Outlook Live Transcript
2016 Interagency CRA Questions and Answers Published on July 25, 2016
November 29, 2016

Please use this transcript in conjunction with the webinar and associated slides and handouts.

Amy Vaughn – Facilitator

Good afternoon and welcome to Outlook Live. I am Amy Vaughn with the Federal Reserve and I will be your facilitator. Today we will cover "Interagency Questions and Answers Regarding Community Reinvestment Published on July 25, 2016". This call is scheduled for 90 minutes. Joining us today from the Federal Reserve Board of Governors is Cathy Gates, from the FDIC is Patience Singleton, and from the OCC are Vonda Eanes and Kimberly Hebb, who is filling in for Bobbie Kennedy.

Let me start with a big thank you to our presenters who we will be hearing from in just a moment, but first let's jump to slide 2 where we will cover some logistics. If you haven't done so yet, click on the webinar link that you received after registering, or you can head over to our website at www.consumercomplianceoutlook.org. There you can find the session materials and eventually the archive of this call. Just a quick note on the webinar, we encourage you to listen to the audio through your PC, but if you need a phone option, we do have a limited number of lines available. As for questions, please submit them by clicking on the "Ask Question" button in the Webinar, and we will get those to the presenters.

I'd also like to remind you that we are offering continuing professional education (CPE) credits for attending this session today. If you're interested in that, just do two things: 1) be registered for this session, and 2) you must complete the post-session survey which you will receive in an e-mail.

Let me cover the legal language. The opinions expressed in this presentation are intended for informational purposes and are not formal opinions of nor binding on the Federal Reserve System, the Board of Governors, or any other agency. Okay, with all of that out of the way we are ready to get started. I'm happy to turn it over to Kimberly Hebb, Director for Compliance Policy from the OCC. Kim, the floor is yours.

Kimberly Hebb - OCC

Thanks, Amy. To begin, slide 4 is just an overview. On September 10, 2014, the agencies issued proposed revisions to the Interagency Q&As Regarding CRA. We received 126 unique comment letters from industry, community representatives, and government entities, plus over 900 form letters were submitted. On July 25, 2016, the agencies published the final Q&As which consisted of:

- Nine revisions to the existing Q&As,
- Seven new Q&As,
- Reissued Q&As in their entirety, and lastly,
- Needed technical corrections.

We are now going to turn to slide 5. Community development is an important component of community reinvestment and is considered in the CRA evaluations of financial institutions of all types and sizes. Community development activities are considered under the performance tests applicable to large institutions, intermediate small institutions, and wholesale and limited purpose institutions. In addition, small institutions may use community development activities to receive consideration toward an outstanding rating. The agencies believe that community development generally improves the circumstances for low- and moderate-income individuals and stabilizes and revitalizes the communities in which they live or work.

As you see, on slide 5, the definition of community development includes five bullets. It should also be noted that the funds that have been appropriated for the Neighborhood Stabilization Program (NSP) were required to have been spent by last spring. The primary focus of today's webinar will be the updates to the Q&As.

We're now turning to slide 6. The agencies revised five and added one new Q&A addressing community development-related topics. The following slides address each revision and the new Q&A in more detail. Let's begin the discussion of community development with the three Q&As related to economic development. I'm now going to turn it over to Vonda to discuss economic development beginning on slide 7.

Vonda Eanes – OCC

Thanks, Kim. The CRA regulations define community development to include activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company (SBDC) or Small Business Investment Company (SBIC) programs, or that have gross annual revenues of $1 million or less. Q&A .12(g)(3)-1 explains the phrase, "promote economic development" and adds that activities promote economic development if they meet two tests: a size test and a purpose test.

Please turn to slide 8. To meet the size test, the beneficiaries of the activity must meet the size requirement set forth in the regulation. Either the businesses or farms that benefit from the activity must meet the SBDC or SBIC size requirements, or they must have gross annual revenues of $1 million or less. For example, businesses or farms that meet the size eligibility standards may benefit when a bank invests in an intermediary lender, such as a Community Development Financial Institution or CDFI, which in turn makes loans to those businesses or farms. The agencies made one clarification to Q&A .12(g)(3)-1 that discusses the size test.

This change was made in response to a commenter that noted, "Activities that support technical assistance for small businesses and farms are recognized elsewhere in the Qs and As as qualified community development services that involve the provision of financial services. However, these activities may not involve financing small businesses or small farms, and as a result, may not be consistent with the size test as it was previously described." The agencies, long ago, included technical assistance to small businesses and small farms as a community development activity to recognize that many small businesses, particularly startup companies, are not immediately prepared for. or qualified to, engage in traditional bank financing.

However, the agencies understand that reasoning may not have been clear to examiners or financial institutions. To address this issue, the agencies amended the description of the size test in the final Q&A to explain that the term *financing*, in this context, is considered broadly, and includes technical assistance that readies a business that meets the size eligibility standards to obtain financing.

So turn to slide 9. The purpose test is introduced in Q&A .12(g)(3)-1 and is intended to ensure that a financial institution's activities promote economic development in a manner consistent with the CRA regulations, and lists activities that have a primary purpose of community development by promoting economic development. The preamble discussion that accompanies the Q&A revisions explain that loans to small businesses and small farms that do not meet the parameters of the purpose test are considered as retail loans if they meet certain loan size standards. Larger loans to small businesses and small farms that are not considered as retail loans and that do not meet the purpose test would not be considered in a CRA evaluation as small business or small farm loans or as community development loans unless they have an alternate community development purpose, as defined in 12 CFR .12(g)(3).

Please turn to slide 10. The agencies revised the purpose test section of Q&A .12(g)(3)-1 to clarify how the purpose test provisions are applied and to add new types of activities that demonstrate a primary purpose of community development by promoting economic development. The Q&A now includes a bulleted list of activities that promote economic development. The list was reformatted to emphasize that each activity stands alone. We'll talk more about the list on the next slide. The agencies also added Community Development Financial Institutions (CDFIs) that finance small businesses or small farms to the list of entities presumed to promote economic development. Loans or services provided to or investments in CDFIs that in turn finance small businesses or small farms are now presumed to promote economic development.

On to slide 11. As we mentioned in the last slide, the agencies expanded the list of activities that reflect a primary purpose of community development by promoting economic development. The provisions of the original purpose test in Q&A .12(g)(3)-1 <u>did not change</u>. Examiners will consider activities that support permanent job creation, retention, and/or improvement for low- or moderate-income persons or in low- or moderate-income geographies or in areas targeted for redevelopment by federal, state, local, or tribal government. The bullet point format emphasizes that these provisions stand alone. Note that only one of the examples in the final Q&A explicitly refers to permanent job creation, retention, and/or improvement for low- or moderate-income persons.

