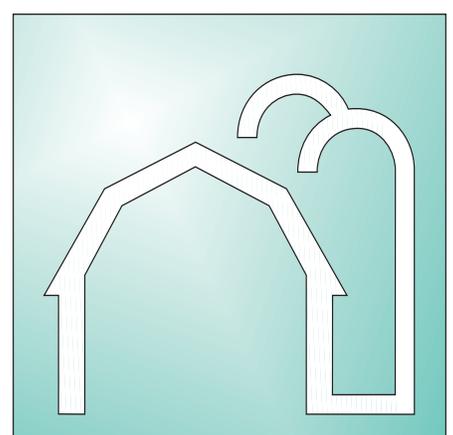
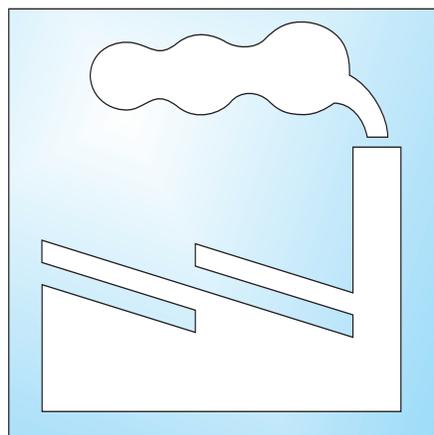
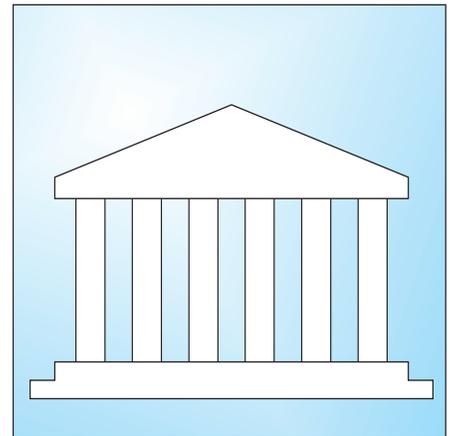
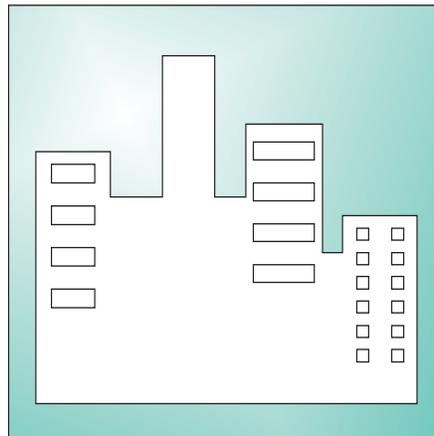


A Guide to CRA Data Collection and Reporting

Federal Financial Institutions
Examination Council

 January 2001



This user's guide was prepared by



CRA/HMDA Systems
Information Technology
Board of Governors of the Federal Reserve System

for the

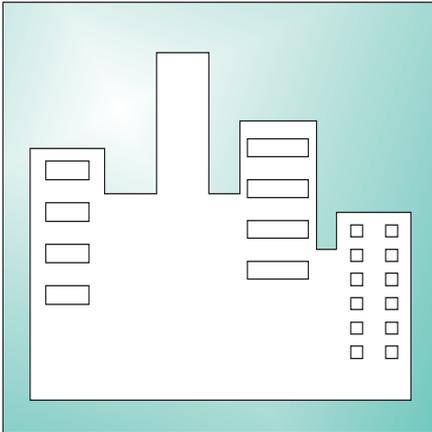


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Contents

Foreword	4
Executive Summary: Compliance Responsibilities	5
Purpose of CRA	5
Who Must Report	5
When to Report	5
Reporting Requirements	6
File Specifications and Edit Validations	6
Collecting the Data	8
Composite Loan Data	8
Other Loan Data	14
Consumer Loans	14
Reporting the Data	16
Reporting Tools	16
Internet Resources	19
Data Automation Cycle	19
Public Availability of Data	22
Glossary	23
Appendix A— Regulation BB: Community Reinvestment	26
Appendix B— Schedule RC-C, Part II. Loans to Small Businesses and Small Farms	46
General Instructions	46
Loans to Small Businesses	49
Agricultural Loans to Small Farms	52
Examples of Reporting in Schedule RC-C, Part II	54
Appendix C— Thrift Financial Report Instruction Manual and Form	60
Loans to Small Businesses and Small Farms	60
Appendix D— U.S. Bureau of the Census Regional Offices	64

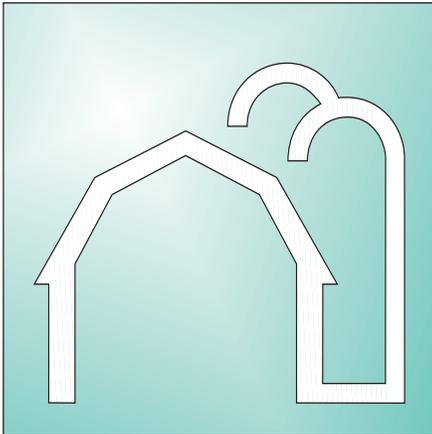
Foreword



In response to numerous requests and inquiries, the Federal Financial Institutions Examination Council (FFIEC) has developed this guide for Community Reinvestment Act (CRA) data reporters. Data collection, maintenance, and reporting are important aspects of large-institution evaluations under CRA. This guide can be used as a resource when collecting and maintaining data, creating a submission, and posting lending data in the CRA public file. It is designed to reduce burden on the approximately 2,000 financial institutions subject to the reporting requirements of the CRA regulations.

Users of this guide should be aware of its limitations. It relates only to the collection, maintenance, and reporting of small-business and small-farm loan data and to the collection, maintenance, and reporting (as applicable) of other loan data (except data on home mortgage loans) that may be considered during CRA evaluations. Although this guide addresses many issues relating to these matters, new issues arise often; they should be directed to the CRA Assistance Line at (202) 872-7584 or crahelp@frb.gov. Use of this guide is not a substitute for familiarity with the CRA regulations and the interagency questions and answers (Qs&As) that interpret those regulations. The regulations and Qs&As may be revised from time to time, and you should consult them to determine whether this edition of the guide reflects the most recent revisions. Both are available on the FFIEC's Internet site at www.ffiec.gov/cra.

Executive Summary: Compliance Responsibilities



Purpose of CRA

The Community Reinvestment Act of 1977 (CRA) is implemented by regulations of the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) (collectively, the agencies) in 12 CFR parts 25, 228, 345, and 563e. The CRA regulations require that information on business, farm, and community development lending by large insured depository institutions be made available to the public.

CRA directs the agencies to encourage insured depository institutions to help meet the credit needs of the communities in which they are chartered. CRA does not prohibit any activity, nor is it intended to encourage unsafe or unsound practices or the allocation of credit.

CRA requires that each insured depository institution's record in helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, be assessed periodically. That record is taken into account when considering an institution's applications for deposit facilities, including mergers and acquisitions.

The CRA regulations contain different evaluation methods for different types of institutions: the lending, investment, and service tests for large retail institutions; the community development test for wholesale or limited-purpose institutions; the streamlined performance standards for small institutions; and the strategic-plan

option for institutions with approved strategic plans.

The Consumer Compliance Task Force of the FFIEC promotes consistency in the implementation of the CRA regulations by periodically publishing interagency Qs&As and examination procedures and by facilitating uniform data reporting.

Who Must Report

All state member banks, state nonmember banks, national banks, and savings associations that are not small or special-purpose institutions are subject to the data collection and reporting requirements of the CRA. For the purpose of collecting and reporting small business and small-farm loan data, a small institution is a bank or thrift that, as of December 31 of either of the prior two calendar years, had total assets of less than \$250 million and was independent or an affiliate of a holding company that, as of December 31 of either of the prior two calendar years, had total banking and thrift assets of less than \$1 billion. Institutions that are not small are considered large institutions (see the glossary, beginning on page 23, for definitions).

When to Report

Data for a given year must be submitted to the Board, the designated processor for all of the agencies, by March 1 of the following year.

Merging Institutions

Following are three scenarios describing data collection and

reporting responsibilities for the calendar year of a merger and for subsequent years.

Scenario One

Two institutions are exempt from CRA collection and reporting requirements because of asset size. The institutions merge. No data collection is required for the year in which the merger takes place, regardless of the resulting asset size. Data collection would begin after two consecutive years in which the combined institution had year-end assets of at least \$250 million or was part of a holding company that had year-end banking and thrift assets of at least \$1 billion.

Scenario Two

Institution A, an institution required to collect and report data, and Institution B, an exempt institution, merge. Institution A is the surviving institution. For the year of the merger, data collection is required for Institution A's transactions. Data collection is optional for the transactions of the previously exempt institution. For the following year, all transactions of the surviving institution must be collected and reported.

Scenario Three

Two institutions, each of which is required to collect and report the data, merge. Data collection is required for the entire year of the merger and for subsequent years, so long as the surviving institution is not exempt. The surviving institution may file either a consolidated submission or separate submissions for the year of the merger but must file a consolidated report for subsequent years.

