A BRIEF OVERVIEW OF THE COMMUNITY REINVESTMENT ACT

Ashley Aubrey Harrison, AVP/Community Affairs Officer
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.
- 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)
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
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
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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