The agencies also encourage activities that promote economic development through opportunities for low- and moderate-income individuals to obtain higher wage jobs, such as through private industry collaborations with workforce development programs for an unemployed person. To that end, the Q&A clarifies that examiners will consider the qualitative aspects as performance related to all activities that promote economic development. In particular, activities will be considered more responsive to community needs if the majority of jobs created, retained, and/or improved benefit low- or moderate-income individuals.

The agencies also added three new types of activities that promote economic development. In the first new example, examiners will consider activities that support permanent job creation, retention, and/or improvement by financing intermediaries that lend to, invest in, or provide technical assistance to startups or recently-formed small businesses or small farms. The preamble to the Qs and As note that this example applies to loans to, investments in, or services provided to intermediaries that, in turn, lend to, invest in, or provide technical assistance to small businesses or small farms.

The second new example relates to job creation, retention, and/or improvement through activities that support technical assistance or supportive services for small businesses or farms. The Q&A lists shared workspaces, technology, and administrative assistance as examples of supportive services. The agencies included both of these examples in an effort to 1) recognize the impact small businesses have on job creation in general, and to 2) address industry concerns that activities in support of intermediary lenders or other service providers, such as business incubators that lend to startup businesses help businesses become bankable and sustainable, have not always been considered to meet the purpose test in the past.

The last example of a type of activity that is considered to promote economic development refers to federal, state, local, or tribal economic development initiatives that include provisions for creating or improving access by low- or moderate-income persons to jobs or job training or workforce development programs. This example was included to recognize that these types of initiatives are closely related to job creation, retention, and/or improvement for low- or moderate-income individuals.

Please move to slide 12. In revising the Q&A, a statement was added to the Q&A to make clear that examiners will consider any information an institution provides that reasonably demonstrates an activity meets the purpose test. Q&A .12(g)(2)-1 provides examples of ways in which an institution could determine that community development activities, including economic development, are targeted to low- or moderate-income individuals. The example explains that readily available data on the average wage for workers in a particular occupation or industry could be useful when determining whether an activity promotes economic development. For example, we could use income data from the Bureau of Labor Statistics (BLS), by occupation, to determine whether the activity targets low- or moderate-income individuals.

Moving to slide 13. Let's talk now about how the Q&A applies. To demonstrate whether an activity helps to promote economic development, the bank must first determine whether the activity involves financing small businesses or small farms that meet the size test. Financing could be direct – in the form of a loan to a business that is not considered under the retail lending test. Any loan to a for-profit small business in an amount less than $1 million would be considered under the retail lending test unless the loan is made by an intermediate small bank. An intermediate small bank can elect to have small business loans that have a community development purpose considered either under the retail lending test or the community development test. Other examples of direct financing include an investment in, or grant to, a nonprofit intermediary that meet the size requirements stated in the regulations. Or, financing could be indirect through a loan to, investment in, or service provided to a nonprofit that in turn finances businesses or farms that meet the size test.

Turning to slide 14. To meet the second test, the purpose test, a bank must be able to demonstrate that the activity has a primary purpose consistent with activities listed in the Q&A that promote economic development. For example, a bank might provide a copy of a written agreement between a borrower and a local tax authority that states the borrower must create a specific number of jobs in return for the stated tax incentive. The jobs could be located in a low- or moderate-income area, or in an area targeted for redevelopment by federal, state, local, or tribal government, or the jobs could be targeted to low- or moderate-income workers.

To demonstrate job improvement, the bank might provide evidence that a loan supports a business that actively solicits and hires graduates from a local workforce development program targeted to LMI or unemployed persons.

Moving to slide 15. Our third example relates to job retention. In order to demonstrate a loan or investment helps to retain jobs, the bank must first determine whether the jobs were actually at risk of loss. For example, does the loan help a business rebuild in the same location rather than move to a different location outside the area after suffering damage from a flood, or does the loan provide financing needed to renovate an existing facility and prevent the business from moving to a new facility outside the area?

On to slide 16. The agencies are also amending existing Q&A .12(g)-1, which explains that community development activities are not limited solely to those that promote economic development, and Q&A .12(g)-4, which provides examples of qualified investments, to clarify that activities related to workforce development or job training programs for low- or moderate-income or unemployed persons are considered qualified community development activities. I'll now turn the presentation back to Kim, who will cover two other Q&A's the agencies revised that provide examples of activities that have a primary purpose of community development, beginning on slide 17.

Kimberly Hebb - OCC

Thank you, Vonda. The definition of community development includes activities that revitalize or stabilize underserved, nonmetropolitan, middle-income geographies. The CRA regulations go on to explain that activities revitalize or stabilize these geographies if they help meet essential community needs, including the needs of LMI individuals. Prior to, and following the revisions, Q&A .12(g)(4)(iii)-4 clarifies that financing for the construction, expansion, improvement, maintenance, or operation of essential infrastructure may qualify for consideration. To help demonstrate that point, this Q&A was revised to add a new example of an activity related to a new or rehabilitated communication infrastructure.

The agencies recognize that the availability of a reliable communications infrastructure, such as broadband Internet services, is important in helping to revitalize or stabilize underserved, nonmetropolitan, middle-income geographies. Reliable communications infrastructures are also increasingly important to improve access to alternative systems of delivering retail banking services, which require reliable access to broadband. Such services include mobile banking, remote deposit capture, and online banking.

Turning to slide 18. On a related note, a few commenters requested that the agencies clarify that the list of examples included in Q&A .12(g)(4)(iii)-4 is not exhaustive. In response to these comments, the agencies are adopting new Q&A .12(g)-4. This new Q&A explains that examples included throughout the Qs and As are not exhaustive. They are provided to illustrate the types of activities that may qualify for consideration under a particular provision of the regulations. Again, we want to emphasize that the examples that are expressly provided are not the only activities that might receive CRA consideration.

New Q&A .12(g)-4 explains that if a financial institution can demonstrate that an activity it has undertaken under one provision of the regulation has a primary purpose of community development, for example, a qualified investment, and that activity meets the relevant geographic requirement, a financial institution may receive the same consideration as it would for a loan or service that serves a similar community development purpose. In this case, the agencies were asked to include the example pertaining to a new or rehabilitated communications infrastructure as an example to other Q&A's.

Instead, the agencies believe that the new Q&A .12(g)-4 provides guidance as to whether a new or rehabilitated communications infrastructure might receive CRA consideration in other contexts. The agencies do not believe it is necessary to add the same example to any other Q&As.