Institutions with No Small-Business or Small-Farm Loans

An institution that has not purchased or originated any small-business or small-farm loans during the reporting period would not submit the composite loan records for small-business or small-farm loans. However, all institutions subject to data reporting requirements must submit the information discussed below under "Reporting Requirements."

Lenders Covered by Home Mortgage Disclosure Act

If an institution is not required to collect home mortgage loan data by the Home Mortgage Disclosure Act (HMDA), it need not collect home mortgage loan data under the CRA. Examiners will sample an institution's home mortgage loans to evaluate its home mortgage lending. If an institution wants to ensure that examiners consider all of its home mortgage loans, it may collect and maintain data on these loans.

Modification, extension and consolidation agreements (MECAs) are transactions in which an institution obtains loans from another institution without actually purchasing or refinancing the loans. In some states, MECAs, which are not considered loan refinancings because the existing loan obligations are not satisfied and replaced, are common. Although these transactions are not considered to be purchases or refinancings, as those terms have been interpreted under CRA, they do achieve the same results. An institution may present information about its MECA activities to examiners for consideration under the lending test as "other loan data."

Reporting Requirements

At a minimum, institutions must submit, in electronic format:

- a transmittal sheet,
- a definition of its assessment area(s),
- a record of its community development (CD) loans. (If an institution does not have CD loans to report, the record should be sent with "0" in the CD loan composite data fields); and
- information on small-business and small-farm loans, if applicable

CRA data are aggregated on the census tract level, and each tract represents one record in an entire data submission. For example:

- Six different small-business loans made in the same census tract would count as one composite record.
- Six different small-farm loans, three in one census tract and three in another, would count as two composite records.

File Specifications and Edit Validations

The FFIEC makes available free CRA data preparation software to any institution that wishes to use it. The software includes some basic analytical reports regarding an institution's data. To obtain a copy of the latest version of the software, contact the CRA Assistance Line at (202) 872-7584.

If an institution finds that the FFIEC's software does not meet its needs, it may create a data submission using the File Specifications and Edit Validation Rules that have been set forth to

assist with electronic data submissions. For information about specific electronic formatting procedures, contact the CRA Assistance Line at (202) 872-7584 or click on “How to File” at www.ffiec.gov/cra.

File Specifications

Institutions that develop their own programs must follow the precise format laid out in the CRA File Specifications. This file format should be incorporated into an automated system to ensure an error-free data submission.

Edit Validation Rules

When an institution chooses to create an electronic data submission, it must edit its data using the CRA Edit Validation Rules. These rules are designed to ensure data integrity and to prevent errors.

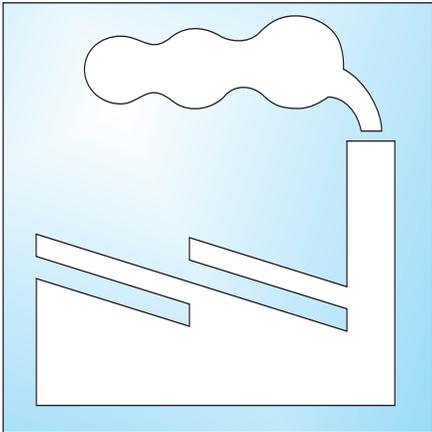
CRA edit validations are divided into three edit types: syntactical, validity, and quality. Each type corresponds to errors of a different degree of severity, and each must be thoroughly understood to ensure that the data are accurate and complete.

Syntactical (S) — Records that contain errors that may prevent them from being uploaded to the FFIEC database. These errors range from incorrect activity years to duplicate property locations, which indicate that the property combination for that record identifier was used more than once. These records will not be reflected in your disclosure statement until the appropriate corrections have been made.

Validity (V) — Records containing incorrect information. The most common validity errors are incorrect census tract/BNA numbers. These records will not be reflected in your disclosure statement until the appropriate corrections have been made.

Quality (Q) — Loan information that, while it may pass all syntactical and validity edits, is nevertheless statistically unusual and is subject to further investigation or review to confirm correctness. For a majority of the quality edits, if the data are correct, no changes are necessary and the data will be reflected.

Collecting the Data



Composite Loan Data

Transmittal Sheet

The transmittal sheet is used to identify each institution. Institutions are asked to provide a reporter’s identification (RID) number. This number corresponds to the certificate number for FDIC-supervised institutions, the docket number for institutions supervised by the OTS, and the charter number for OCC-supervised institutions. If an institution is supervised by the Board, the Research, Statistics, Supervision and Regulation, and Discount and Credit (RSSD) Number is used. Board-supervised institutions that do not know their RSSD numbers should contact the CRA Assistance Line at (202) 872-7584 or crahelp@frb.gov to obtain it.

The transmittal sheet provides valuable institution and contact information. It is important that the institution’s name, contact name, address, phone number, and fax number be correct since all future correspondence will be based on that information. Because area codes are subject to change, it is important to review phone and fax numbers for accuracy before data submission.

Assessment Area(s) Delineation

For institutions other than those designated as wholesale or limited-purpose (see the glossary), assessment areas must consist generally of one or more metropolitan statistical areas (MSAs) or one or more contiguous political subdivisions such as counties, cities, or towns. An institution must

include the geographies in which its main office, branches, and deposit-taking ATMs are located as well as the surrounding geographies in which it has originated or purchased a substantial portion of its loans. Please refer to section __.41 of the regulations and the interagency Qs&As for further guidance, particularly Q&A __.41(e)(4)–1, which explains limitations on the size of assessment areas.

Note: When you are entering information about small-business and small-farm loans, you need to provide MSA, state, county, and tract/BNA information to indicate the location of the loan. The information that you provide in the loan data entry screens is *not* your assessment area(s). This is simply the loan’s location.

Assessment Area(s) Reporting

If your assessment area(s) includes an entire MSA, you should report:

<i>Include/ Exclude</i>	<i>MSA</i>	<i>State</i>	<i>County</i>	<i>Census Tract/ BNA</i>
+	0520	NA	NA	NA

If your assessment area(s) includes an MSA less one county, you should report:

<i>Include/ Exclude</i>	<i>MSA</i>	<i>State</i>	<i>County</i>	<i>Census Tract/ BNA</i>
+	0520	NA	NA	NA
-	0520	NA	151	NA

If your assessment area(s) includes or consists of an entire county, you should report:

<i>Include/ Exclude</i>	<i>MSA</i>	<i>State</i>	<i>County</i>	<i>Census Tract/ BNA</i>
+	0520	13	089	NA

For more assessment area(s) delineation examples, please refer to the CRA Edits, which can be found at www.ffiec.gov/cra/edits.htm.

Community Development Loans

Institutions subject to data reporting requirements must report the aggregate number and amount of community development loans originated or purchased during the prior calendar year.

A community development loan has community development as its primary purpose. As defined in the regulations, “community development” means—

- affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- community services targeted to low- or moderate-income individuals;
- activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
- activities that revitalize or stabilize low- or moderate-income geographies.

In addition to having a community development purpose, a community development loan must also benefit the institution’s assessment area(s) or a broader statewide or regional area that includes the institution’s assessment area(s). Institutions should be prepared to provide examiners with information

regarding the community development purpose and location of the community development loans that they report at the time of their examination.

Note: If an institution is not a wholesale or limited-purpose institution, it cannot designate a loan as a community development loan if the loan has already been reported or collected by the institution or an affiliate as a small-business, small-farm, consumer, or home mortgage loan (except in the case of a multifamily dwelling loan, which may be considered a community development loan as well as a home mortgage loan). Further, except for multifamily affordable housing loans, if a loan meets the definition of a small-business, small-farm, consumer, or home mortgage loan, retail institutions must collect and report the loan in this manner. Retail institutions may not choose to collect and report it as a community development loan.

Primary Purpose

As long as the primary purpose of the loan is community development, the full amount of the institution’s loan should be included in its report of aggregate community development lending. A loan has a primary purpose of community development when it is designed for the express purpose of community development. Refer to the interagency Qs&As for further discussion of primary purpose, particularly Q&A ___ .12(i) and 563e.12(h)–7.

Affiliate Loans

Affiliate means any company that controls, is controlled by, or is under common control with another company. The term “control” has the

meaning given to that term in 12 U.S.C. 1841(a)(2), and a company is under common control with another company if both companies are directly or indirectly controlled by the same company.

An institution is not required to collect information on affiliate loans. However, an institution that elects to have its regulator consider loans by an affiliate, for purposes of the lending or community development test or an approved strategic plan, must collect, maintain, and report for those loans the data that the institution would have collected, maintained, and reported had the loans been originated or purchased by the institution.

An institution may elect to have only a particular category of an affiliate’s lending considered. The basic categories of loans are home mortgage loans, small-business loans, small-farm loans, community development loans, and the five categories of consumer loans (motor vehicle loans, credit card loans, home equity loans, other secured loans, and other unsecured loans).

Affiliate’s Home Mortgage Lending

If an institution elects to have an affiliate’s home mortgage lending considered in its CRA evaluation and the affiliate is a HMDA reporter, the institution must be prepared to identify those loans reported by its affiliate under 12 CFR part 203 (Regulation C, implementing HMDA). At its option, the institution may either provide examiners with the affiliate’s entire HMDA disclosure statement or just those portions covering the loans in its assessment area(s) that it is electing to have considered. If the affiliate is not

required by HMDA to report home mortgage loans, the institution must provide sufficient data concerning the affiliate's home mortgage loans to enable the examiners to apply the performance tests.

