



# Community Reinvestment Act STRATEGY



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We provide **CRA Education & Training**, **CRA Support Services**, the **CRA Collaborative Peer Group**, and CRA qualified loans, investments and services. Since our inception in 2000, we have helped banks across the country earn meaningful **CRA credit** through elder financial abuse prevention programs—all with flexible funding options to make it simple for banks to get involved.



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Advocacy Education Innovation

### ICBA Services Network

We are a part of the ICBA Services Network that offers community bankers products and services that enable them to be more competitive.

- **ICBA Payments** – Payment products and services
- **TCM Bank** – Agent Bank credit card services
- **ICBA Securities** – Bank investment specialists
- **ICBA CRA Solutions** – formerly CRA Partners



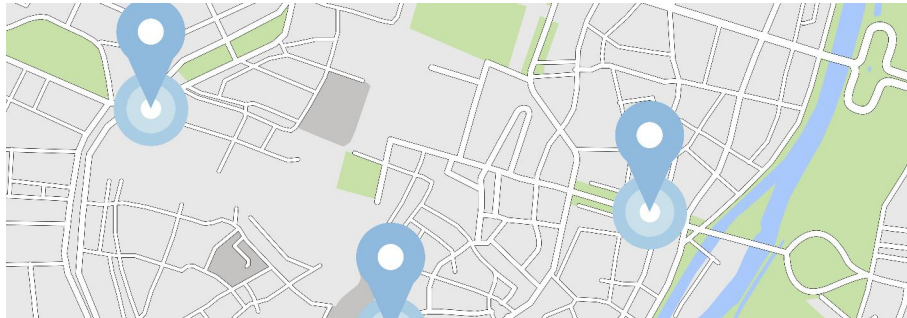
### CRA Assessment Method Based on Asset Size

- **Large Bank - Assets of \$1.564 billion or more**
  - Lending test
  - Investment test
  - Service test
- **Intermediate Small Bank – Assets of \$391 million but less than \$1.564 billion**
  - Lending test
  - Community development test
- **Small Bank – Assets of less than \$1.564 billion**
  - Streamlined lending test



## CRA Strategy – Why do we need one?

- Receive at least a “Satisfactory” CRA rating
- Bank growth
- Provide method of evaluating CRA performance
- Serve as guide for key internal stakeholders and executive management



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## CRA Program Impact

- Ensure a strategic approach to CRA
  - Determine weaknesses
  - Create plan to mitigate
- Create new and innovative business lines
  - Small business loan program
  - Affordable mortgage program
  - Ongoing financial education program
- Evaluate distribution of branches
  - Consider branches in middle and upper income tracts located within 1-5 mile radius of LMI tracts
- Encourage and support CRA service activity
  - Managers, marketing, other pertinent departments



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## Set Goals - Outstanding or Satisfactory?

- Services
  - Based on no. of services or no. of service hours
  - Consider number of branches in assessment area
- Donations
  - Percentage of overall budget allocated by assessment area
- Small Business/Farm Loans
  - Based on demographic of assessment area
- HMDA Loans
  - Based on demographic in LMI tracts and demographic of LMI people in the assessment area, regardless of where they live
- Community Development Loans
- Investments
  - Based on a percent of tier 1 capital or percent of assets



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## Accountability

- Board, CEO, Presidents, Employees
- Investment team
- Mortgage team
- Retail Lending team



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## Know your partners

- Work with local branches (Market President, branch managers etc.) to determine best partners
- Partner with and support “like-minded” organizations
  - Shared goals
  - Positive reputation in community
  - Known for their “niche” programs (financial education, serving the homeless, elderly, etc.)



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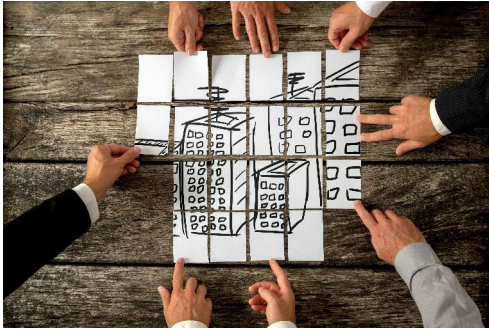
## Be Innovative

- Additional CRA credit for large banks
- Applicable to investments, loan programs and services
- CRA credit based on examiner discretion
- Examples: small dollar loan programs, complex investments with multiple funding sources, product and delivery systems targeted to LMI



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## Provide Training for Employees on CRA



- Provide computer-based training annually
- Provide in-person training within each assessment area
- Include lenders, branch managers, Presidents and Board as applicable
- Document all training efforts for examiner review

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## The big picture – Examiner considerations

- Makeup of the community/assessment area
  - Income level of the census tracts
  - Population
  - Number of financial institutions (if limited number, importance of your bank is increased)
- Local and regional economic conditions
  - Business closures affecting LMI jobs
  - Unemployment rates
- Opportunities to serve the community through lending and investments
  - Is there limited opportunity?
- Your bank's business strategy and products
- Past CRA rating and peer ratings in the area
  - Were peer banks successful in areas where you were deficient?
- What others in the area think about your efforts to meet the community credit needs
- Examiner contact list



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## CRA Exam

- Develop relationship with examiner prior to exam
- Ensure upper management attends kickoff and final meetings
- Ensure internal stakeholders are on stand-by for questions and/or presentations
- Schedule a tour
- Photograph major projects



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## Quiz Question No 1

### True or False

A large bank allows employees four hours per month to volunteer at the local food pantry serving food to low- and moderate-income people. This qualifies as a Community Development service.

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## Quiz Question No 2

### True or False

The bank made a \$1,200,000 loan secured by a multi-family affordable housing complex. The purpose of the loan was to upgrade the HVAC and add solar panels to the units. The complex is located in the assessment area in a middle-income census tract. The bank also has a LIHTC on the property. This qualifies as a Community Development loan.

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## Quiz Question No 3

### True or False

A banker taught a financial education class for students at the local community college. This qualifies as a Community Development Service.

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## Quiz Question No 4

### True or False

The bank made a loan in the amount of \$900,000 to a new restaurant located in a moderate-income census tract. The loan is secured by the restaurant's equipment. This loan qualifies as a community development loan.

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## Q & A



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■ **CRA Education & Training**

In-person and virtual training for CRA staff, bank employees, and Board of Directors



■ **CRA Collaborative Peer Group**

Quarterly online meetings with hundreds of compliance officials across the country



■ **CRA Support Services**

Assessment Area Analysis  
Community Development Activity Evaluation  
Strategic Plan Development  
Peer Analysis  
CRA Action Plan  
CRA Compliance Program Review



■ **CRA Credit Opportunities**

Earn CRA loan, investment, and service credit by sponsoring programs that benefit low-income seniors

## Peer Group for CRA Professionals

Next Meeting Aug. 14

Use Promo Code PASS for first meeting free



- Quarterly online meeting with hundreds of compliance officials across the U.S.
- Led and moderated by compliance experts

- Briefings on new rules
- Opportunity to build relationships with others in your field and strengthen skills together