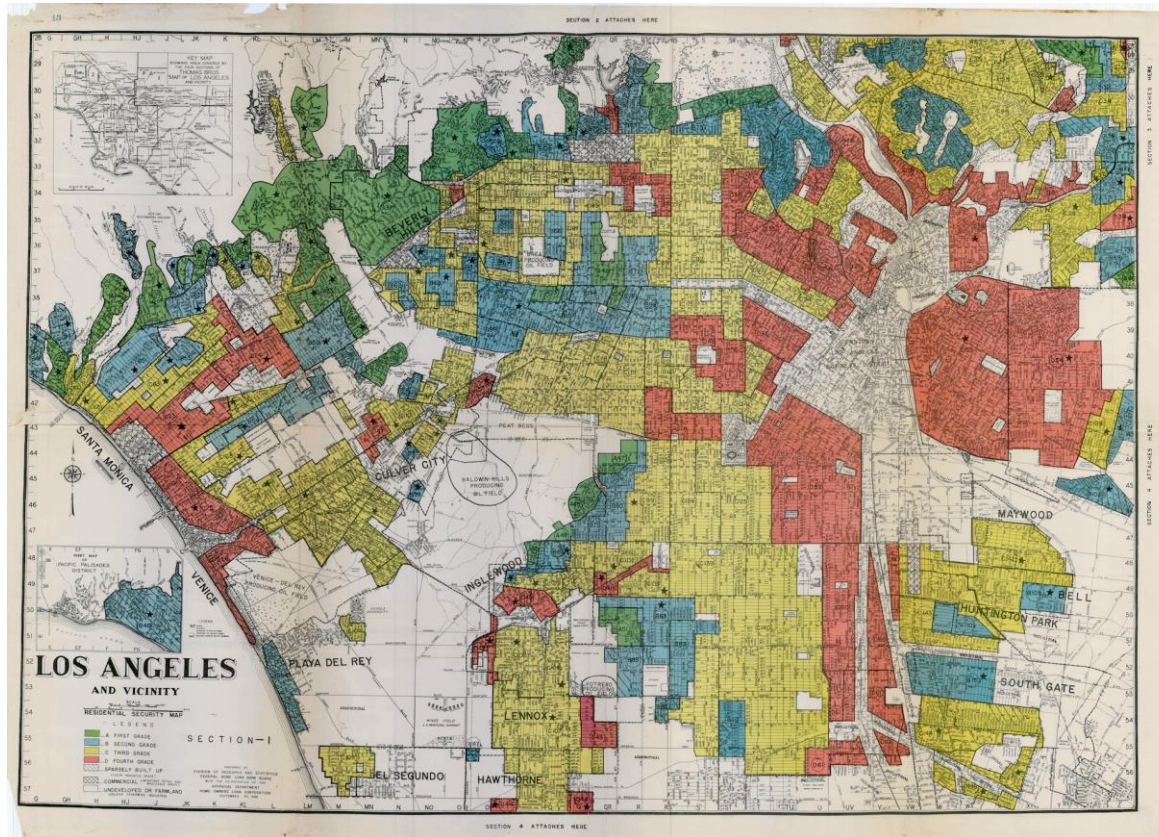
Photo by [Caleb Fisher](#) on [Unsplash](#)

- A **good bank** can anchor a vibrant community
- It can be as important to the success of a community as a good school, or a hospital
- Like some public institutions, **banks have obligations too**
- They have an obligation to address **community needs**
- They have an obligation to produce a **public benefit**