Turning to slide 19. The agencies also revised Q&A .12(h)-1 to add a new example of a qualified community development loan, defined in the CRA regulations to mean a loan that has community development as its primary purpose. The new Q&A example describes loans to borrowers to finance renewable energy, energy efficient, or water conservation equipment, or projects that support the development, rehabilitation, improvement, or maintenance of affordable housing or a community facility such as a health clinic that provides services for low- or moderate-income individuals. The agencies note that the rehabilitation and construction of affordable housing or community facilities may include actions to correct, abate, or remediate environmental hazards such as lead-based paint, asbestos, mold, or radon that are present in the housing, facilities, or sites.

Additionally, to have a primary purpose of community development, a loan must provide a discernable benefit to LMI individuals, either directly or through activities that help to reduce costs or maintain or achieve affordability. For example, activities may reduce a tenant's utility costs or reduce the cost of providing utilities to common areas in an affordable housing development. To demonstrate that activities benefit LMI residents, an institution may provide a copy of the contractual agreement, such as a lease, power purchase agreement, or energy service contract, that allocates energy or otherwise reduces energy costs to benefit affordable housing or a community facility that serves LMI individuals.

The Q&A also explains that as long as the benefit from the energy generated is provided to an affordable housing project, or a community facility that has a community development purpose, a renewable energy facility may be located offsite or onsite. For example, a community scale project or microgrid renewable energy facility may be located offsite, while solar panels may be mounted on the main building or on adjoining carports. Another example of a community development activity is a loan to replace old energy-draining appliances in an affordable housing complex with new energy efficient appliances that will reduce utility costs for tenants.

Let's move on now to slide 20 and turn it over to Patience for a discussion of revisions and additions related to evaluating retail and community development services.

Patience Singleton - FDIC

Thank you, Kim. As you see on this slide, the agencies revised four and added three new Q&As addressing service test-related topics. The following slides address each provision and the new Q&As in more detail.

Let's begin the discussion of the service test with the three Q&As listed on slide 21, which are intended to help examiners distinguish between retail banking services and CD services. As you know, banking services are an important component of community reinvestment. Under the CRA regulations, examiners evaluate large bank service test performance under two prongs: retail banking services and community development services. For intermediate small banks (ISB), community development services are evaluated under the CD test. ISBs may also receive consideration for retail services that are targeted to or primarily serve low- and moderate-income individuals. The CRA regulations define a CD service as a service that 1) has as its primary purpose CD; 2) is related to the provision of financial services; and 3) has not been considered in the evaluation of the institution's retail banking services under 12 CFR .24(d).

There is no corresponding definition of retail banking services; however, the regulation mentions the evaluation of bank branches, the availability and effectiveness of alternative delivery systems for delivering retail banking services, and the range of services provided through traditional and alternative delivery systems. The agencies have heard over the years and in response to the proposed Q&A revisions that examiners have sometimes been inconsistent in how they evaluate retail services versus community development services under the large institution service test. These three new and revised Q&As are intended to provide clarity and reduce uncertainty regarding how community development services and retail services that benefit low- or moderate-income individuals are evaluated.

Moving on to slide 22. First, the agencies adopted Q&A .24(a)-1 to more clearly explain how examiners evaluate retail banking services and community development services under the large institution service test. Q&A .24(a)-1 lists the factors examiners consider when evaluating retail banking services versus CD services. It also includes examples of retail banking services that were previously listed in the Qs and As as examples of CD services.

Moving on to slide 23. When evaluating retail banking services, examiners consider the availability and the effectiveness of an institution's system for delivering retail banking services, particularly in LMI geographies and to LMI individuals; the range of services provided to low, moderate, middle, and upper income geographies; and the degree to which services are tailored to meet the needs of those geographies. In contrast, when evaluating CD services, examiners consider the extent to which the institution provides such services and their innovativeness and responsiveness to community needs.

The Q&A also instructs examiners to consider any information provided by the institution that demonstrates responsiveness to LMI individuals for CD needs. In drafting this Q&A, the agencies declined to specify the types of information institutions may collect or maintain to demonstrate the responsiveness of a CD service because of a concern that some examiners and bankers may view the examples as required or the only acceptable options.

On slide 24, as we mentioned earlier, new Q&A .24(a)-1 also provides examples of retail banking services. These examples were removed from Q&A .12(i)-3, which provides examples of community development services. As a result, the new Q&A is intended to clearly differentiate retail banking services that benefit low- and moderate-income individuals from CD services. Q&A .24(a)-1 lists, for the first time, examples of retail banking services that improve access to financial services or decrease costs for an LMI individual. The examples include:

- Low-cost deposit accounts,
- Electronic benefit transfer accounts and point of sale terminal systems,
- Individual development accounts,
- Free or low-cost government, payroll, or other check cashing services, and
- Reasonably priced international remittance services.

Moving on to slide 25. As previously mentioned, the agencies revised Q&A .12(i)-3 by deleting examples of retail banking services. Prior to this change, five of the 11 examples in Q&A 12(i)-3 related to branch delivery systems or retail products or services. They included providing financial services to low- and moderate-income individuals and branches, providing electronic benefit transfer and point of sale terminal systems, and providing low-cost savings or checking accounts. Some examiners were considering these services under the retail portion of the service test, while others were considering them under the CD portion of the service test.

Let's move to slide 26. Retail banking services are generally not considered under the intermediate small bank performance criteria unless they are responsive to the needs of LMI individuals. The agencies made conforming revisions to Q&A .26(c)(3)-1 to clarify that retail services that increase access by or reduce costs for LMI individuals or geographies may be considered when evaluating CD services for intermediate small institutions. This Q&A also clarifies that providing services through branches to LMI individuals in designated disaster areas or distressed or underserved nonmetropolitan middle-income areas may also receive consideration under the ISB CD test, and includes a cross-reference to Q&A .12(i)-3, which provides examples of CD services.

I will now turn it over to Cathy who will discuss other elements of the large bank service test beginning on slide 27.

Cathy Gates – Board of Governors

Thank you, Patience. So let's turn our attention to other provisions of the service test. The agencies revised two existing Q&As and added one new Q&A to clarify how we evaluate the availability and effectiveness of retail banking services.

Moving to slide 28. Through the large bank service test, examiners consider the distribution of a bank's branches across geographies of different incomes as well as the bank's alternative systems for delivering retail banking services. Q&A .24(d)-1 answers the question: how do examiners evaluate the availability and effectiveness of an institution's system for delivering retail banking services? The agencies originally proposed to delete the phrase "performance standard placed primary emphasis on full service branches" from this Q&A. However, in response to commenters’ concerns, the agencies determined the Q&A would remain largely intact, with only a minor revision to remove ATMs as the only example of an alternative system for delivering retail banking services.