Constraints on the Consideration of Affiliate Lending

No affiliate may claim a loan origination or loan purchase if another institution claims the same loan origination or purchase. However, an institution can count as a purchase a loan originated by an affiliate that the institution subsequently purchases, or count as an origination a loan later sold to an affiliate, provided the same loans are not sold several times to inflate their value for CRA purposes.

If an institution elects to have its supervisory agency consider loans within a particular lending category made by one or more of the institution's affiliates in a particular assessment area(s), the institution must elect to have the agency consider all loans within that lending category in that particular assessment area(s) made by all of the institution's affiliates.

Consortium/ Third-Party Loans

Community development loans originated or purchased by a consortium in which an institution participates or by a third party in which the institution has invested:

- will be considered, at the institution's option, if the institution reports the aggregate number and aggregate amount of consortium/ third party loans originated or purchased; and
- may be allocated among participants or investors, as they

choose, for purposes of the lending test, except that no participant or investor:

- may claim a loan origination or loan purchase if another participant or investor claims the same loan origination or purchase; or
- may claim loans accounting for more than its percentage share (based on the level of its participation or investment) of the total loans originated or purchased by the consortium or third party.

In some circumstances, an institution may invest in a third party, such as a community development bank, that is also an insured depository institution and is thus subject to CRA requirements. However, if the financial institution and the third party are not affiliates, the third party may receive consideration for the community development loans it originates, and the financial institution that invested in the third party may also receive consideration for its pro rata share of the same community development loans under Q&A __.22(d)–3.

Equity and Equity-Type Investments in a Third Party

If an institution has made an equity or equity-type investment in a third party, community development loans made by the third party may be considered under the lending test. On the other hand, asset-backed and debt securities that do not represent an equity-type interest in a third party will not be considered under the lending test unless the securities are booked by the purchasing institution as a loan.

For example, if an institution purchases stock in a community development corporation (CDC) that

primarily lends in low- and moderate-income areas or to low- and moderate-income individuals in order to promote community development, the institution may claim a pro rata share of the CDC's loans as community development loans. The institution's pro rata share is based on its percentage of equity ownership in the CDC. See Q&A __.22(d)–1. More information concerning consideration of an equity or equity-type investment under the investment test and both the lending and investment tests can be found in Q&A __.23(b)–1.

Evaluation of Loans Made by Consortia or Third Parties under the Lending Test

Loans originated or purchased by consortia in which an institution participates or by third parties in which an institution invests will only be considered if they qualify as community development loans and will be considered only under the community development criterion of the lending test. However, loans originated directly on the books of an institution or purchased by the institution are considered to have been made or purchased directly by the institution, even if the institution originated or purchased the loans as a result of its participation in a loan consortium. These loans would be considered under the appropriate lending-test criteria, depending on the type of loan. See Q&A __.22(d)–2.

Small-Business and Small-Farm Loans

The CRA regulations require a large institution to collect and maintain, in electronic format, until the completion of its next CRA examination, the following data for each small-business or small-farm loan originated or purchased by the institution:

- a unique number or alphanumeric symbol that can be used to identify the relevant loan file;
- the loan amount at origination;
- the loan location; and
- an indicator of whether the loan was to a business or farm with gross annual revenues of \$1 million or less

Institutions are required to collect and report only those commercial loans that are included in “loans to small business,” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (**Schedule RC-C, part II**, of the Consolidated Report of Condition and Income (Call Report) or **Schedule SB** of the Thrift Financial Report (TFR), as applicable).

“It is the original amount of a loan, not the annual revenue of a business or farm, that determines the classification of a loan as a small-business or small-farm loan.”

Small-business loans are defined as those whose original amounts are \$1 million or less and that were reported on the institution’s Call Report or TFR as either “Loans secured by nonfarm or nonresidential real estate” or “Commercial and industrial loans.” Small-farm loans are defined

as those whose original amounts are \$500,000 or less and were reported as either “Loans to finance agricultural production and other loans to farmers” or “Loans secured by farmland.”

The location of a small-business or small-farm loan must be maintained by census tract or block numbering area. In addition, supplemental information contained in the file specifications includes a date associated with the origination or purchase and whether the loan was originated or purchased by an affiliate.

It is the original amount of a loan, *not the annual revenue* of a business or farm, that determines the classification of a loan as a small-business or small-farm loan. **The sections of the Call Report and TFR relating to small-business and small-farm loans are included in this guide as Appendices B and C.**

Aggregate Reporting

An institution subject to data reporting requirements must report the aggregate number and amount of loans for each geography in which it originated or purchased a small-business or small-farm loan. Loans to businesses and farms are reported by origination amounts of

- \$100,000 or less,
- more than \$100,000 but less than or equal to \$250,000, and
- more than \$250,000.

Institutions must also report loans to businesses and farms with gross annual revenues of \$1 million or less, using the revenues that the institution considered in making its credit decisions.

Original Amount vs. Purchase Amount

When collecting and reporting information on purchased small-business and small-farm loans, an institution collects and reports the amount of the loan at origination, not at the time of purchase. This is consistent with the Call Report and TFR guidelines, which use the “original amount of the loan” to determine (1) whether a loan should be reported as a “loan to a small business” or a “loan to a small farm” and (2) in which loan-size category a loan should be reported. When assessing the volume of small-business and small-farm loan purchases for purposes of evaluating lending-test performance under CRA, however, examiners will evaluate an institution’s activity based on the amounts at purchase.

Refinances and Renewals

Data collected in 2000 and reported in 2001. An institution collects and reports information about refinancings but does not collect and report information about renewals. A refinancing typically involves the satisfaction of an existing obligation that is replaced by a new obligation undertaken by the same borrower. When an institution refinances a loan, it is considered a new origination, and loan data should be collected and reported, if otherwise required. Consistent with HMDA, however, if under the original loan agreement the institution is unconditionally obligated to refinance the loan subject to conditions within the borrower’s control, the institution should not report these events as originations.

For purposes of CRA data collection and reporting requirements, the

extension of the maturity of an existing loan is a renewal and is not considered a loan origination. Therefore, institutions should not collect and report data on loan renewals.

Data collected in 2001 and subsequent years. An institution should collect information about small-business and small-farm loans that it refinances or renews as loan originations. (A refinancing generally occurs when the existing loan obligation or note is satisfied and a new note is written, while a renewal is an extension of the term of a loan. However, for purposes of small-business and small-farm CRA data collection and reporting, it is no longer necessary to distinguish between the two.) When reporting small-business and small-farm data, however, an institution may report only one origination (including a renewal or refinancing treated as an origination) per loan per year, unless an increase in the loan amount is granted.

If an institution increases the amount of a small-business or small-farm loan when it extends the term of the loan, it should always report the amount of the increase as a small-business or small-farm loan origination. The institution should report only the amount of the increase if the original or remaining amount of the loan has already been reported one time that year.

For example, a financial institution makes a term loan for \$25,000; principal payments have resulted in a present outstanding balance of \$15,000. In the next year, the customer requests an additional \$5,000, which is approved, and a new note is written for \$20,000. In

this example, the institution should report both the \$5,000 increase and the renewal or refinancing of the \$15,000 as originations for that year.

However, the institution may report the \$5,000 increase together with the renewal or refinancing of the \$15,000 as one origination for that year.

Lines of Credit

Institutions must collect and report data on lines of credit in the same way that they provide data on loan originations. Lines of credit are considered originated at the time the line is approved or increased; and an increase is considered a new origination.

Generally, the full amount of the credit line is the amount that is considered originated. In the case of an increase to an existing line, the amount of the increase is the amount that is considered originated and that amount should be reported.

For renewals of line of credit, the rules are as follows:

Data collected in 2000 and reported in 2001. Like loan renewals, renewals of lines of credit are not considered loan originations and should not be collected or reported.

Data collected in 2001 and subsequent years. Renewals of lines of credit for small-business, small-farm, or consumer purposes should be collected and reported, if applicable, in the same manner as renewals of small-business or small-farm loans (see Q&A __.42(a)–5). Institutions that are HMDA reporters continue to collect and report home equity lines of credit at their option, in accordance with the requirements of 12 CFR part 203.

Loans to Fisheries and Forestries

Instructions for **part I of the Call Report and Schedule SB of the TFR** include loans “made for the purpose of financing fisheries and forestries, including loans to commercial fishermen” as a component of the definition of “Loans to finance agricultural production and other loans to farmers.” **Part II of Schedule RC-C of the Call Report and Schedule SB of the TFR**, which serve as the basis of the definition for small-business and small-farm loans in the regulation, capture both “Loans to finance agricultural production and other loans to farmers” and “Loans secured by farmland.” These loans are reported as small-business or small-farm loans.

Home Equity Lines of Credit Used Predominantly for Small-Business Purposes

Institutions that have chosen to report home equity lines of credit under HMDA report only the portion of a home equity line used for home improvement purposes. That portion of the loan would then be considered when examiners evaluate home mortgage lending. If the line meets the regulatory definition of a “community development loan,” the institution should collect and report information on the entire line as a community development loan. If the line does not qualify as a community development loan, the institution has the option of collecting and maintaining (but not reporting) the entire line of credit as “Other secured lines/loans for purposes of small business.”