Photo by Seth Dewey @sjdphoto on unsplash.com

CRA and Redlining

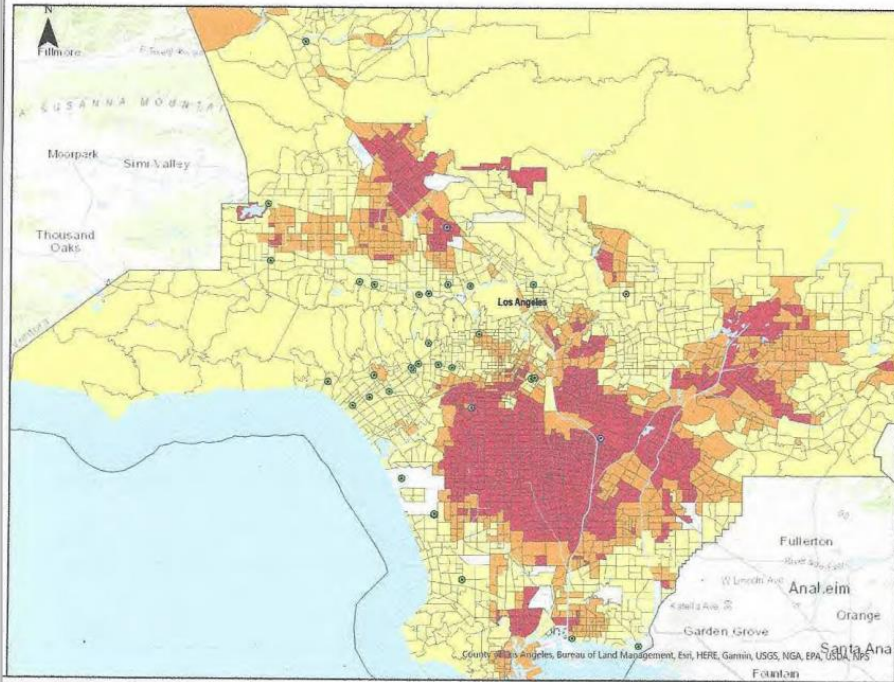


Redlining was a decades long practice by both the public and private sector, to refuse to make loans certain communities deemed to carry lending risk based on class, race or immigrant status.

Ongoing Impact of Redlining

Case 2:23-cv-00204 Document 1-1 Filed 01/12/23 Page 1 of 1 Page ID #:17

City National Bank Branch Locations Los Angeles Metropolitan District (Los Angeles County)



City National Bank Branches
● Bank Branch
● Bank Branch Located in Majority-Black & Hispanic Census Tract

Layer
Black and Hispanic Population by Census Tract
0% - 50%
50.1% - 80%
80.1% - 100%
(2015 ACS 5 Year Data)

0 1.2 2.4 4.8 7.2 9.6
Miles



Prepared by:
U.S. Department of Justice
Civil Rights Division
Washington, D.C. 20530

Date: 9/6/22
EXHIBIT A
1

2021:

Justice Department announced an initiative to combat redlining.

January 31, 2023:

[United States v. City National Bank](#)

View the legacy of redlining and its connection to health outcomes in 140 cities:
[Redlining and Neighborhood Health » NCRC](#)

COMMUNITY REINVESTMENT ACT (CRA)

CRA was among a series of legislative attempts to end redlining and discrimination in housing.

- Fair Housing Act (1968): prohibits discrimination
- Equal Credit Opportunity Act (1974): prohibits discrimination
- Home Mortgage Disclosure Act (1975): disclosures
- Community Reinvestment Act (1977): *affirmative obligation*

COMMUNITY REINVESTMENT ACT (CRA)

- **1989:** Update to CRA requiring the bank supervisors to publicly disclose CRA ratings and performance evaluations
- **1995:** Most recent CRA regulatory reform created CRA exams as we know them today
- **Coming Soon: Final revised CRA regulations**

Bank obligations under CRA

12 U.S.C. §2901. **Congressional findings** and statement of purpose

(a) The Congress finds that—

- (1) regulated financial institutions are required by law to demonstrate that their deposit facilities serve the **convenience and needs** of the **communities in which they are chartered to do business**;
- (2) the convenience and needs of communities include the need for **credit services** as well as **deposit services**; and
- (3) regulated financial institutions have continuing and affirmative obligation to help **meet the credit needs of the local communities in which they are chartered**.

Bank obligations under CRA

12 U.S.C. §2901. Congressional findings and **statement of purpose**

(b) It is the purpose of this chapter to require each appropriate Federal financial supervisory agency to use its authority when examining financial institutions, to encourage such institutions to help meet **the credit needs of the local communities** in which they are chartered consistent with the safe and sound operation of such institutions.

Benefits of CRA

CRA-covered institution lending in LMI communities since 1996:

- \$883 billion in loans for affordable housing and economic development projects
- \$973 billion in 24 million small business loans

Economists also find that CRA-covered lending is safer and sounder than non-CRA covered lending.



HOW THE CRA IS IMPLEMENTED, AND SOME ENFORCEMENT ISSUES

Performance Evaluations (aka "CRA exams")

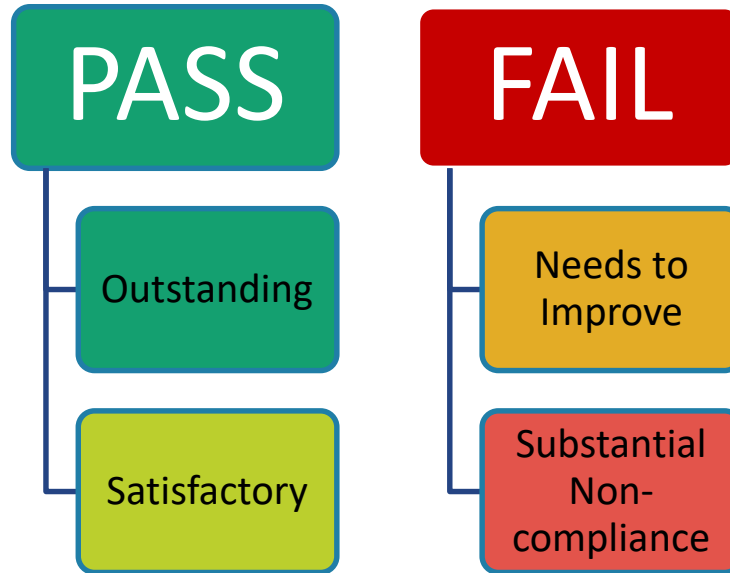
- CRA's basic tool for enforcement
- Every 3-4 years
- Conducted by the bank's primary federal regulator
- Opportunity for public comment
- Evaluates:
 - How well they are lending to LMI borrowers and neighborhoods
 - The level of support for community development projects
 - Maintaining branches in LMI neighborhoods