This change acknowledges that financial institutions utilize many other alternative delivery channels. Subsequent Q&As provide a more detailed discussion of how alternative systems for delivering retail services should be analyzed. The agencies' decision recognizes that branches are an important means of serving low- and moderate-income communities. Revisions to other Q&As emphasize that technology offering effective ways to serve low- and moderate-income individuals should be appropriately recognized.

On slide 29, you can see that Q&A .24(d)(3)-1 provides guidance to examiners on how to evaluate the availability and effectiveness of alternative delivery systems in the context of the retail service test. Alternative delivery systems are non-branch mechanisms for delivering deposit and loan products. Examples are online banking and mobile access. The agencies revised this Q&A to add factors that examiners may consider when determining the availability and effectiveness of such alternative systems in reaching low- and moderate-income individuals and geographies.

For example, if a bank introduces a smartphone banking application, the examiners should consider: Can the phone app be easily downloaded and installed to a customer's phone, and is cell phone coverage across the assessment area sufficient to facilitate use of the product? Are there fees to purchase the application or to use bill pay, transfer funds, or make deposits that are different from other systems? Does the app provide a narrow range of services such as balance verification, or a broader range, including bill pay, transfers, and remote deposits? Is the app easy to use--compared to other systems--to check balances, pay bills, transfer funds, or make deposits? What proportion of customers, particularly low- or moderate-income, has installed the phone app, and how routinely do they use it compared to other systems? Is the app readily available to customers without significant interruptions in service?

Turning to slide 30, the agencies are also adopting new Q&A .24(d)(4)-1, which addresses how examiners evaluate whether retail services are tailored to meet the needs of geographies of different income levels. The new Q&A makes it clear that, in addition to evaluating the range of services provided in low-, moderate-, middle-, and upper-income geographies, examiners review the degree to which the services are tailored to meet the needs of these geographies. The new Q&A also describes the type of information examiners may consider when evaluating whether retail services, such as a savings or checking account or a loan product, are tailored to meet the needs of geographies of different income levels, particularly low- and moderate-income geographies.

The Q&A states that examiners will review both information from a bank's public file and other information the bank provides on the range of services offered and how the services are tailored to meet the particular needs of low- and moderate-income geographies. The bank's public file includes a list of services offered at branches, including their hours of operation, information on available loan and deposit products, transaction fees, and descriptions, where applicable, of material differences in the availability or cost of services at particular branches.

Other information that may be provided by banks for consideration include data regarding cost to the customer and features of loan and deposit products, information on account usage and retention, the geographic location of account holders, the availability of information in languages other than English, and any other relevant information demonstrating that the bank services are tailored to meet the needs of its customers in the various geographies and in its assessment areas.

This new guidance clarifies that examiners will not evaluate only the range of services provided, but will also consider any other information the institution provides that demonstrates its services are tailored to meet the needs of customers in geographies of different income levels throughout its assessment areas.

Moving to slide 31. Another new Q&A, .24(e)-2, was adopted to clarify how CD services are evaluated from both quantitative and qualitative perspectives. The new Q&A is in response to concerns that qualitative factors, such as whether community development services are effective or responsive to community needs has sometimes received inadequate consideration in the evaluation process.

On slide 32, the Q&A explains that in trying to quantify the level of community development services provided in a particular assessment area, examiners should consider a variety of factors rather than a single quantitative factor, such as the number of hours that banks or their employees have engaged in a particular community development service. Additional examples of quantitative measures, while not exhaustive, includes: the number of low- and moderate-income individuals participating in a community development service, the number of organizations served by a community development activity, and the number of sessions of a community development service activity.

To address commenters concerns that qualitative factors sometimes received inadequate consideration, the final Q&A explicitly states that examiners will consider community development services qualitatively by assessing the degree to which those services are effective and responsive to community needs. Examiners will consider any relevant information provided by the institution or from a third party to assess the extent, effectiveness, and responsiveness of community development services.

I'll turn to Patience now to discuss responsiveness on slide 33.

Patience Singleton - FDIC

Thank you, Cathy. The concept of responsiveness is utilized throughout the CRA regulations and CRA Q&As, and is applicable to all covered institutions. Generally, the CRA regulations and guidance promote an institution's responsiveness to credit and CD needs by providing that the greater an institution's responsiveness to those needs in its assessment areas, the higher the CRA rating that is assigned to individual tests or the bank overall. The CRA Q&As address responsiveness in various contexts. For example, Q&A .21(a)-2 explains that responsiveness is meant to lend a qualitative element to the ratings system, while other Q&As such as .12(g)(4)(ii)-2 state that examiners should give more weight to those activities that are more responsive to community needs, including the needs of LMI individuals and geographies.

A new Q&A, .21(a)-3, was adopted to provide general guidance on how examiners evaluate whether a financial institution has been responsive to credit and community development needs. In an effort to clarify the many aspects of responsiveness, the Q&A first identifies and then provides examples of three important factors that examiners consider when evaluating responsiveness. They are: quantity, quality, and performance context.

- Quantity refers to the volume and type of activities, such as retail and community development, loans, and services, and qualified investments.
- The qualitative aspects include factors that help put the quantitative factors into context. For example, does the activity require special expertise or effort on the part of the institution? Was it effective or successful in meeting an identified need of the community? Size is not a determinant when reviewing the quality of a loan or investment. In some cases, a smaller loan or investment may be of more benefit to a community than a larger loan or investment if it was successful in meeting an identified credit or community need.
- As with all aspects of CRA, examiners will evaluate the responsiveness of a bank's activities to credit and community development needs with respect to the institution's performance context. Examiners will consider the institution's capacity, its business strategy, and the needs of the community, and the opportunities for lending, investments, and services in the community. Information about credit and CD needs and opportunities is available from many sources, several of which are identified in the Q&A:
    1. Demographic and other information compiled by local, state, and federal government entities;
    2. Public comments received by the agency, for example, in response to its publication of a planned examination schedule;
    3. Information from community leaders or organizations;
    4. Studies and reports from academic institutions and other research bodies;
    5. Consumer complaint information; and
    6. Any relevant information the bank maintains in its ordinary course of business and provides to examiners.