Credit Cards Issued to Small Businesses

If an institution agrees to issue credit cards to a business's employees, the institution reports all of the credit card lines opened on a particular date for that single business as one small-business loan origination rather than reporting each individual credit card line, assuming the criteria in the small-business loan definition in the regulation are met. The credit card program's amount at origination is the sum of all of the employee/business credit cards' credit limits opened on a particular date. If subsequently issued credit cards increase the small-business credit line, the added amount is reported as a new origination.

Lending Outside the United States

An institution may collect data about small-business and small-farm loans located outside the United States; however, it cannot report these data because the FFIEC CRA data collection software will not accept data concerning loan locations outside the United States.

Multiple Loan Originations to the Same Business

If an institution originates multiple loans to the same business, the loans should be collected and reported as separate originations rather than combined and reported as they are on the Call Report or TFR, which reflect loans outstanding, rather than originations. However, if institutions originate multiple loans to the same business solely to artificially inflate the number or volume of loans evaluated for CRA lending performance, the agencies may combine these loans for purposes of evaluation under the CRA.

Gross Annual Revenues

The regulations do not require institutions to request or consider revenue information when making a loan; however, if institutions do gather this information from their borrowers, they should collect and report the gross annual revenue, rather than the adjusted gross annual revenue, of their small-business or small-farm borrowers. The purpose of small-business and small-farm data collection is to enable examiners and the public to judge whether the institution is lending to small businesses and farms or whether it is only making small loans to larger businesses and farms.

The CRA regulations similarly do not require institutions to verify revenue amounts; thus, institutions may rely on the gross annual revenue amount provided by borrowers in the ordinary course of business. If an institution does not collect gross annual revenue information for its small-business and small-farm borrowers, it would not indicate on the CRA data collection software that the gross annual revenues of the borrower are \$1 million or less. The institution should enter the code indicating "revenues not known" on the individual loan portion of the data collection software or on an internally developed system.

Generally, an institution should rely on the revenues that it considered in making its credit decision when indicating whether a small-business or small-farm borrower had gross annual revenues of \$1 million or less. For example, in the case of affiliated businesses, such as a parent corporation and its subsidiary, if the institution considered the revenues

of the entity's parent or a subsidiary corporation of the parent as well, then the institution would aggregate the revenues of both corporations to determine whether the revenues are \$1 million or less. Alternatively, if the institution considered the revenues of only the entity to which the loan is actually extended, the institution should rely solely upon whether gross annual revenues are above or below \$1 million for that entity.

However, if the institution considered and relied on revenues or income of a cosigner or guarantor that is not an affiliate of the borrower, such as a sole proprietor, it should not adjust the borrower's revenues for reporting purposes.

For a start-up business, the institution should use the actual gross annual revenue to date (including \$0 if a new business has had no revenue to date). Although start-up businesses will provide the institution with pro forma projected revenue figures, these figures may not accurately reflect actual gross revenue.

Loan Location

Prudent banking practices dictate that an institution know the location of its customers and loan collateral. Therefore, institutions typically will know the actual location of their borrowers or loan collateral beyond an address consisting only of a post office box.

Many borrowers have street addresses in addition to post office box numbers or rural route and box numbers. Institutions should ask their borrowers to provide the street address of the main business facility or farm or the location where the loan proceeds otherwise will be applied. Moreover, in many cases in

which the borrower's address consists only of a rural route number or post office box, the institution knows the location (i.e., the census tract or block numbering area) of the borrower or loan collateral. Once the institution has this information, it should assign a census tract or block numbering area to that location (geocode) and report that information as required under the regulations.

For loans originated or purchased in 1998 or later, if the institution cannot determine the borrower's street address, and does not know the census tract or block numbering area it should report the borrower's state, county, MSA, if applicable, and "NA," for "not available," in lieu of a census tract or block numbering area code.

Other Loan Data

Schedule RC-C, part II, of the Call Report and Schedule SB of the TFR do not allow financial institutions to report loans for commercial and industrial purposes that are secured by residential real estate. Loans extended to small businesses with gross annual revenues of \$1 million or less may, however, be secured by residential real estate. If these loans promote community development, as defined in the regulations, the institution should collect and report information about these loans as community development loans. Otherwise, at an institution's option, it may collect and maintain data concerning loans, purchases, and lines of credit extended to small businesses and secured by residential real estate for consideration in the CRA evaluation of its small-business lending.

To facilitate this optional data collection, the software distributed

free of charge by the FFIEC provides that an institution may collect this information to supplement its small-business lending data by choosing the loan type "Other secured lines/loans for purposes of small business," in the individual loan data. (The title of the loan type, "Other secured lines of credit for purposes of small business," which was found in the instructions accompanying the 1996 data collection software, has been changed to "Other secured lines/loans for purposes of small business" in order to accurately reflect that lines of credit and loans may be reported under this loan type.) This information should be maintained at the institution but should not be submitted for central reporting purposes.

Loan Commitments and Letters of Credit

Institutions are not required to collect data on loan commitments and letters of credit. They may, however, provide for examiner consideration information on letters of credit and commitments.

Commercial and Consumer Leases

Commercial and consumer leases are not considered small-business or small-farm loans or consumer loans for purposes of the data collection requirements for commercial or consumer loans. However, if an institution wishes to collect and maintain data about leases, it may provide these data to examiners as "other loan data."

Consumer Loans

There are no data reporting requirements for consumer loans. An

institution that chooses to collect and maintain information on consumer loans collects the gross annual income of all primary obligors for consumer loans, to the extent that the institution considered the income of the obligors when making the decision to extend credit. Primary obligors include co-applicants and co-borrowers, including cosigners. An institution does not, however, collect the income of guarantors on consumer loans, because guarantors are only secondarily liable for the debt.

If consumer lending constitutes a substantial majority of an institution's business, its supervisory agency will evaluate the institution's consumer lending in one or more of the following categories: motor vehicle, credit card, home-equity, other secured, and other unsecured loans. In addition, at an institution's option, its supervisory agency will evaluate one or more categories of consumer lending, if the institution has collected and maintained, as required in section __.42(c)(1), the data for each category that the institution elects to have its supervisory agency evaluate.

Where an institution collects data for loans in a certain category, it must collect data for all loans originated or purchased within that category. The institution must maintain these data separately for each category for which it chooses to collect data. The data collected and maintained should include for each loan:

- a unique number or alphanumeric symbol that can be used to identify the relevant loan file;
- the loan amount at origination or purchase;
- the loan location; and
- the gross annual income of the

borrower that the institution considered in making its credit decision.

Generally, guidance concerning collection of data on small-business and small-farm loans—including, for example, guidance regarding collecting loan location data and data in connection with refinanced or renewed loans—will also apply to consumer loans.

Borrower Income

The CRA does not require institutions to request or consider income information when making a loan. If an institution does not consider income when making an

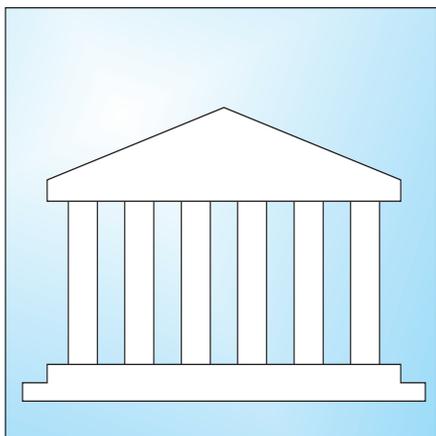
underwriting decision in connection with a consumer loan, the institution does not need to collect income information. On the other hand, if institutions gather this information from their borrowers, the agencies expect them to collect the borrowers' gross annual income for purposes of CRA.

Further, if the institution routinely collects, but does not verify, a borrower's income when making a credit decision, it need not verify the income for purposes of data maintenance. Institutions may rely on the gross annual income amount provided by borrowers in the ordinary course of business.

The purpose of collecting income data on consumer loans is to enable examiners to determine the distribution based on borrower characteristics, including the number and amount of consumer loans to low-, moderate-, middle-, and upper-income borrowers, as determined on the basis of gross annual income, particularly in the institution's assessment area(s).

An institution can list "0" in the income field on consumer loans made to its employees when collecting data for CRA purposes, as the institution would be permitted to do under HMDA.

Reporting the Data



Reporting Tools

FFIEC Data Entry Software

The CRA Data Entry software is provided free of charge by the FFIEC to help financial institutions automate the filing of their CRA data. The software includes editing and reporting features to help verify, complete, and analyze data. Data created using this package can be easily exported onto a diskette and mailed or transmitted by e-mail to the Board.

Any institution that is interested in receiving a copy of the software may:

- send a written request to
Federal Reserve Board
Attn: CRA Processing
1709 New York Avenue, 5th Floor
Washington, DC 20006
or
- send an e-mail request to
crahelp@frb.gov
or
- leave a voice-mail request on the
CRA Assistance Line at
(202) 872-7584.

Please be sure to include a contact name, mailing address, and a phone number where you may be reached.

The geocoding utility is included in this software; the use of this utility by an institution is optional. If you wish to use it, your institution will be required to purchase the geographical data, which is available only on CD-ROM from PCi Services, Inc. (PCi), of Boston, Massachusetts. A PCi Services order form can be downloaded from the FFIEC's CRA website at **www.ffiec.gov/cra/softinfo.htm**.

