



CENTER FOR DISABILITY-INCLUSIVE  
COMMUNITY DEVELOPMENT

# **Inclusive Community Development: A Discussion with Bank Regulators**

## **Answers to Webinar Audience Follow-Up Questions**

On September 18, 2019, the Center for Disability-Inclusive Community Development (CDICD) held a webinar, "[Inclusive Community Development: A Discussion with Bank Regulators](#)." Paul Ginger, Community Affairs Officer from the Office of the Comptroller of the Currency (OCC), and Jessica Farr, Manager of Examinations from the Federal Reserve Bank of Atlanta, graciously answered some additional questions from the audience.

**1. Is a bank assessed based on demographics they serve? For example, a satisfactory rating could be based on bias lending or bias community economic development activities. How does the assessment identify these types of problems?**

Banks are assessed based on their lending to low- and moderate-income (LMI) borrowers and in LMI tracts. Additionally, we evaluate if their activities meet one of the four primary community development purposes: affordable housing and community services targeting LMI individuals, economic development by promoting financing for small businesses and revitalization/stabilization of LMI geographies, distressed/underserved middle income geographies and designated disaster areas. CRA only focuses on LMI and no specific subsets of the LMI population. However, if a bank is found to be in violation of fair lending or unfair and deceptive lending practices (which considers discrimination based on all prohibitive factors) a bank's CRA rating can be downgraded.

**2. What level of assets must a bank have to warrant CRA evaluation?**

All banks are examined for CRA compliance. Banks with assets under \$321 million are considered small banks, banks with assets between \$321 million and \$1.284 billion are considered intermediate small banks, and banks with assets over \$1.284 billion are evaluated as large banks.

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**3. Where do you find the list of what qualified activities and how they are classified? For example, high impact, etc.?**

This list doesn't exist. The best option is to review performance evaluations for banks in your communities, which can be accessed on the [FDIC](#), [OCC](#) and [Federal Reserve](#) websites. The Questions and Answers on CRA do, however, list examples of the types of activities that may be considered community development loans (Q&A .12(h)—1), community development investments (.12(t)—4) and community development services (Q&A .12(i)—3).

**4. Paul: Please describe how banks can use different fees or screening criteria to meet LMI people's needs.**

I was suggesting to disability advocates that they should assess the requirements for bank accounts (i.e., fees, minimum balances and related terms) at the banks in the communities in which they work and compare how well those account terms meet the needs of people with disabilities. To the extent those account terms do not comport with the needs and circumstances of people with disabilities, then the advocates could use that disparity as the basis of a conversation with local banks about the terms of the accounts they offer. I also was suggesting to bankers that they think about the terms of the accounts they offer and compare them with the needs and circumstances of people with disabilities. I especially had in mind the notion that a large proportion of people with disabilities are lower-income, as reported by NDI in the first webinar for the CDICD.

**5. Jessica: The OCC's proposed "dollar metric first," or "one ratio" analysis, conflicts with the current exam process of looking at both quantitative and qualitative analysis of bank activities in light of local community needs, doesn't it?**

To my understanding, the OCC's one ratio suggested approach did not really account for performance context.

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**6. Can a large reciprocal deposit qualify for CRA credit if the deposit is used to advance an affordable housing or workforce development activity in the LMI community?**

If this is a “linked deposit” – i.e., a deposit in a bank from a third party, linked to a loan for a particular development project that meets the definition of community development in CRA – then the bank involved would receive consideration for the loan it makes. Depending on the circumstances, it’s also possible that in connection with such a linked deposit a bank could receive consideration for providing a community development service.

**7. Can NDI advocates combine CRA and opportunity zone strategies?**

The federal banking regulatory agencies don’t have any guidance yet on CRA and opportunity zones. Therefore, we’d have to look at each activity to advise on whether they are possible CRA activities.

**8. Regarding workforce development, is there a list of Federal Reserve banks that will consider workforce development for credit?**

All of the banking regulatory agencies will give credit for workforce development activities that meet either the definition of community services for LMI individuals or economic development. The [Federal Reserve Bank of Dallas website](#) has some good resources.

**9. Can someone from FDIC or maybe any examiner touch on the new social services under community development services activity?**

Banks can receive CRA consideration if their staff provides to social service agencies that target their services primarily to low- and moderate-income persons, the expertise that they use in their employment at the bank – expertise such as human resources, information technology and legal services.

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