Responsiveness is also discussed as a key consideration when an institution plans to engage in community development activities that benefit areas outside of its assessment area. Specifically, Q&A .12(a)-6 states that an institution will receive consideration for activities that benefit geographies or individuals located somewhere within a broader statewide or regional area that includes the institution's assessment areas, even if they will not benefit the institution's assessment areas, as long as the institution has been responsive to the community development needs and opportunities in its assessment areas.

I will now turn it over to Kim to discuss the concept of innovativeness.

Kimberly Hebb - OCC

Thank you, Patience. Please move to slide 34. Innovativeness is a qualitative concept examiners consider when evaluating a large bank's or a wholesale or limited purpose bank's performance under CRA. The CRA regulations provide that examiners assess a large bank's performance by considering, among other things, an institution's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Examiners also consider innovativeness when assessing a large bank's or a wholesale or limited purpose bank's performance related to qualified investments and community development services.

New Q&A .21(a)-4 states that all innovative practices or activities will be considered when an institution implements meaningful improvements to products, services, or delivery systems that respond more effectively to customer and community needs, particularly those segments identified in the definition of community development. Innovative activities are especially meaningful when they emphasize serving low- or moderate-income consumers or geographies or distressed or underserved nonmetropolitan middle-income geographies in new or more effective ways.

Products, services, or delivery systems that are already provided in the assessment area by other institutions may be considered innovative when they are introduced to customers or segments of the bank's community not previously served by the bank that is not a leader in innovation due, for example, to a lack of financial resources or technological expertise. Examiners should also keep in mind that even if a practice doesn't seem to be innovative, it may still receive qualitative consideration for being flexible, complex, or responsive. More importantly, banks should not innovate simply to meet this criterion of the applicable test, especially if the bank's existing products, services, or delivery systems effectively address the needs of all segments of their community.

Please turn to slide 35. The last provision we will cover today applies to Q&A .22(b)(5)-1, which provides examples that illustrate the range of practices that examiners may consider when evaluating the innovativeness or flexibility of an institution's lending practices. The revisions to this Q&A make clear that although many banks have used innovative or flexible lending practices to customize loans to their customers' specific needs in a safe and sound manner, such practices are not required to obtain a specific CRA rating. In addition, the revisions include two new examples of innovative or flexible loan practices.

The first example describes a small dollar loan program with reasonable terms and offered in a safe and sound manner, including the evaluation of an individual's ability to repay, that incorporates outreach efforts or financial counseling targeted to low- or moderate-income individuals or communities. Specifically, a bank's effort to encourage the availability, awareness, and use of a small dollar loan program may be considered as an innovative practice and the terms of the small dollar product may be considered a flexible lending practice to the extent that either or both elements augment the success and effectiveness of the lending program.

The second example describes the establishment of underwriting standards that utilize alternative credit histories, such as utility or rent payments, in an effort to evaluate low- or moderate-income individuals who lack sufficient conventional credit history and who would be denied credit under the bank's traditional underwriting standards as an innovative and/or flexible lending practice that augments the success of the program.

And finally, the next two slides contain some useful references and some common acronyms. Now I'm going to turn it back over to Amy.

Amy Vaughn – Facilitator

Thank you. Thanks for all of your input on this topic. It has been great. So now we are going to take your questions, so if you are in the Webinar, you will see that we are on slide 37. The best way to get your question in is to use the "Ask Question" button in the Webinar. Go ahead and type your question and submit it there. We have received a lot of questions over this last hour, so we do have a lot on deck, and we are going to get started with those. Kim, if you could take the first question.

Kimberly Hebb: Sure. As Amy said, we did have a lot. I will go ahead and start with the first one:

Question #1: Under the economic development prong of community development, is there a requirement that activities that benefit areas targeted for redevelopment must benefit LMI individuals or LMI areas consistent with the focus of CRA?

The answer is no. The regulation is broader than LMI individuals and areas. In fact, only one of the examples in the Q&A explicitly refers to permanent job creation, retention, or improvement for low- or moderate-income persons. The prong of the CD definition about economic development recognizes the important role small businesses and small farms have in economic development, as well as government's role in identifying areas that are in need of economic development. Therefore, activities that finance small businesses and small farms not considered under the retail lending test are considered. That said, agencies encourage activities that promote economic development through opportunities for low- and moderate-income individuals to obtain high wage jobs and the Q&A clarifies that examiners will consider the qualitative aspects of performance related to all activities that promote economic development. In particular, activities will be considered more responsive to community needs if a majority of jobs created, retained, and/or improved benefit LMI individuals.

Cathy Gates: The next question is:

Question #2: What are the requirements for mortgage backed securities to be eligible for CRA credit as a qualified investment? Is there any additional benefit if the properties are located in a high minority census tract?

As a general rule, mortgage backed securities and municipal bonds are not qualified investments because they do not have as their primary purpose community development as defined in the CRA regulations. Nonetheless, mortgage backed securities or municipal bonds designed primarily to finance community development generally are qualified investments. For example, if the majority of loans in a mortgage backed security support affordable housing for low- and moderate-income individuals, the mortgage backed security will qualify as a community development activity. Further, the more affordable housing supported by the mortgage backed security, the greater the qualitative consideration that will be given.

Note that consideration is provided because the underlying loan supports the provision of affordable housing for low- and moderate- income individuals, which falls within the community development definition. The community development definition does not have a prong for simply providing affordable housing in low- and moderate-income census tracts or in high minority census tracts without a connection to low- and moderate-income individuals. Therefore, there will not be additional consideration for mortgage backed securities based on location alone.

That said, municipal bonds and other securities do not need to have a housing-related purpose to have a primary purpose of community development. For example, a bond to fund a community facility or parks or to provide sewage services as part of a plan to redevelop a low-income neighborhood is a qualified investment that will also be considered. Certain bonds in underserved, nonmetropolitan, middle income geographies may also be qualified investments. Housing-related bonds or securities must primarily address affordable housing, including local family or rental housing needs of low- or moderate-income individuals in order to qualify. And, for references, you can take a look at Q&As .12(g)(4)(iii) – 3, -4, and .23(b) – 2.

Vonda Eanes: Okay, thanks, Cathy. The next question:

Question #3: A bank makes a working capital loan of $1.2 million to a for-profit business located in a low-income geography to support seasonal cash flow needs. The bank contends the loan helps to retain jobs because if the loan were not made, the jobs would be lost. Does this qualify as a community development loan? It supports economic development by retaining jobs.