The FFIEC also has an Internet site that allows users to retrieve MSA,

state, county, and census tract/BNA codes for street addresses. In addition, some demographic information (mainly population and income) can be obtained for a particular census tract/BNA. The Internet address is **www.ffiec.gov/geocode**.

Sources of Geographic Information

The following sources may help you report geographic data accurately.

Information about MSA Boundaries

You can obtain information on current and historical MSA boundaries at **www.census.gov** by selecting Subjects A–Z, then M, then Metropolitan Areas, then Metropolitan Definitions.

CRA uses the term MSA—metropolitan statistical area—for MSAs, CMSAs (consolidated metropolitan statistical areas), and PMSAs (primary metropolitan statistical areas). MSAs, CMSAs, and PMSAs are components of metropolitan areas, or MAs. The Office of Management and Budget, which defines their geographic boundaries, and the Census Bureau refer to the generic term MA.

To determine MSA boundaries for future years, you may need to obtain FIPS PUB 8-5, Metropolitan Statistical Areas. Contact:

National Technical Information
Services
U.S. Department of Commerce
Port Royal Road
Springfield, VA 22161
(703) 487-4650

A list of all valid census tract numbers (and BNA designations) in each MSA is available for a fee from the Board's HMDA Assistance Line

at (202) 452-2016. The list will help ensure that you are using only valid census tract numbers; however, the list is not a tool for geocoding your CRA data.

The FFIEC Census Data CD-ROM also contains census tract number information as well as other informative census and demographic data. To order this software, contact the HMDA Assistance Line at (202) 452-2016.

Census Bureau Products

The following products for determining the correct 1990 census tract number for a given property are available from the Census Bureau.

LandView III

LandView III is Census Bureau CD-ROM desktop mapping software product. It runs on Windows® 3.1, Windows 95, Windows 98, Windows 2000, and Macintosh operating systems. LandView III shows a detailed network of roads (containing address information where available), rivers, and railroads, along with jurisdictional and statistical boundaries (including census tracts). The information is based upon the Census Bureau's TIGER/Line 1995 files, which reflect the street network and address ranges known to the Census Bureau as of the fall of 1995. Besides producing custom map views that display selected user-specified map information (see Illustration 1), LandView also provides the capability of displaying the FIPS state and county codes, census tract or block numbering area codes, and block group codes for any location that a user points to on the map. This product can be ordered from the Census Bureau Customer Service Center.

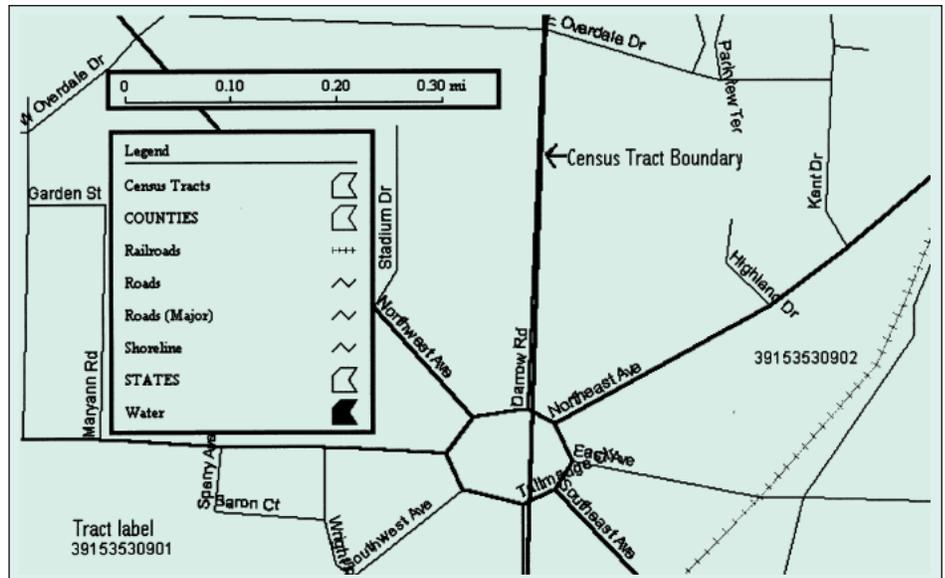


Illustration 1: LandView®III

Ordering information and a fully functional copy of the software with a single county's map and data (you can specify the county) can be downloaded from the Census Bureau's website at www.census.gov/geo/www/tiger.

Census Tract/Block Numbering Area Outline Maps

If you prefer paper maps, you may use the 1990 Census Tract/Block Numbering Area Outline Maps for the counties within the MSAs for which you are reporting (see

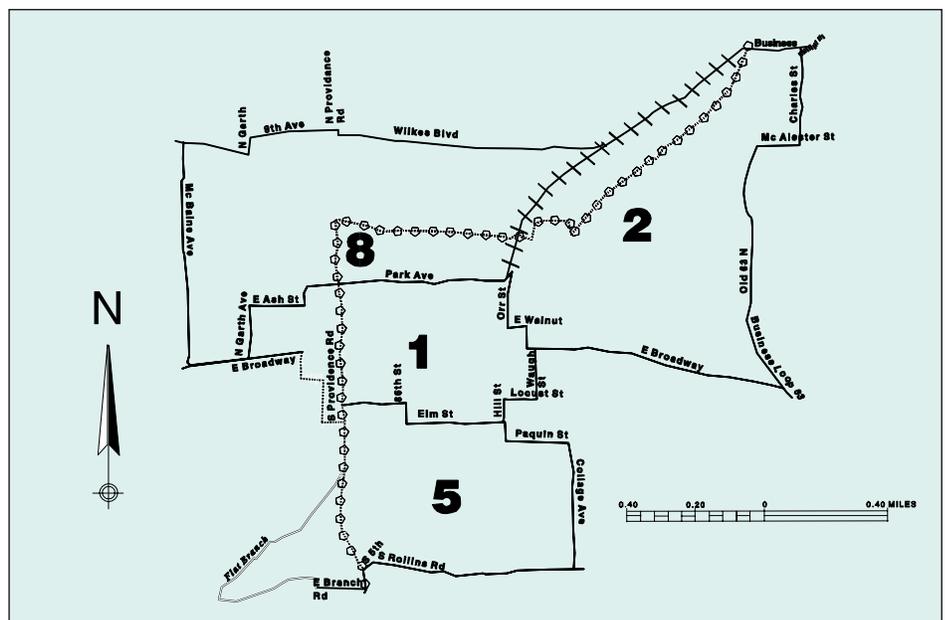


Illustration 2: 1990 Census Tract Outline Map

TIGER/Census Tract Street Index®—Ver. 2, Part A							Fairfax County, VA	
Street Name	From Address	To Address	Street Side	Tract or BNA	ZIP Code	Area Name	103rd Cong.	FIPS Code
Barkley Dr	3100	3699	Both	4401.98	22031	Mantua CDP	11	49144
Bark Tree Ct	8285	8367	Odd	4924	22153	Lorton CDP	08	47064
Bark Tree Ct	8300	8354	Even	4924	22153	Lorton CDP	08	47064
Barkwood Ct	9500	9599	Both	4405	22032		11	
Barley Rd	3100	3199	Both	4619.98	22031	Oakton CDP	11	58472
Barley Wk	7400	7416	Both	4502	22042	Jefferson CDP	11	40584
Barlow Rd	900	948	Both	4162	22060	Fort Belvoir CDP	08	29008
Barnack Dr	6700	7021	Both	4314	22152	West Springfield CDP	08	84976
Barnacle Pl	7000	7009	Both	4324	22015	Burke CDP	11	11464
Barnard Ct	3100	3150	Both	4617.98	22031	Merrifield CDP	11	51192
Barnesdale Path	6300	6536	Even	4911	22020		10	
Barnesdale Path	6301	6533	Odd	4911	22022		10	
Barnesville Rd	13704	13910	Even	4825	22070		10	
Barney Rd	3800	3843	Both	4901	22021		10	
Barnsbury Ct	9900	9939	Both	4619.98	22031	Oakton CDP	11	58472

Illustration 3: 1990 TIGER/Census Tract Street Index®

Illustration 2). Besides showing numbers for census tracts (and BNAs) within a particular county, these maps display the boundaries and names of the features used as census tract boundaries and the names of any counties or other subdivisions.

The outline maps are sold by the Census Bureau's Customer Services Center in county packages. On average, there are four map sheets per metropolitan county. The map sheets are oversized—generally 36 by 42 inches—and map scales vary to minimize the number of map sheets. Maps may include one or more insets of densely settled areas.

The outline maps do not show streets, street names, or address ranges within a census tract. You will therefore need to use the maps in combination with up-to-date local street maps available in your local market, and to use a marker pen to highlight on the street map the boundaries of each census tract according to the outline map.

TIGER/Census Tract Street Index®

Use the TIGER/Census Tract Street

Index (TIGER/CTSI) for the county in which the property is located (Illustration 3).

The TIGER/CTSI enables you to determine the census tract numbers for properties that use city-style street addresses. It is arranged by county within each MSA. The TIGER/CTSI provides the street name, including prefix or suffix direction (such as “north”) and street type (such as “street” or “avenue”), address range, and corresponding census tract number. Within a county, numbered streets (for example, 9th, 10th) precede the streets listed alphabetically.