Performance Evaluations: the Examiners

- Federal Deposit Insurance Corporation (FDIC);
- Federal Reserve Board (FRB); or
- Office of the Comptroller of the Currency (OCC)

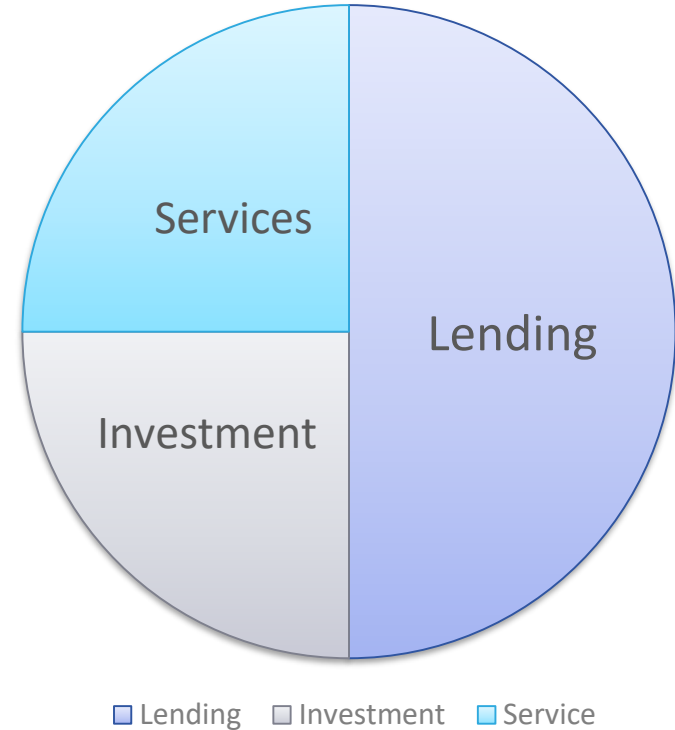
Performance Evaluations: CRA Ratings

Banks can receive the following ratings on CRA exams:



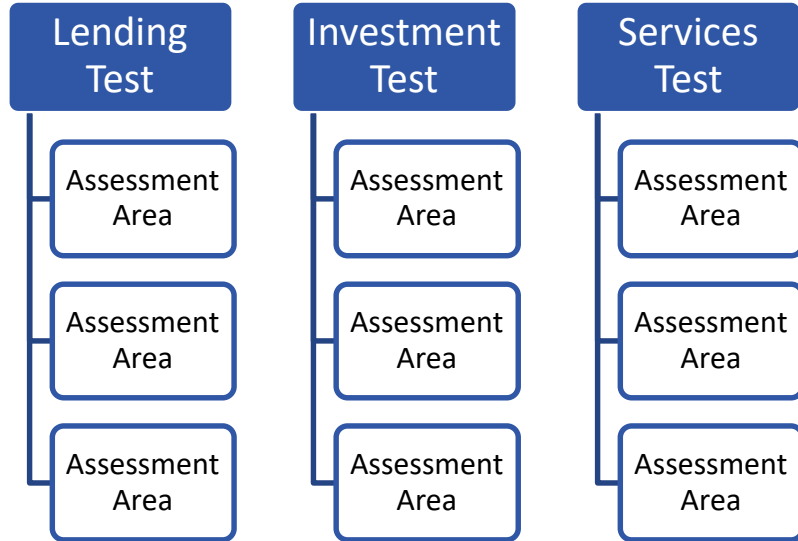
Performance Evaluations: Component Tests

- The ratings are based on bank performance on three separate tests, sometimes referred to as component tests
- Banks' ratings are based on data analysis, reviews of records, and public comments



Performance Evaluations

CRA exams measure a bank performance within its geographic “*assessment areas*.”