And the answer is, as presented, no. The CRA requires examiners and bankers to differentiate between loans that support ordinary business operations and loans that support community development activity. This example presents two issues: One, the bank reasons that the jobs would be lost because the business would not continue if not for the bank's loan. The CRA requires that activities are conducted in a manner consistent with safe and sound banking operations. A loan to a business on the brink of closure would not meet that standard. Two, as we mentioned in the presentation, to retain jobs means to keep jobs that would otherwise be lost. For example, jobs may be lost if a business located in a moderate-income geography is forced to relocate because its lease is expired. A loan that allows the business to relocate to a new location in the same neighborhood would help to retain jobs that would otherwise be lost. In this example, the working capital loan to a for-profit business is not considered to have a primary purpose of community development. However, if the scenario was changed to a working capital loan to a nonprofit community development organization, the loan may be considered because the organization in and of itself has the primary purpose of community development.

Patience Singleton: The next question:

Question #4: In the revision to the existing Q&A 12(g)(3)-1, the agencies noted that they were adopting the final Q&A with references to the activities that are considered to promote economic development. One example is activities that support permanent job creation, retention, and/or improvement by financing intermediaries that lend to, invest in, or provide technical assistance to startups or recently formed small businesses or small farms. The question is whether there is any guidance as to the definition of a startup or recently formed small business?

The answer is that there is no precise definition of what constitutes a startup or recently formed business. But the idea is to capture businesses that are not immediately prepared for, or qualified to engage in, traditional bank financing and to recognize the work done to help these small businesses become bankable and sustainable.

Kimberly Hebb: I will take the next one. So this question is:

Question #5: Do the CDFIs to which a financial institution lends, invests in, or provides services to, need to be located within the institution's CRA assessment area and, if not, does there need to be a direct benefit that the CDFI provides to the institution's assessment area?

The CDFI does not need to be located in the bank's assessment area, but it does need to provide loans, investments, or services in the bank's assessment area or the broader statewide or regional area that includes the bank's assessment area. The bank does not need to demonstrate a direct benefit to its assessment area provided that the CDFI serves the bank's assessment area or the broader statewide or regional area. For additional details on when these types of activities are considered in the broader statewide or regional area, you can refer to Q&A .12(h)-6 and Appendix A of the Large Institution Procedures.

Cathy Gates: This question is:

Question #6: Will intermediate small banks receive CRA consideration under the community development test for investing in low-income housing tax credit properties located in designated disaster areas?

The answer to this question would depend on the location of the institution and the low-income housing tax credit investment. So it's another location question. As with other institutions, an intermediate small bank's activity is considered a community development activity if its coverage area benefits the institution's assessment area or benefits an area that is larger than, but includes the institution's assessment area. In addition, if the bank has been responsive to its assessment areas' community development needs, and opportunities, other activities that benefit geographies or individuals located somewhere within a broader statewide or regional area that includes the institution's assessment area will be considered, even if they will not benefit the institution's assessment areas. You can refer to Q&A .12(h)-6 on that.

And, finally, a bank's activities undertaken in cooperation with minority or woman-owned financial institutions and low-income credit unions, also known as MWLIs, are considered as long as these activities help meet the credit needs of local communities in which the MWLI is chartered, even if the MWLI's community is not in the bank's assessment area or the broader statewide or regional area that includes the bank's assessment area.

Vonda Eanes: Okay. So we have four questions in one.

Question #7: What is the industry best practice in documenting a community development loan that either created jobs or retained jobs? What information is the regulator looking for to substantiate this? Do we need to know where the employees live, their tax status, family status? And finally, how far do we need to go to get credit?

The short answer is, it is not necessary to provide information on where employees live, their tax status, or their family status. Q&A .12(g)(3)-1 states that examiners will employ appropriate flexibility in reviewing any information the bank provides that reasonably demonstrates the purpose, mandate, or function of the activity meets the purpose test. For example, a credit memorandum or an investment prospectus related to the project could include details such as how the jobs will be created, retained, or improved, the number of jobs created, retained, or improved, where the project is located, whether it's in a low- or moderate-income geography, or an area targeted for redevelopment by federal, state, local, or tribal government, or other information. It could include job wage levels, or whether the business or businesses will recruit from or target local residents, or hire employees from workforce development programs targeted to low- or moderate-income or unemployed persons.

Patience Singleton: Thank you. The next question is:

Question #8: We are a bank primarily located outside of an MSA in a small town. But we have a small presence in an MSA by virtue of an acquisition. The bank that we acquired didn't do a lot of community development in the MSA, as it was evaluated under the small bank standard. Can you identify some good community development options for a rural bank that is evaluated under the ISB standard? As an alternative, can you identify where to look for some of these options?

The answer is that you may want to reach out to community organizations and government officials within the MSA to identify community development opportunities. Local business leaders may be another source of information. In addition, the bank should feel free to reach out to its examiner and/or the community development staff at its regulatory agency. Either your examiner can direct you to the community development staff, or you can find contact information on the agency's website.

Kimberly Hebb: So this next question is long, so bear with me here for a minute. It says:

Question #9: The regulation states that the performance criteria for the lending test under .22(b) are: 1) lending activity; 2) geographic distribution; 3) borrower characteristics; 4) community development lending; and 5) innovative or flexible lending practices. The regulation does not indicate that any one factor receives more or less consideration than another. In the 2013 Q&As, it was clarified that the institution's record of making community development loans may have a positive, neutral, or negative impact an institution's lending test rating. In the 2016 Q&As, it states that innovative or flexible lending practices are not required to obtain a specific CRA rating, and that the use of innovative lending practices may augment the consideration given, resulting in a higher performance rating. This appears to treat the two components differently, and could you please explain the rationale behind the different treatment?

Sure. Community development lending is quantifiable; it's a quantifiable consideration. So the number and dollar amount of the community development loans are considered in conjunction with the performance context. If the community has needs and opportunities and the bank has the ability, then one would expect to see the bank make a community development loan. On the other hand, innovative or flexible lending practices are not quantifiable. It's more a qualitative consideration. So as long as a bank is responsive to the credit needs of the community, it really doesn't matter whether the loans are innovative or flexible, but if they are, banks will receive consideration also for innovative or flexible lending practices.

Cathy Gates: Okay. I have three questions that are related:

Question #10: 1) Under what condition would a regulator move a rating based on alternative delivery systems? 2) Are alternative delivery systems considered to have more impact on the CRA service test than hours of operation? 3) Can alternative delivery systems increase a CRA service test rating by one level? For example, could they move a rating from a low sat to a high sat?

The answer is, possibly. CRA Q&A .24(d)-1 states that the service test performance standards placed primary emphasis on full service branches while still considering alternative delivery systems. Under the service test, alternative systems are considered, but only to the extent that they are effective alternatives in providing needed services to low- and moderate-income areas and individuals.

