

CRA



A BRIEF OVERVIEW OF THE COMMUNITY REINVESTMENT ACT

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What



- **Community Reinvestment Act established in 1977**
Designed to encourage regulated financial institutions to help meet the credit needs of their communities including low and moderate income neighborhoods and individuals consistent with safe & sound operations.

Why



- **Redlining – practice of refusing or charging more for financial services to individuals based on geographic location**
- **Seeks to promote lending to borrowers across income levels and geographies (census tracts)**

How



- **All regulated financial institutions undergo CRA monitoring & examination by one of the following:**
 - Federal Deposit Insurance Corp. (FDIC)
 - Office of the Comptroller of the Currency
 - The Federal Reserve Board

How cont.



- **Banks are evaluated based on institution asset size**
 - Small Bank
 - Intermediate Bank
 - Large Bank
- **“Large Bank” Performance Test which includes 3 test categories:**
 - Lending test – home purchase, home improvement, home refinance, and small business lending
 - Investment test – qualified investments and contributions (innovation & complexity determined)
 - Service test – distribution of full service branches across geographies, alternative delivery of retail products, and community development volunteer services, and the record of opening & closing branches in low and moderate income areas

How cont.



- Large Bank performance is evaluated based on the following weights
 - **50% Lending**
 - **25% Investment**
 - **25% Service**
- Ratings assigned
 - Outstanding
 - Satisfactory
 - Needs to Improve
 - Substantial Non-compliance

Lending Test



- **Borrower distribution – low and moderate income borrowers**
- **Geographic – low and moderate income census tracts**
- **Lending volume – overall**

Investment Test



- Equity investments – lending pools, state or municipal ventures which support affordable housing & other community development activities, etc.
- Donations – agencies which support low and moderate income communities
- Deposits/shares – community development financial institutions
- Mortgage backed securities (CRA targeted)
- New Market tax credits – community development focused

Service Test



- **Branch distribution**
- **Accessibility & responsiveness of products & services**
- **Community development services – an employee must provide their financial expertise to groups which serve low or moderate income individuals**

CRA & You



- **Identify and work with CRA officers or other Community Development personnel of a Bank**
- **Engage with your Bank contact to identify partnership opportunities**
 - Donations (general operations, fundraisers)
 - Investments
 - Loans, lines of credit, general business banking needs
 - CRA qualified volunteer service work
 - Participation loan opportunities (CDFIs)
- **Pay attention to the needs of the customers in your community....share those needs with the CRA contacts**

Tools you Can Use



- **Federal Home Loan Bank (i.e. Dallas, Atlanta)**
- **Community Development Mortgage Lenders/CRA team members**
- **Helpful websites:**
 - FDIC.gov
 - Occ.gov
 - Federalreserve.gov
 - Consumerfinance.gov
 - Ffiec.gov (mortgage lending data)

CRA Around Hancock Whitney Bank



- **Federal Home Loan Bank of Dallas**
 - 2016 awarded
 - ✦ Project Homecoming
 - ✦ Home by Hand
 - ✦ Several \$\$MM in partnership grant awards
- **Affordable Housing**
 - Portfolio mortgage product
 - Closing cost assistance, pilot down property based down payment assistance program
 - Participation in most state and city bond and local dpa programs
- **Everfi**
- **National Financial Literacy Month (April)**



Thank you!!!

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