- Areas where the bank has branches, ATMs, main office, and surrounding geographies in which the bank has originated or purchased a majority of its loans.
- Must consist generally of one or more metropolitan statistical areas (MSAs); metropolitan divisions; or one or more contiguous political subdivisions, such as counties, cities, or towns.
- Cannot arbitrarily exclude LMI neighborhoods

Performance Evaluations: *Lending Test*

For each assessment area, the **lending test** evaluates:

- The amount of home mortgage loans, small business loans and small farm loans, the bank has made in its community
- The community development lending, with added emphasis on flexible, complex or innovative lending
- The income levels of both the assessment area and the borrowers receiving these loans

Performance Evaluations: *Investment Test*

For each assessment area, the **investment test** evaluates:

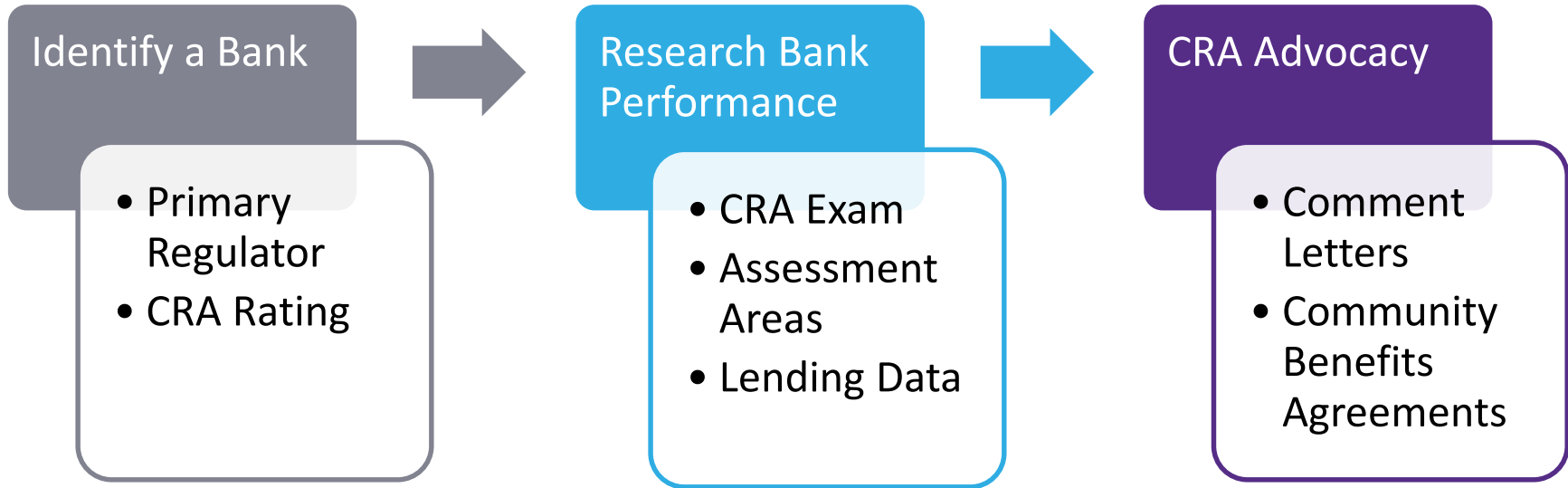
- The amount of bank investments that have a community development purpose (for example, low income housing tax credit investments)
- Complexity
- Innovation
- Responsiveness to the community development needs of the community

Performance Evaluations: *Services Test*

For each assessment area, the **services test** evaluates:

- **Retail banking services**
 - Focus on the distribution of the bank's branch network, **in particular whether there are branches in LMI census tracts within the bank's assessment areas**

- **Community development services**
 - Must be related to providing a financial service or use the financial expertise of the banker. Examples:
 - Low-cost checking accounts that make deposit services accessible to individuals with low incomes.
 - Financial literacy programs for school children.
 - Bank employee volunteer hours serving on non-profit boards




Researching a Bank: First Questions

- Who is the bank's primary federal regulator (OCC, FRB or FDIC)?
- What is the bank's CRA rating?

Researching a Bank: Tools

- [FDIC BankFind Suite](#)
- [FFIEC Interagency CRA Rating Search](#)
- [OCC Performance Evaluations](#)
- [FDIC Performance Evaluations](#)
- [Federal Reserve Performance Evaluations](#)


Researching a Bank: primary federal regulator, branch locations

ABOUT RESOURCES ANALYSIS NEWS

Home > Resources > Data Tools > BankFind Suite > Find Institutions by Name & Location Help ?


[BankFind Suite Home](#) [Back to Search Results](#)

U.S. Bank National Association



Institution Details

Date as of 02/17/2023



FDIC Insured
Since 01/01/1934

FDIC Cert #
6548

Established
07/13/1863

Bank Charter Class
National Chartered Institution of the Federal Reserve Systems (FRS)

Primary Federal Regulator
Comptroller of the Currency

Secondary Federal Regulator
CFPB

Main Office Address
425 Walnut St
Cincinnati, OH 45202

Primary Website
www.usbank.com

Locations
2,222 domestic locations: 28 states and 0 territories.
1 in foreign location.