Vonda Eanes: Okay. I have a quick one:

Question #11: Q&A discussion on 12(g)(3)-1, do the intermediaries themselves that lend to, invest in, or provide technical assistance to startups or recently formed small businesses or small farms need to meet any specific size threshold?

The answer is, no. The purpose test does not impose requirements on intermediaries beyond the financing of small businesses or small farms.

Patience Singleton: All right, the next question is:

Question #12: In order to receive positive CRA consideration, will a financial institution that invests in a CDFI that provides financing to a startup tech company located in an LMI geography be required to track each of the startup companies being financed by this CDFI to ensure that the jobs being created by the startup are to LMI or unemployed individuals?

The answer is no. Investments in CDFIs are presumed to promote economic development and thus meet the purpose test. If the investment meets the geographic requirements discussed earlier, an investment in a CDFI that provided financing to a startup tech company would receive CRA consideration.

Kimberly Hebb: I have another CD lending question. It says:

Question #13: Please provide an example of when a bank may receive negative consideration for CD lending?

If a bank is located in a community with CD needs and opportunities and the bank has the capacity and business focus to meet some of those needs, but just doesn't, well, then the examiner should consider whether the bank's failure to provide loans should be considered negatively. Short and sweet.

Cathy Gates: And I have two questions here:

Question #14: For a small bank, what are the board reporting requirements?

If this question is about reporting requirements more generally, then small and intermediate small banks are not required to report small business or small farm data under the CRA regulation. If your bank would like to have an activity considered as the community development activity, it should provide sufficient information to show that the activity qualifies under the community development definition. If the question refers to reporting to a bank's board of directors, there are no requirements here either. However, an effective CRA program's best practice is to keep the board informed and involved to the extent practicable.

Question #15: Another related question – Is it still permissible to count director, officer, and employee time spent with local organizations that focus on low- and moderate-income components or investments that meet the community development definition, and low- and moderate-income and under the service test? So they say that they had heard that time spent by our directors with nonprofits that are geared to LMI programs and the director is on the service committee is not counted as a service.

The answer is that service by a bank employee, officer, or director that utilizes their expertise and are provided as a representative of the bank are considered. So here if the director is on the finance committee, we would expect that the director is using his or her financial skills and financial expertise on that board of directors, and therefore it would be considered as a community development service.

Vonda Eanes: Okay, so we have a question that was not related specifically to things we covered in this presentation, but are related to the revisions to the Q&As. There was a preamble discussion about historic tax credits, and there were a number of questions and comments regarding historic tax credits. This question was asked:

Question #16: Are activities related to projects that involve historic tax credits eligible for consideration under CRA?

And the answer, which is basically from our preamble discussion, states that in instances in which loans to or investments in projects that receive historic tax credits, meet the regulatory definition of community development (including the geographic restrictions) related to a facility that will house small businesses, which, in turn, will support permanent job creation, retention, or improvement for low- or moderate-income individuals, in low- or moderate-income areas, or in areas targeted for redevelopment by federal, state, local, or tribal government, may receive CRA consideration as promoting economic development.

A loan to or an investment in an historic tax credit project that will provide affordable housing or community services for low- or moderate-income individuals would meet the definition of community development as affordable housing or as a community service targeted to low- or moderate-income individuals, respectively. Similarly, loans to or investments in historic tax credit projects may also meet the definition of community development when the project revitalizes or stabilizes a low- or moderate-income geography, designated disaster area, or a designated distressed or underserved nonmetropolitan middle-income geography.

We note that greater weight will be given to those historic tax credit-related activities that are most responsive to community credit needs, including the needs of low- or moderate-income individuals or geography.

Patience Singleton: I have a short question and a short answer:

Question #17: I understand that both the size and purpose tests must be met to qualify as promote economic development. Is this correct?

The short answer is yes, this is correct.

Kimberly Hebb: I have a short one, also. So, the question is:

Question #18: Why has the Neighborhood Stabilization Program remained as a prong of community development if it sunset last year?

I would say kudos to whoever had this astute observation. The agencies will need to make a technical correction to the regulations to remove that prong as a definition, and you'll be happy to know that we are currently working to make that change.

Cathy Gates: The next question:

Question #19: Can a large bank have any of its retail small business loans or retail small farm loans considered as community development loans instead of a retail loan under the lending test or is this allowed only for an intermediate small bank?

This is allowed only for an intermediate small bank, not for a large bank (or any bank) evaluated under the lending, investment, and service tests.

Vonda Eanes: Okay, the next question:

Question #20: To qualify as economic development, does the loan have to meet both the size and purpose test? For example, is a loan to a business with gross annual revenues exceeding $1 million that creates permanent low- and moderate-income jobs in a low- or moderate-income geography qualified for CRA credit?

Our response is that a loan in an amount greater than $1 million that creates permanent jobs in a low- or moderate-income geography or that creates jobs for low- or moderate-income individuals may be considered a community development activity that promotes economic development if the small business meets the size eligibility standards of the Small Business Development Company or Small Business Investment Company programs. So, the answer is: the loan would need to meet both the size and purpose tests.

Patience Singleton: The question is:

Question #21: CD services must be related to financial services. What about small business development or community health services? These aren't financial services.

The answer is yes, the regulation requires CD services to be related to the provision of financial services. The provision of financial services includes providing services reflecting a financial institution’s employees’ area of expertise at the institution, which could also include human resources, information technology, and legal services. In the case of business development, the services provided may be financial in nature. With respect to community health, the same is true. If the bank or its employees provide services, such as accounting services or other technical assistance, to a community health center targeting low- or moderate-income individuals, those services would need to be related to the provision of financial services to receive consideration as CD services.

Kimberly Hebb: Okay, I have a three part question here. So the first part says:

Question #22: Do community development services under the service test have to involve housing or home ownership, or can it include small business development or other community help topics?

A community development service is a service that has a primary purpose of community development, is related to the provision of financial services, and has not been considered as a retail service. So, other than that, those are the key components of the definition. There aren't any restrictions or prohibitions about the type of service.

Another question is:

Question #23: What are the requirements for applicable service hours?

Again, pointing back to the definition that I just discussed, when you are looking at employee service hours, the first two criteria are the key. So, does it have a primary purpose of community development, and is it related to the provision of financial services?

The third part of this question is:

Question #24: What documentation regarding the cause or benefit or time or service provided by the bank is needed?

