CRA in Rural America

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Outline

- Banking Industry Background
- CRA Overview
- CRA in Rural Communities
FDIC Insured Depository Institutions 1985 to 2014

Year (Measured at end of Year)

- Commercial Banks
- Savings and Thrift
- Total Commercial Banks and Savings and Thrifts

Number of FDIC Insured Institutions
2014 FDIC Insured Depository Institutions by Main Office Location and Aggregate Assets

- Rural and Small Town: 53.1% Institutions, 6.1% Assets
- Suburban and Exurban: 30.4% Institutions, 42.3% Assets
- Urban: 16.5% Institutions, 51.7% Assets
CRA Overview
CRA Background

- Enacted in 1977 in response to disinvestment and discriminatory lending practices primarily occurring in urban areas.

- Lenders have an obligation to serve all parts of their service area in a safe and sound manner.

- Applies to depository institutions only (excludes credit unions and independent mortgage companies)

- Federal regulators (OCC, Federal Reserve and FDIC) perform periodic evaluations to assess whether or not lenders are meeting this obligation.
CRA Examinations

- Examinations (two to five years) explore retail lending, services, and community investment/development

- Three primary types of CRA examinations
  - Large Bank Exams
  - Intermediate, Small Exam
  - Small Bank Exam
Average Annual CRA Examination Type 2013-2015

- Large Bank Exam: 26.8%
- Small Bank Exam: 61.5%
- Intermediate Small Bank Exam: 10.1%
- All Other Exam Types: 1.6%

Type: Large Bank Exam, Small Bank Exam, Intermediate Small Bank Exam, All Other Exam Types.
CRA Assessment Areas

- Assessment areas represent areas where a lender operates a deposit-taking office and/or does a substantial amount of lending activity.

- Regulators look for and highly value investments occurring in the following:
  - Low or Moderate-income census tracts
  - Economically distressed outside of metropolitan area census tracts
  - Underserved outside of metropolitan area census tracts
CRA Ratings

- Regulators award final, overall rating
  - Outstanding
  - Satisfactory
  - Needs to Improve
  - Substantial Non-Compliance

- Regulators can consider poor rating when institution applies to regulators for such things as acquiring another lender
Average Annual CRA Ratings Distribution 2013-15

- Outstanding: 1.9%
- Satisfactory: 90.0%
- Needs to Improve/Substantial Noncompliance: 8.0%
CRA in Rural Areas
CRA-Regulated Lender Activity
as a Percent of all Mortgage Lending Activity 2005-2014*

Percent of HMDA Originations

Calendar Year


Home Purchase Originations
Home Purchase Originations - Rural

*All commercial banks and savings and thrifts make up CRA-covered lenders. The data also includes their affiliates. The HMDA mortgage data includes all originations for which loan location data was provided (state, county and census tract fips). The data includes only first lien, home purchase loans.
2014 FDIC Insured Depository Institutions by Headquarters Geography and CRA Exam Asset Threshold

- **Rural and Small Town:**
  - Small Bank: 80.2%
  - Intermediate, Small Bank: 17.5%
  - Large Bank: 2.3%

- **Suburban and Exurban:**
  - Small Bank: 57.5%
  - Intermediate, Small Bank: 32.0%
  - Large Bank: 10.5%

- **Urban:**
  - Small Bank: 43.4%
  - Intermediate, Small Bank: 32.5%
  - Large Bank: 24.1%
FDIC Insured Depository Institutions, Rural CRA Regulated Lenders HMDA Home Purchase Originations 2012 through 2014 by Lender Size

Percent of Originations

2012 2013 2014

Small Bank: 13.4% 13.2% 12.9%
Intermediate Small Bank: 25.1% 25.1% 25.8%
Large Bank: 61.6% 61.8% 61.3%
2014 FDIC Insured Depository Institutions Estimated Assessment Area Rural Population by Lender Asset Size

- Small Bank: 86.5%, 58.4%, 13.7%, 0%
- Intermediate Small Bank: 81.9%, 30.9%, 1.8%, 0%
- Large Bank: 84.4%, 11.1%, 0.2%, 9.7%
- Total: 85.2%, 47.7%, 9.7%

- Assessment Area Contains Rural Population
- Assessment Area, Rural Population 25 Percent or More
- Assessment Area, Rural Distressed or Underserved Population 25 Percent or More
2014 FDIC Insured Depository Institutions
Assessment Area Rural Loan Coverage

- Less Than Half: 40%
- Between Half and Three-Quarters: 15%
- Three-Quarters or More: 45%

Assessment Area Inclusion of Rural Home Purchase Loans
CRA Resources

- Federal Financial Institutions Examination Council (FFIEC): http://www.ffiec.gov/cra/
- Consumer Finance Protection Bureau (CFPB): http://www.consumerfinance.gov/hmda/
- Federal Reserve: http://www.federalreserve.gov/communitydev/cra_about.htm
- FDIC: https://www.fdic.gov/regulations/cra/
Upcoming CRA Webinars

- March 16th CRA webinar exploring successful rural projects which earned CRA credit for the involved lenders

- April 13th CRA webinar looking more closely at outstanding CRA lenders and discussing efforts to increase CRA related activity in rural areas