Financial Information
[Create financial reports for this institution](#)

Consumer Assistance
Help@usbank.com

Contact the FDIC
[Questions about Bank Information](#)

Get additional detailed information by selecting from the following:

Locations History Institution Profile Other Names

2,223 Branch Offices Hide ^

Results: 25 Page # Go

UNINUM	Branch Number	Name	Address	City	County	State	Service Type	Established	Acquired
3580	757	Oshkosh Main Branch	111 North Main Street Oshkosh, WI 54901	Oshkosh	Winneshago	WI	Full Service - Brick And Mortar	08/10/1852	09/11/1999
3573	782	Center Branch	777 East Wisconsin Avenue Milwaukee, WI 53202	Milwaukee	Milwaukee	WI	Full Service - Brick And Mortar	01/01/1853	10/15/1999
207478	711	Hilldale Madison Branch	3609 University Avenue Madison, WI 53705	Madison	Dane	WI	Full Service - Brick And Mortar	01/01/1854	09/11/1999

Researching a Bank: What is a bank's CRA rating?

Enter a Charter Number, Bank Name, or City: [?](#)

U.S. Bank National Association

Rating: -- Select Rating --

From Evaluation Date: mm/dd/yyyy

State: OH - Ohio

To Evaluation Date: mm/dd/yyyy

[Search](#) [Reset](#)

10 records per page

Filter: Search in this table

Charter/ Docket	Bank	City	State	Evaluation Date	Rating	Examination
24	U.S. Bank National Association	Cincinnati	OH	10/16/2017	Outstanding	Large Bank
24	U.S. Bank National Association	Cincinnati	OH	03/31/2012	Satisfactory	Large Bank
24	U.S. Bank National Association	Cincinnati	OH	12/31/2008	Outstanding	Large Bank
24	U.S. Bank National Association	Cincinnati	OH	12/31/2005	Outstanding	Large Bank

1 - 4 of 4 records

[First](#) [Previous](#) [Next](#) [Last](#)

Example: U.S. Bank

What are a bank's lending, investment and services test ratings?

Performance Levels	U.S. Bank National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Example: U.S. Bank

What are a bank's ratings for each of its assessment areas?

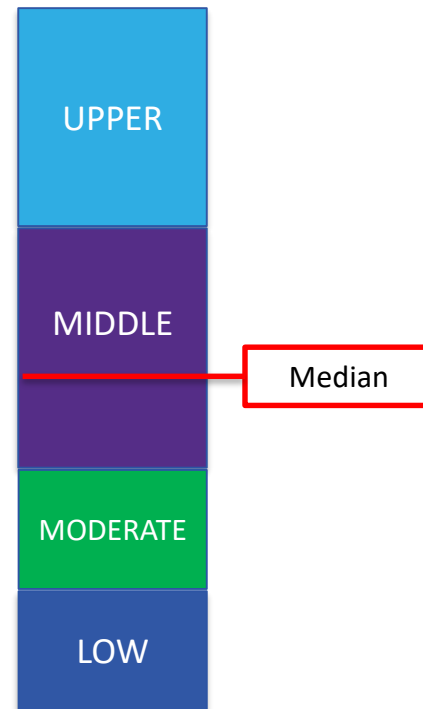
Appendix B: Ratings Summary

U.S. Bank National Association CRA Ratings				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
U.S. Bank National Association	Outstanding	Outstanding	Outstanding	Outstanding
Multistate Metropolitan Rated Areas:				
Chicago-Naperville-Elgin, IL-IN-WI	Outstanding	Outstanding	High Satisfactory	Outstanding
Cincinnati, OH-KY-IN	Outstanding	Outstanding	Outstanding	Outstanding
Clarksville, TN-KY	High Satisfactory	Outstanding	Outstanding	Outstanding
Davenport-Moline-Rock Island, IA-IL	Outstanding	Outstanding	High Satisfactory	Outstanding
Fargo, ND-MN	Outstanding	Outstanding	Outstanding	Outstanding
Grand Forks, ND-MN	Outstanding	Outstanding	High Satisfactory	Outstanding
Kansas City, MO-KS	Outstanding	Outstanding	High Satisfactory	Outstanding
Lewiston, ID-WA	Outstanding	Outstanding	Outstanding	Outstanding
Logan, UT-ID	Outstanding	Outstanding	High Satisfactory	Outstanding
Louisville/Jefferson County, KY-IN	Outstanding	Outstanding	Outstanding	Outstanding
Minneapolis-St. Paul-Bloomington, MN-WI	Outstanding	Outstanding	Outstanding	Outstanding
Omaha-Council Bluffs, NE-IA	Outstanding	Outstanding	Outstanding	Outstanding
Portland-Vancouver-Hillsboro, OR-WA	Outstanding	Outstanding	Outstanding	Outstanding
St. Louis, MO-IL	Outstanding	Outstanding	Outstanding	Outstanding

Low-to-Moderate Income Defined

The CRA regulations specifically define "low" and "moderate" according to criteria defined by the U.S. Census Bureau.

- An **individual or household** is considered LMI if they are 80% or under the area median income
- A **census tract** is LMI if the median family income is less than or equal to 80% of the area median income
- **Area Median Income:** The median is the mid-point, where half of the population makes more than this amount and half makes less



How are the regulators doing?

