CRA in Rural America

David Lipsetz, Executive Director
Housing Assistance Council
About HAC

• National Nonprofit
• rural housing and community development
• Persistent poverty areas and populations
About HAC

- Financial Products
- Training
- Technical Assistance
- Research
- Rural news and information
Most FDIC Insured Lenders are in rural Areas, but not most of the assets.

FDIC Insured Banks & Savings and Thrifts by Headquarters Location and Assets, 2017

- Rural and Small Town: 54.75%
- Suburban and Exurban: 29.57%
- Urban: 15.68%

Source: Bank offices as of 6/30/17. Information obtained, 2/18/18, from the following FDIC website (Click on "Branch Office Deposits tab and select "All_2017"): https://www5.fdic.gov/idasp/advSearch_warp_download_all.asp?intTab=2cf
The Banking market
80% OF THE DECLINE COMES FROM COMMUNITY BANKS

FDIC Insured Institutions - 1985 to 2014

Year (Measured at end of Year)
1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013

Number of FDIC-Listed Institutions
18043 10224 6509

Total Commercial Banks and Savings and Thrifts

Source: Author analysis of FDIC historical bank and savings and thrifts data accessed 2/14/16 from FDIC website https://www5.fdic.gov/hseb/SelectRpt.asp?
Concentrated Assets

2017 FDIC Insured Institutions Ranked by Total Assets

- Twenty Largest: 61.3%
- 21 - 100 Largest: 19.7%
- 101 - 500 Largest: 9.9%
- All Others (5,286 Institutions): 9.1%

Source: Housing Assistance Council (HAC) tabulation of FDIC 2017 institution data. Data accessed 3/5/18, at the following url: https://www5.fdic.gov/idasp/advSearch_warp_download_all.asp?intTab=2
CRA IN RURAL AREAS
More than half of Mortgage Loans made in Rural Areas in 2016 are CRA covered

Rural

52%
Limited CRA Requirements in Rural Areas

FDIC-Insured Lenders by Geography and CRA Exam Threshold, 2017

- Rural and Small Town: 76.3%
- Surburan and Exurban: 51.9%
- Urban: 34.3%

Large banks Make most loans
Rural CRA-related Projects

“In light of these uncertainties, some observers noted that banks tended to take the safe route and concentrate their community development activities where CRA consideration would be assured. In many cases that will leave CRA activities concentrated in metropolitan areas where banks’ assessment areas are located.” (Remarks Thomas J. Curry, Comptroller of the Currency, March 12, 2014)
Closing Banks

75% of the counties that lost at least
10% of their bank branches

Are in rural Areas
Partnerships and Opportunities for Rural Community Reinvestment

Making CRA work for rural America
Sol Naciente
Fort Morgan, CO

- 50 unit farmworker housing project
- 3-4 bedroom permanent housing
- Wells Fargo $1.5 million loan
Coastal Kids Preschool Project

- new Construction - pre-school facility
- Up to 52 Students
- Only such facility in town
- Bath Savings Institution, $189,000 loan
“The CRA will make a good project better, but not a bad project good”
- Greg Hohlen, Bremer Bank
Resources

- Ruralhome.org
- Ruraldataportal.org
- Ruralhome.org/cra
- http://ruralhome.adobeconnect.com/p3wsghxophc/
Questions?