If you look at Q&A .12(i)-3, which provides examples of community development services, it provided a number of technical assistance examples that would involve employees' time. Additionally, Q&A .24(e)-2 gives examples of the quantitative factors that examiners might review, such as the number of participants, the number of organizations served, sessions sponsored, and employee hours worked. As to qualitative factors, examiners consider the community development service's responsiveness and innovativeness. So there is no specific documentation regarding the cause or benefit or the time or services provided by the bank, but examiners will consider any relevant information provided by the institution or a third party that would document the extent, innovativeness, or responsiveness of community development services.

Cathy Gates: Another question or two here:

Question #25: How would we know about the income level of global app users and how would it be expected that the bank evidence the impact to low- and moderate-income individuals that a mobile app has to customers? Would we be required to evidence income of those using the app?

For the answer to this question, look to Q&A .24(d)(3)-1. To determine whether an alternative delivery system is an available and effective means of providing retail banking services to low- and moderate-income individuals and geographies, we may consider any information that you provide us with that is helpful. We will consider a variety of factors that your institution has available, including information about the ease of access, the cost to the consumers, the range of services delivered, the ease of using the app, and the reliability of the system. So there's a lot that we can consider, and it is really the information that you have available to you or can get to help answer that question.

Kimberly Hebb: I'm going to jump in here real quick. This is Kim again. I have a related question to the one you just got. And it is:

Question #26: Is mobile banking considered an alternative delivery system, and are there stats available on mobile banking utilization by LMI individuals?

Mobile banking is considered an alternative delivery system. There have been studies performed by various organizations on mobile banking use, including the Federal Reserve Board and some of the Federal Reserve Banks. So we would encourage you to go and look for those studies online.

Vonda Eanes: Okay, thanks, Kim. I've got two questions that are somewhat related, so we're going to read the questions and then kind of combine our answers to them. So the first is:

Question #27: What is the basis for determining if a customer is low- or moderate-income? Is it based on customer zip code or some other identifiable criteria? And how will the bank demonstrate that the activity affects low- or moderate-income individuals without GMI or government monitoring information?

Whether a customer's stated income is low or moderate is based on income levels for individuals that are calculated annually using geographic definitions from the Office of Management and Budget, income data from the American Community Survey or ACS, through the Census Bureau, and the Consumer Price Index from the Congressional Budget Office. But a bank doesn't need to look at all of those sources. There is information about individual median family income data for metropolitan statistical areas and statewide nonmetropolitan areas available on the FFIEC website. You can find that on the CRA page.

Q&A 12(g)(2)-1 also provides some examples of how a bank might demonstrate benefits to low- or moderate-income individuals. For instance, if the activity is targeted to clients of a nonprofit servicing low- or moderate-income individuals, if the activity is conducted in a low- or moderate-income area, if the activity is a clearly defined program that benefits primarily low- or moderate-income individuals or families, or if it's offered in a workplace to workers who are low or moderate income.

Patience Singleton: This question is related to Q&A .22(b)(5)-1.

Question #28: Please clarify, since innovative or flexible lending practices are not required to achieve a specific rating, are examiners meant to consider these practices simply to provide commentary in the CRA performance evaluation?

Although innovative or flexible lending practices are not required to achieve a specific rating, these practices may augment the consideration given to an institution's performance under the qualitative criteria of the regulation, resulting in a higher performance rating.

Kimberly Hebb: Okay. So this question is:

Question #29: Can a small business loan be considered under both small business loans and community development loans for an ISB?

If the small business loan meets the definition of community development, that is it meets both the size and purpose test, it could be considered as a community development loan. However, one loan cannot be counted as both a small business loan and a community development loan.

Cathy Gates: The question is:

Question #30: Can data be used to show jobs are being created for low- and moderate-income individuals?

Banks may have different types of documentation showing that a community development activity promotes economic development. This information may be included in the prospectus for an investment or a bank may use readily available data for the average wage for workers in a particular occupation or industry, such as North American Industry Classification Systems, or NAICS, or the Bureau of Labor and Statistics data, or BLS data.

Vonda Eanes: Okay. So the question is a community development services question.

Question #31: If the service is being conducted in a low- or moderate-income census tract and verified by the geocode, can it be reasonably assumed that the service itself was targeted to low- or moderate-income individuals and therefore the institution should present the service during an exam?

If the CD service is conducted in a low- or moderate-income area and is targeted to the residents of the area, the bank could assume that the service is targeted to LMI individuals.

Patience Singleton: Next question:

Question #31: Is there a quantitative guideline on how much or what percent of qualified investments need to be innovative or complex?

The answer is no. There is no requirement that any qualified investments must be complex or innovative. A bank can be responsive to its community's needs with investments that address those needs but that are neither innovative nor complex.

Kimberly Hebb: Okay, so I have another short one here. The question is:

Question #32: Our branches regularly conduct fund raising events for community food pantries, can the employee's time spent on these activities count towards CRA volunteer time?

The answer is no. The regulations states that community development services must be related to the provision of financial services. So for additional examples of CD services, you can also refer to Q&A .12(i)-3.

Vonda Eanes: I think we have two more to cover. So the question, and this is just a great general question.

Question #33: When looking at the Q&A responses, what is the statute prefix that is omitted on the screens? We see the suffix as an underscore dot 22(a)-4.

That actually refers to the regulation. The OCC, the Federal Reserve, and the FDIC each have its own regulation in a different part of the Code of Federal Regulations. So the Q&As apply to all three agencies, and we use that placeholder in place of putting all three of the regulation cites.

Patience Singleton: And I think this may be the last question, and it relates to the Q&A on revitalizing or stabilizing underserved, nonmetropolitan middle-income geographies.

Question #34: Broadband is included as an example of revitalizing and stabilizing nonmetropolitan middle-income areas. But access to broadband is also important for LMI individuals and in LMI areas. Why isn't this example included as an example of an activity that can revitalize LMI areas?

The answer is, as noted in the presentation, Q&A .12(g)-4 explains that examples included in the Q&As are not exhaustive and that the guidance in one Q&A can be applied to other situations, as appropriate. This would be one such case.

Vonda Eanes: And that's all we have for questions at this point.

Amy Vaughn: Okay, thank you very much. For everyone still with us, I wanted to let you know that we did send out a survey e-mail in the middle of the session, so you should have got an e-mail with the link to the survey. We do appreciate your feedback, so if you could take just a moment to fill that out, we do read all of the comments. So, thank you for doing that.

I'd also like to thank you for joining us today, and a special thanks to our presenters, Cathy, Patience, Vonda, and Kimberly, and all of the Outlook Live team for their time, as well, in putting this together.

And as a quick reminder, remember to check out our website, www.consumercomplaintsoutlook.org for the archive of this call and for more information on upcoming sessions. Have a great day everyone. We will talk to you next time.

(END OF RECORDING)