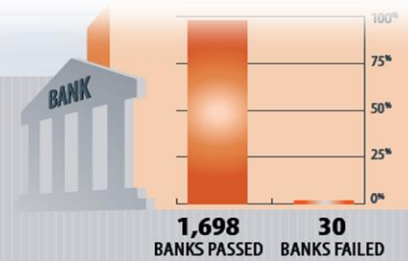
How Well Are Regulators Evaluating Banks
Under the Community Reinvestment Act?

Are CRA grades reflecting what people are
seeing in their communities?

PERFORMANCE EVALUATIONS

In 2014, **98.26%** of banks passed their performance evaluations.
Only **1.74%** failed.

This closely mirrors the pass rate for both 2012 and 2013.
2012: 97.92% passed/2.19% failed
2013: 97.60% passed/2.39% failed



STATE PASS RATE

In 2014, **76%** of states in the U.S. had **100%** of banks headquartered in their state and up for exams pass their CRA performance evaluations.

* Idaho is the only state that didn't have a bank examined in 2014.




GRADES

In the last **THREE** years, among all regulators...

400 banks received **Outstanding**, the highest possible grade, on their CRA performance evaluation

10 banks received **Substantial Noncompliance**, the lowest possible grade, on their CRA performance evaluation



 = 10 Banks

Questions?

- 1. Brief History of CRA**
- 2. CRA Implementation and Issues with Enforcement**
3. How to Get Involved: CRA Advocacy and Community Benefits Agreements
4. What does NCRC do to help?



HOW TO GET INVOLVED: CRA ADVOCACY AND COMMUNITY BENEFITS AGREEMENTS

CRA WORKS WHEN YOU DO



*“Full responsibility for
CRA enforcement has always
been the job of people in
the neighborhoods.”*

Gale Cincotta, former Chairperson, National People's
Action; Co-Founder and former Executive
Director, National Training and Information Center

CRA Enforcement

Why get involved?

Improve bank performance, especially if they're not serving everyone

Increase resources for community development

Direct more resources into underserved neighborhoods

Build partnerships with financial institutions

Understanding Lending Data: *Home Lending*

Applicant Characteristic		Population	Originations			Approval Rate			Denial Rate		
			All Lenders	Bank	Percentage Point Difference	All Lenders	Bank	Percentage Point Difference	All Lenders	Bank	Percentage Point Difference
Race/Ethnicity	White	40.8%	56.1%	66.7%	10.5%	74.4%	65.6%	-8.8%	7.4%	8.2%	0.8%
	Black	43.6%	16.9%	5.0%	-11.9%	56.4%	50.0%	-6.4%	19.7%	33.3%	13.6%
	Hispanic/Latino	7.8%	3.9%	1.7%	-2.2%	66.5%	100.0%	33.5%	12.1%	0.0%	-12.1%
	Asian	5.9%	7.8%	6.7%	-1.1%	69.9%	50.0%	-19.9%	8.9%	25.0%	16.1%
	Minority	59.2%	30.3%	13.3%	-16.9%	61.6%	53.3%	-8.3%	14.8%	26.7%	11.9%
Income	LMI Applicant		21.0%	10.0%	-11.0%	58.6%	40.0%	-18.6%	18.7%	26.7%	8.0%
	MUI Applicant		79.0%	90.0%	11.0%	71.3%	68.4%	-2.9%	8.5%	7.6%	-0.9%
Tract	Applicant in LMI Tract	35%	11.9%	10.0%	-1.9%	58.0%	66.7%	8.6%	18.9%	22.2%	3.3%
	Applicant in MUI Tract	65%	88.1%	90.0%	1.9%	69.8%	63.5%	-6.3%	9.7%	9.4%	-0.3%
	Applicant in Minority Tract	57%	28.7%	18.3%	-10.4%	60.4%	61.1%	0.7%	16.7%	16.7%	0.0%

Example of HMDA Data for a bank in one assessment area

Understanding Lending Data: Small Business Lending

Summary of Small Business Lending - CommunityBank							
Springfield MSA 2014							
	Number of Business	Percent of Business	CommunityBank		All Lenders		Percentage Point Difference:
			Count of Loans	Percent	Count of Loans	Percent	
LMI Census Tracts	39,442	23.91%	220	32.21%	8,615	22.57%	9.65%
Businesses <\$1 mil in Revenue	115,705	70.15%	18	2.64%	17,697	46.35%	-43.72%
Total	164,936		683	100.00%	38,178	100.00%	0.00%