The TIGER/CTSI shows the census tract number for each side of the street and, where applicable, provides the county subdivision (town, township) and place codes for each street and address range. The latter may be helpful in determining the census tract number when streets with identical names and address ranges are located in different parts of the county. (County subdivision and place codes and their corresponding names are listed in the back of TIGER/CTSI.) This

product is now available on CD-ROM.

The TIGER/CTSI Version 2 has certain limitations:

- Address-range and street information are current through April 1990. This means that addresses or streets added since that time are not shown.
- The index does not contain address-range information for areas with rural-type addresses (such as RFD addresses).

The Census Bureau is currently preparing the TIGER/CTSI Version 3 products for public release. These products will reflect the street network and address ranges known to the Census Bureau as of summer of 1997. Check the Census TIGER page, www.census.gov/geo/www/tiger, for the current status.

A special HMDA order form available from the Bureau of the Census tells you how to obtain the TIGER/CTSI for selected counties. To obtain the HMDA order form for the TIGER/CTSI, the outline maps, and LandView III, contact:

Customer Services Center
Bureau of the Census
Washington, DC 20233
(301) 457-4100

To obtain detailed information about geographic products:

Geography Division—
Products and Services Staff
Bureau of the Census
Washington, DC 20233
(301) 457-1128
tiger@census.gov

You also may contact the Census Bureau regional office serving your state as listed in appendix D of this guide. The costs of the census materials will vary, depending on the size of the county.

The Census Bureau is not able to assist in preparing data to meet CRA requirements or in determining the appropriate census tract numbers for individual addresses. Geographic information is available from the FFIEC's website at www.ffiec.gov/geocode.

Internet Resources

The Census Bureau offers a subscription service that allows users on-line access to information contained in TIGER/CTSI. Institutions that have an occasional need to determine tract numbers in parts of the country other than where they primarily do business might be interested in using this service.

To access this Internet site, enter www.census.gov and select **CenStats Censtore**, then **CenStats**, then **test drive**. The test drive page gives basic information about the service and has links to detailed descriptions of TIGER/CTSI Version 2. The link at the top of each page gives a sample of the information you can expect.

To obtain more detailed demographic information on the Internet, you can access census data through the FFIEC's website at <http://www.ffiec.gov/webcensus/ffieccensus.htm>.

Data Automation Cycle

Data must be submitted to the Board, designated processor for all the agencies, no later than March 1.

Data submissions should be mailed to:

Federal Reserve Board
Attn: CRA Processing
1709 New York Avenue, 5th Floor
Washington, DC 20006

Data submitted via e-mail should be encrypted using the FFIEC's Internet Submission Software, which accompanies the FFIEC's Data Entry Software and sent to crasub@frb.gov.

After an institution's data have been received and loaded, the data are run through a batch process to check for any errors or discrepancies. The data automation cycle has three steps that all reporting institutions must complete for successful CRA data submission. These steps, described below, are edit report review, institution register summary confirmation, and data resubmission.

Edit Report Review

The edit report gives an institution an opportunity to verify submitted statistics and provides the institution with a listing of errors that were discovered during the editing cycle. Illustration 4 is an example of an edit report with errors. Because CRA submissions are electronically based, the institution that submitted these data would have to correct its errors and send a complete resubmission. The resubmission replaces the institution's previous submission.

Institution Register Summary (IRS) Confirmation

If an institution provides an error-free submission, it will receive an IRS (see Illustration 5). The IRS is used as a final confirmation of the data that have been sent. The institution's CRA officer or individual responsible for submitting CRA data must sign the form included with the IRS and fax it to the Board at (202) 530-6234.

Data Resubmission

Resubmissions are prepared by an institution if the institution identifies errors or needs to make changes to data that have already been submitted. If the resubmission is made after the CRA data have been aggregated and made publicly available, the institution must send a complete resubmission, and should state that it is a "complete resubmission." After the receipt of the resubmission, new edit or IRS reports will be distributed.

Automatic Faxback System

The CRA data process includes an automatic faxback feature to make transmission of correspondence simpler and to reduce paper usage. The faxback system uses the fax number provided by the institution on its transmittal sheet to send the edit reports, institution register summary, and any other correspondence.

Rundate: 01/28/20XX
Runtime: 20:00:08
Page: 1

Agency: 1-OCC
Region: 2
Respondent ID: 0000063903

20XX COMMUNITY REINVESTMENT ACT (CRA)
EDIT REPORT

Phone: XXX-XXX-XXXX
Fax: XXX-XXX-XXXX
Tax ID: XX-XXXXXXXX

Contact: JOHN DOE REPORTER

CRA COMPLIANCE BANK
100 MAIN STREET
ANYWHERE USA 80260-0000
SMALL BUSINESS LOANS - 4

MSA/ST/CTY/TR-BNA	Number Loans/Total Loan Amount (000s)			Affiliate Loans
	<= \$100K	\$100K to \$250K	> \$250K	
0480/37/021/0200.00	000001/00000006	000000/00000000	000000/00000000	/
	Purchased: 000000/00000000	000000/00000000	000000/00000000	/
	Total (O+P):	000001/00000006	000000/00000000	
ERROR(S):				
V320 Census Tract-BNA missing or does not = a valid census tract-BNA for the MSA/state/county combo				
0480/37/021/0500.00	000001/00000017	000000/00000000	000000/00000000	/
	Purchased: 000000/00000000	000000/00000000	000000/00000000	/
	Total (O+P):	000001/00000017	000000/00000000	
ERROR(S):				
V320 Census Tract-BNA missing or does not = a valid census tract-BNA for the MSA/state/county combo				
1520/37/119/0000.00	000001/00000015	000000/00000000	000000/00000000	/
	Purchased: 000000/00000000	000000/00000000	000000/00000000	/
	Total (O+P):	000001/00000015	000000/00000000	
ERROR(S):				
V320 Census Tract-BNA missing or does not = a valid census tract-BNA for the MSA/state/county combo				
1520/37/190/0060.01	000001/00000028	000000/00000000	000000/00000028	/
	Purchased: 000000/00000000	000000/00000000	000000/00000000	/
	Total (O+P):	000001/00000028	000000/00000028	
ERROR(S):				
V310 County is missing or state/county does not equal a valid combination				

Illustration 4: Edit report with errors

Public Availability of Data

Disclosure Statements

Institutions that are required to make annual public disclosure of their small-business, small-farm, and community development lending activity will receive, by September 15, a CD-ROM containing the disclosure statement for that institution. The CRA Aggregate and Disclosure CD-ROM contains the disclosure statement for that institution and reports for all other institutions that have reported CRA data for that year. Most large institutions are required to keep a CRA disclosure statement for the two prior calendar years in their public files.

If a large institution (except one that was small in the prior calendar year) has elected to have one or more categories of its consumer loans considered under the lending test, it must also make available for each

category, for the prior two calendar years, the number and amount of loans:

- to low-, moderate-, middle-, and upper-income individuals;
- located in low-, moderate-, middle-, and upper-income census tracts; and
- located inside and outside the institution's assessment area(s).

Aggregate Tables

The CRA Aggregate and Disclosure CD-ROM provides access to aggregate tables covering the lending activity of all institutions subject to CRA for each MSA and non-MSA portion of each state as well as national aggregate tables covering the lending activity of all institutions nationwide.

Aggregate and Disclosure CD-Rom Provided by the FFIEC in the Public File

Rather than printing a hard copy of the CRA disclosure statement, an

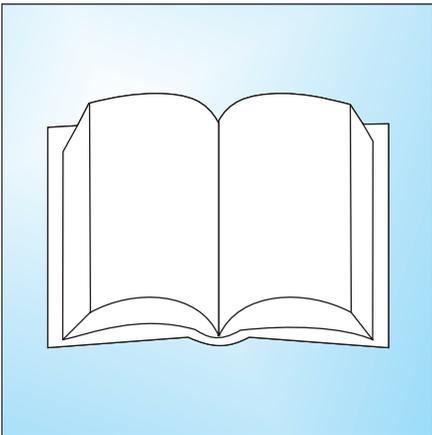
institution may retain a copy of the FFIEC compact disc in its public file. When a consumer requests an institution's public file, the institution must be able to print its CRA disclosure statement readily from either the compact disc or a duplicate of the compact disc.

If the request is at a branch other than the main office or the designated branch office in each state that holds the complete public file, the institution should provide the CRA disclosure statement on paper, or in another format acceptable to the requestor, within five calendar days.

Aggregate and Disclosure on the Internet

The CRA aggregate and disclosure data can be found on the Internet at www.ffiec.gov/webcraad/craaggr.htm.

Glossary



Affiliate. Any company that controls, is controlled by, or is under common control with another company. The term “control” has the meaning given to that term in 12 U.S.C. 1841(a)(2), and a company is under common control with another company if both companies are directly or indirectly controlled by the same company.

Area median income.