Example of small business data for a bank in its Springfield MSA

Lending Data

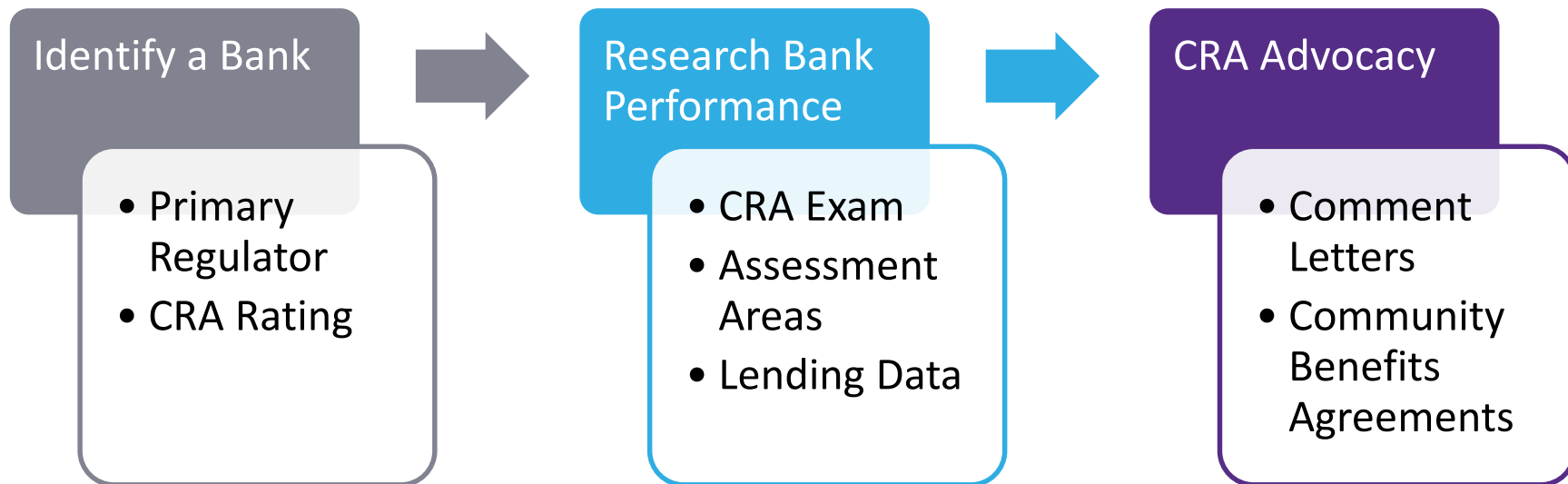
HMDA Data is available online from the CFPB:

[The Home Mortgage Disclosure Act | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#)

Small business lending data is available online from FFIEC (Federal Financial Institutions Examination Council):

[CRA Data Products \(ffiec.gov\)](#)

How to get involved



How to get involved: *Public Comment Letters*

Mergers and branch acquisitions

CRA Performance Evaluations

Branch Closures

How to get involved: *Public Comment Letters*

Public
comment
requests

Support or opposition to a filing

Request to extend the comment period, or to convene a meeting or public hearing

Recommendation that the OCC grant approval only if the OCC imposes certain conditions

Information
to back up
your
position or
request can
include:

Data analysis

Other information relevant to a bank's CRA performance and your community

How your organization or coalition can improve performance

How to get involved:

Comment on a Mergers and Branch Acquisitions

- Banks must apply to acquire branches or other financial institutions, and the public can comment on those applications
- When approving mergers, regulators have a general obligation under the law to **“take into consideration...the convenience and needs of the community to be served.”**
- Regulators look at previous record, as well as how the expanding bank will serve communities going forward
- Opportunity to negotiate public benefits plans

How to get involved: *Comment Periods for Mergers*

Comment Period:

Deadline for
comments
on mergers
is fast - usually
30 days from
receipt of a merger
application

Details For OCC Control Number: **2021-LB-Combination-323603** [Return to List](#)

Application Type: Business Combinations
Transaction Form: Business Combination - Non-Affiliate Merger
Bank: U.S. Bank National Association
Charter/License #: 24
Bank Headquarters: 425 Walnut Street
Location: Cincinnati, OH 45202
County: Hamilton
Trust Powers Requested?: No

Affected Institutions:

Role	Charter Number	Bank Name	Street	Suite	City	State	Zip	County
Target	21541	MUFG Union Bank, National Association	350 California Street , 1st Floor		San Francisco	CA	94104	San Francisco
Resultant	24	U.S. Bank National Association	425 Walnut Street		Cincinnati	OH	45202	Hamilton

Public Comment Information:

Comment Period Start Date	Comment Period End Date	Adjusted Period Start Date	Adjusted Period End Date	OCC Contact
2021-10-07	2021-11-06	2021-10-07		Large Banks Contact Info

How to get involved: *Merger Public Meetings*

“In recognition of the value that public input can provide on mergers, the OCC is considering options to facilitate such input. For example, for mergers involving larger banks, the OCC is considering adopting a presumption in favor of holding public meetings.”

Acting Comptroller of the Currency Michael J. Hsu
Remarks at Brookings “Bank Mergers and Industry Resiliency”
May 9, 2022

How to get involved:

Comment on a CRA Exam

Is a bank meeting the credit needs of its entire community, including low- and moderate-income neighborhoods?

Each regulator publishes its CRA exam schedule. Comments submitted before the close of the CRA exam will be considered in the performance evaluation.

- [FDIC: CRA Report](#)
- [Community Reinvestment Act \(CRA\) Evaluations Coming Due | OCC \(treas.gov\)](#)
- [Community Reinvestment Act - Exam Schedule \(federalreserve.gov\)](#)

Using CRA:

Comment on Branch Closures

- People in LMI neighborhoods can request that regulators hold a public meeting to discuss how the neighborhood will be served in the future
- Regulators cannot prevent a bank from closing a branch, but the public can still protest the closure
- Can result in a public benefits agreement, delay of closure or donation of building/equipment for CRA eligible purposes

Using CRA: *Community Benefits Agreements*

What? An agreement between a bank, NCRC, and our members, in which the bank commits to increases in CRA activity, usually in connection with a merger.

- Goals to increase CRA-eligible mortgage lending, small business lending, community development, and philanthropy
- Commitments to activities to address pressing needs identified by our members

Why? Ideal model for bank-community engagement and CRA

- Banks and community groups work together to agree to clear metrics to evaluate successful bank performance, and on strategies for meeting increases

Using CRA: How do we get CBAs?

Listening Sessions

Organizing Team works with our members in the banks footprint

- Identify pressing local needs
- Prepare our members for meetings with the bank to discuss needs and make recommendations

Meeting Goals

- Introduce the bank to an impressive network of nonprofits that can help the bank achieve CRA goals and get CRA credit
- But, if needed, the member network can be called upon to submit comments and take other actions to increase pressure if needed

Using CRA: How do we get CBAs?

CBA Negotiations

NCRC Proposal

- Proposed lending goals
- Comprehensive list of strategies and priorities identified by our members in meetings with the bank

CBA Draft

- Bank will create a draft CBA
- NCRC shares the draft CBA with members for feedback
- NCRC works with the bank to agree to a final CBA that addresses a majority of our member issues, and that contains clear goals and performance metrics

Using CRA: When do we get CBAs?

Mergers

- Bank merger law requires that banks show the merger will benefit the public
- Public has the ability to weigh in on how well the bank has performed and on pressing needs

Renewals

- Banks will sometimes reach out to NCRC for a CBA renewal; we treat these as new CBAs

Using CRA: What's next after a CBA announcement?

Advisory Councils

- NCRC works with the bank to create Community Advisory Councils

Collaboration

- Organizing Team works on unlocking and deploying the resources in a collaborative way with key stakeholder input

Using CRA: *Community Benefits Agreements Results*

22
Banks

Over \$600 billion
to underserved
borrowers and
communities

Nearly 130 new
bank branches in
LMI communities

More Details:

[NCRC CBA
Explainer](#)

Using CRA: *Community Benefits Agreements Results*

First Tennessee Bank: Financing for CDFIs

- Increased financing for CDFI's from \$150,000 to \$9.4 million

Huntington Bank: Mortgage Lending to Black Borrowers

- *Year One*
 - Home purchase loans: 37%
 - Home improvement loans: 20%
 - All HMDA lending: 20%
- *Year Two*
 - Home purchase loans to black borrowers increased again by another 39%

Using CRA: *Community Benefits Agreements Results*

Increased Focus on CRA Activity in Merger Review

- Banks have started providing much more detail in merger applications on how mergers will benefit the public than they used to

More Data and Transparency

- Since 2020 have got 4 banks to commit to start tracking how much of their CRA eligible support is with organizations led by people of color
- Several banks have published their EEO-1 report on their website



WHAT DOES NCRC DO TO HELP?

What NCRC does to help

Data analysis

Sample comment letters

Construct community benefits agreements

Connect groups to a nationwide coalition

For a Deeper Dive

Read the [Community Reinvestment Act](#)

Research a bank at [FDIC BankFind Suite](#)

Learn about your state's CRA or local RBO (Responsible Banking Ordinance) if you live in MA, IL, NY, RI, WV, WA or DC

Watch a video of a [conversation with our CEO, Jesse Van Tol, and key regulators on proposed CRA reform](#)

Thank you for joining us

If you are not a current NCRC member, join or renew online at ncrc.org/membership or, if you are an individual, join the Just Economy Club at justclub.org.

Members get free access to the Fair Lending Tool (ncrc.org/2021-fair-lending-report), discounted tickets to the 2023 Just Economy Conference, access to data and custom research; as well as updates and opportunities to engage in our policy and advocacy work.



Questions?

Thank you for joining us

www.ncrc.org/membership

We're a network of local and national nonprofits, government and educational institutions.

**Together, we lead the movement
for a #JustEconomy.**

2023 Just Economy Conference

March 29 - 30, 2023

Washington Hilton

Washington, DC

America needs a new reality rooted in a Just Economy.

Come to the **national event** for community, policy, government, business and foundation leaders who work for fairness in lending, housing and business, and to make all Americans equal parts of the formula for national success.

For upcoming training and additional events from NCRC, visit:

www.ncrc.org/events