- The median family income for the MSA, if a person or geography is located in an MSA or
- the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area(s). One or more geographic area(s) delineated by an institution and (if delineated in compliance with the regulation) used by the regulatory agency in evaluating the institution’s record of helping to meet the credit needs of its community. The assessment area(s) for an institution other than a wholesale or limited-purpose institution must:

- consist generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns; and
- include the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans (including home mortgage loans, small-business and small-farm loans, and any other loans the bank chooses, such as those

consumer loans on which the bank elects to have its performance assessed).

An assessment area(s) must consist only of whole geographies, may not reflect illegal discrimination, may not arbitrarily exclude low- or moderate-income geographies, taking into account the institution’s size and financial condition, and may not extend substantially beyond a CMSA boundary or beyond a state boundary unless the assessment area(s) is located in a multistate MSA. An institution may adjust the boundaries of its assessment area(s) to include only the portion of a political subdivision that it reasonably can be expected to serve.

Automated teller machine (ATM).

An automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed, or money lent.

Block numbering area (BNA). The Bureau of Census, in conjunction with state agencies, has established BNAs as statistical subdivisions of counties in which census tracts have not been established. BNAs are generally identified in census data by numbers in the range 9501 to 9989.99. (For purposes of the CRA, an institution may use BNA or Census Tracts, as both are “geographies”).

Branch. A staffed banking facility authorized as a branch, whether shared or unshared, including, for example, a minibranch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract. A small, relatively permanent statistical subdivision of a county in a metropolitan area or a selected nonmetropolitan county designed to be a relatively homogeneous unit with respect to population characteristics, economic status, and living conditions. Census tracts usually contain between 2,500 and 8,000 inhabitants. Census tract numbers generally range from 0001 through 9499.99 and are unique within a county. Institutions are currently required to use census tract numbers from the 1990 census series.

CMSA. A consolidated metropolitan statistical area as defined by the director of the Office of Management and Budget.

Community development.

- affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- community services targeted to low- or moderate-income individuals;
- activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
- activities that revitalize or stabilize low- or moderate-income geographies.

Community development loan. A loan that:

- has as its primary purpose community development; and
- except in the case of a wholesale or limited-purpose institution:
 - has not been reported or

collected by the institution or an affiliate for consideration in the institution's assessment as a home mortgage, small-business, small-farm, or consumer loan, unless it is a multifamily-dwelling loan; and

- benefits the institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s).

Community development service.

A service that has as its primary purpose community development, is related to the provision of financial services, and has not been considered in the evaluation of the institution's retail banking services.

Consumer loan. A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small-business, or small-farm loan.

Consumer loans include the following categories of loans:

- Motor vehicle loan, which is a consumer loan extended for the purchase of and secured by a motor vehicle;
- Credit card loan, which is a line of credit for household, family, or other personal expenditures that is accessed by a borrower's use of a credit card;
- Home equity loan, which is a consumer loan secured by a residence of the borrower;
- Other secured consumer loan, which is a secured consumer loan that is not included in one of the other categories of consumer loans; and
- Other unsecured consumer loan, which is an unsecured consumer loan that is not included in one of

the other categories of consumer loans

Edit report. A report generated by the FFIEC and faxed to CRA reporters based on their data submissions. The edit report lists and describes errors found in the submitted data.

Geography. Geography means a census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home mortgage loan. A "home improvement loan" or a "home purchase loan" as defined in the Board's Regulation C (12 CFR part 203), which implements Home Mortgage Disclosure Act.

Income level. Income levels include:

- *Low-income*, which means an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography;
- *Moderate-income*, which means an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent, in the case of a geography;
- *Middle-income*, which means an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent, in the case of a geography; and
- *Upper-income*, which means an individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.

Institution Register Summary (IRS). A report generated by the FFIEC and faxed to CRA reporters based on the data they submitted. The first page of the IRS lists the number and total dollar amounts of small-business, small-farm, community development and consortium/third party loans in the data submission. If the loan information is correct, CRA reporters sign the second page of the IRS and fax it to (202) 530-6234.

Large institution. An institution other than a small institution.

Limited-purpose institution. An institution that offers only a narrow product line (such as credit card or motor vehicle loans) to a regional or broader market and for which a designation as a limited-purpose institution from its supervisory agency is in effect.

Loan location.

- A consumer loan is located in the geography where the borrower resides.
- A home mortgage loan is located in the geography where the property to which the loan relates is located.
- A small-business or small-farm loan is located in the geography where the main business facility or farm is located or where the loan proceeds otherwise will be applied, as indicated by the borrower.

MSA. A metropolitan statistical area or a primary metropolitan statistical area (PMSA) as defined by the Director of the Office of Management and Budget.

Qualified investment. A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small institution. An institution that, as of December 31 of either of the prior two calendar years, had total assets of less than \$250 million and was independent or an affiliate of a holding company that, as of December 31 of either of the prior two calendar years, had total banking and thrift assets of less than \$1 billion.

Small-business loan. A loan included in “loans to small businesses” as defined in the instructions in the institution’s “Consolidated Report of Condition and Income” (Call Report) or “Thrift Financial Report” (TFR).

Small-farm loan. A loan included in “loans to small farms” as defined in the instructions in the institution’s “Consolidated Report of Condition and Income” (Call Report) or “Thrift Financial Report” (TFR).

Special-purpose institution. An institution that does not perform commercial or retail banking services by granting credit to the public in the ordinary course of business, other than as incident to its specialized operations. These institutions include banker’s banks as defined in 12 USC 24 (Seventh), and institutions that engage in only one or more of the following activities: providing cash-management controlled-disbursement services or serving as correspondent institutions, trust companies, or clearing agents.

Wholesale institution. An institution that is not in the business of extending home mortgage, small-business, small-farm, or consumer loans to retail customers, and for which a designation as a wholesale institution from its supervisory agency is in effect.

Appendix A— Regulation BB: Community Reinvestment

As amended effective July 1, 1997*

Subpart A—General
Section
228.11 Authority, purposes, and scope
228.12 Definitions
Subpart B—Standards for Assessing Performance
228.21 Performance tests, standards, and ratings, in general
228.22 Lending test
228.23 Investment test
228.24 Service test
228.25 Community development test for wholesale or limited-purpose banks
228.26 Small-bank performance standards
228.27 Strategic plan
228.28 Assigned ratings
228.29 Effect of CRA performance on applications
Subpart C—Records, Reporting, and Disclosure Requirements
228.41 Assessment-area delineation
228.42 Data collection, reporting, and disclosure
228.43 Content and availability of public file
228.44 Public notice by banks
228.45 Publication of planned examination schedule
Appendix A—Ratings
Appendix B—CRA Notice

* Regulation BB is the Board's regulation implementing the CRA. The OCC, FDIC, and OTS have adopted substantially similar regulations, which appear at 12 CFR parts 25, 345, and 563e. The four regulations differ primarily in sections 11 and 29 and in appendix B.

SUBPART A—GENERAL

SECTION 228.11— Authority, Purposes, and Scope

(a) *Authority.* The Board of Governors of the Federal Reserve System (the Board) issues this part¹ to implement the Community Reinvestment Act (12 USC 2901 et seq.) (CRA). The regulations comprising this part are issued under the authority of the CRA and under the provisions of the United States Code authorizing the Board—

- (1) to conduct examinations of state-chartered banks that are members of the Federal Reserve System (12 USC 325);
- (2) to conduct examinations of bank holding companies and their subsidiaries (12 USC 1844); and
- (3) to consider applications for—
 - (i) domestic branches by state member banks (12 USC 321);
 - (ii) mergers in which the resulting bank would be a state member bank (12 USC 1828(c));
 - (iii) formations of, acquisitions of banks by, and mergers of, bank holding companies (12 USC 1842); and
 - (iv) the acquisition of savings associations by bank holding companies (12 USC 1843).

(b) *Purposes.* In enacting the CRA, the Congress required each appropriate federal financial supervisory agency to assess an institution's record of helping to meet the credit needs of the local communities in which the institution is chartered, consistent with the safe and sound operation of the

¹The words "this part," as used herein, mean Regulation BB (Code of Federal Regulations, title 12, chapter II, part 228).

institution, and to take this record into account in the agency's evaluation of an application for a deposit facility by the institution. This part is intended to carry out the purposes of the CRA by—

- (1) establishing the framework and criteria by which the Board assesses a bank's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank; and
- (2) providing that the Board takes that record into account in considering certain applications.

(c) *Scope.*

- (1) *General.* This part applies to all banks except as provided in paragraph (c)(3) of this section.
- (2) *Foreign bank acquisitions.* This part also applies to an uninsured state branch (other than a limited branch) of a foreign bank that results from an acquisition described in section 5(a)(8) of the International Banking Act of 1978 (12 USC 3103(a)(8)). The terms "state branch" and "foreign bank" have the same meanings as in section 1(b) of the International Banking Act of 1978 (12 USC 3101 et seq.); the term "uninsured state branch" means a state branch the deposits of which are not insured by the Federal Deposit Insurance Corporation; the term "limited branch" means a state branch that accepts only deposits that are permissible for a corporation organized under section 25A of the Federal Reserve Act (12 USC 611 et seq.).

(3) *Certain special-purpose banks.* This part does not apply to special-purpose banks that do not

perform commercial or retail banking services by granting credit to the public in the ordinary course of business, other than as incident to their specialized operations. These banks include banker's banks, as defined in 12 USC 24 (Seventh), and banks that engage only in one or more of the following activities: providing cash-management controlled-disbursement services or serving as correspondent banks, trust companies, or clearing agents.

SECTION 228.12— Definitions

For purposes of this part, the following definitions apply:

- (a) *Affiliate* means any company that controls, is controlled by, or is under common control with another company. The term “control” has the meaning given to that term in 12 USC 1841(a)(2), and a company is under common control with another company if both companies are directly or indirectly controlled by the same company.
- (b) *Area median income* means—
- (1) the median family income for the MSA, if a person or geography is located in an MSA; or
 - (2) the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.
- (c) *Assessment area* means a geographic area delineated in accordance with section 228.41.
- (d) *Automated teller machine (ATM)* means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed, or money lent.
- (e) *Bank* means a state member bank as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).
- (f) *Branch* means a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a minibranch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.
- (g) *CMSA* means a consolidated metropolitan statistical area as defined by the director of the Office of Management and Budget.
- (h) *Community development* means—
- (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
 - (2) community services targeted to low- or moderate-income individuals;
 - (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
 - (4) activities that revitalize or stabilize low- or moderate-income geographies.
- (i) *Community development loan* means a loan that—
- (1) has as its primary purpose community development; and
 - (2) except in the case of a wholesale or limited-purpose bank—
 - (i) has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in appendix A to part 203 of this chapter); and
 - (ii) benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).
- (j) *Community development service* means a service that—
- (1) has as its primary purpose community development;
 - (2) is related to the provision of financial services; and
 - (3) has not been considered in the evaluation of the bank's retail banking services under section 228.24(d).
- (k) *Consumer loan* means a loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. Consumer loans include the following categories of loans:
- (1) Motor vehicle loan, which is a consumer loan extended for the purchase of and secured by a motor vehicle;
 - (2) Credit card loan, which is a line of credit for household, family, or other personal expenditures that is accessed by a borrower's use of a “credit card,” as this term is defined in section 226.2 of this chapter;
 - (3) Home-equity loan, which is a

consumer loan secured by a residence of the borrower;

(4) Other secured consumer loan, which is a secured consumer loan that is not included in one of the other categories of consumer loans; and

(5) Other unsecured consumer loan, which is an unsecured consumer loan that is not included in one of the other categories of consumer loans.

(l) *Geography* means a census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

(m) *Home mortgage loan* means a “home-improvement loan” or a “home-purchase loan” as defined in section 203.2 of this chapter.

(n) *Income level* includes:

(1) *Low-income*, which means an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

(2) *Moderate-income*, which means an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent, in the case of a geography.

(3) *Middle-income*, which means an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent, in the case of a geography.

(4) *Upper-income*, which means an individual income that is 120 percent or more of the area

median income, or a median family income that is 120 percent or more, in the case of a geography.

(o) *Limited-purpose bank* means a bank that offers only a narrow product line (such as credit card or motor vehicle loans) to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

(p) *Loan location*. A loan is located as follows:

(1) a consumer loan is located in the geography where the borrower resides;

(2) a home mortgage loan is located in the geography where the property to which the loan relates is located; and

(3) a small-business or small-farm loan is located in the geography where the main business facility or farm is located or where the loan proceeds otherwise will be applied, as indicated by the borrower.

(q) *Loan production office* means a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

(r) *MSA* means a metropolitan statistical area or a primary metropolitan statistical area as defined by the director of the Office of Management and Budget.

(s) *Qualified investment* means a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

(t) *Small bank* means a bank that, as of December 31 of either of the prior two calendar years, had total

assets of less than \$250 million and was independent or an affiliate of a holding company that, as of December 31 of either of the prior two calendar years, had total banking and thrift assets of less than \$1 billion.

(u) *Small-business loan* means a loan included in “loans to small businesses” as defined in the instructions for preparation of the Consolidated Report of Condition and Income.

(v) *Small-farm loan* means a loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income.

(w) *Wholesale bank* means a bank that is not in the business of extending home mortgage, small-business, small-farm, or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).

SUBPART B—STANDARDS FOR ASSESSING PERFORMANCE

SECTION 228.21—Performance Tests, Standards, and Ratings, in General

(a) *Performance tests and standards*. The Board assesses the CRA performance of a bank in an examination as follows:

(1) *Lending, investment, and service tests*. The Board applies the lending, investment, and service tests, as provided in sections 228.22 through 228.24, in evaluating the performance of a bank, except as provided in paragraphs (a)(2), (a)(3), and (a)(4) of this section.

(2) *Community development test for wholesale or limited-purpose banks.* The Board applies the community development test for a wholesale or limited-purpose bank, as provided in section 228.25, except as provided in paragraph (a)(4) of this section.

(3) *Small-bank performance standards.* The Board applies the small-bank performance standards as provided in section 228.26 in evaluating the performance of a small bank or a bank that was a small bank during the prior calendar year, unless the bank elects to be assessed as provided in paragraphs (a)(1), (a)(2), or (a)(4) of this section. The bank may elect to be assessed as provided in paragraph (a)(1) of this section only if it collects and reports the data required for other banks under section 228.42.

(4) *Strategic plan.* The Board evaluates the performance of a bank under a strategic plan if the bank submits, and the Board approves, a strategic plan as provided in section 228.27.

(b) *Performance context.* The Board applies the tests and standards in paragraph (a) of this section and also considers whether to approve a proposed strategic plan in the context of—

(1) demographic data on median income levels, distribution of household income, nature of housing stock, housing costs, and other relevant data pertaining to a bank's assessment area(s);

(2) any information about lending, investment, and service opportunities in the bank's assessment area(s) maintained by the bank or obtained from community organizations, state,

local, and tribal governments, economic-development agencies, or other sources;

(3) the bank's product offerings and business strategy as determined from data provided by the bank;

(4) institutional capacity and constraints, including the size and financial condition of the bank, the economic climate (national, regional, and local), safety-and-soundness limitations, and any other factors that significantly affect the bank's ability to provide lending, investments, or services in its assessment area(s);

(5) the bank's past performance and the performance of similarly situated lenders;

(6) the bank's public file, as described in section 228.43, and any written comments about the bank's CRA performance submitted to the bank or the Board; and

(7) any other information deemed relevant by the Board.

(c) *Assigned ratings.* The Board assigns to a bank one of the following four ratings pursuant to section 228.28 and appendix A of this part: "outstanding"; "satisfactory"; "needs to improve"; or "substantial noncompliance" as provided in 12 USC 2906(b)(2). The rating assigned by the Board reflects the bank's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank.

(d) *Safe and sound operations.* This part and the CRA do not require a bank to make loans or investments or to provide services that are inconsistent with safe and sound

operations. To the contrary, the Board anticipates banks can meet the standards of this part with safe and sound loans, investments, and services on which the banks expect to make a profit. Banks are permitted and encouraged to develop and apply flexible underwriting standards for loans that benefit low- or moderate-income geographies or individuals, only if consistent with safe and sound operations.

SECTION 228.22— Lending Test

(a) *Scope of test.*

(1) The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small-business, small-farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the Board will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, home-equity, other secured, and other unsecured loans. In addition, at a bank's option, the Board will evaluate one or more categories of consumer lending, if the bank has collected and maintained, as required in section 228.42(c)(1), the data for each category that the bank elects to have the Board evaluate.

(2) The Board considers originations and purchases of loans. The Board will also consider any other loan data the bank may choose to provide, including data on loans outstanding, commitments, and letters of credit.

(3) A bank may ask the Board to consider loans originated or purchased by consortia in which the bank participates or by third parties in which the bank has invested only if the loans meet the definition of community development loans and only in accordance with paragraph (d) of this section. The Board will not consider these loans under any criterion of the lending test except the community development lending criterion.

(b) *Performance criteria.* The Board evaluates a bank's lending performance pursuant to the following criteria:

(1) *Lending activity.* The number and amount of the bank's home mortgage, small-business, small-farm, and consumer loans, if applicable, in the bank's assessment area(s);

(2) *Geographic distribution.* The geographic distribution of the bank's home mortgage, small-business, small-farm, and consumer loans, if applicable, based on the loan location, including—

- (i) the proportion of the bank's lending in the bank's assessment area(s);
- (ii) the dispersion of lending in the bank's assessment area(s); and
- (iii) the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment area(s);

(3) *Borrower characteristics.* The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small-business, small-farm, and consumer loans, if applicable, based on borrower

characteristics, including the number and amount of—

- (i) home mortgage loans to low-, moderate-, middle-, and upper-income individuals;
- (ii) small-business and small-farm loans to businesses and farms with gross annual revenues of \$1 million or less;
- (iii) small-business and small-farm loans by loan amount at origination; and
- (iv) consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals;

(4) *Community development lending.* The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and

(5) *Innovative or flexible lending practices.* The bank'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.

(c) *Affiliate lending.*

(1) At a bank's option, the Board will consider loans by an affiliate of the bank, if the bank provides data on the affiliate's loans pursuant to section 228.42.

(2) The Board considers affiliate lending subject to the following constraints:

- (i) no affiliate may claim a loan origination or loan purchase if another institution claims the same loan origination or purchase; and
- (ii) if a bank elects to have the Board consider loans within a particular lending category made by one or more of the bank's affiliates in a particular

assessment area, the bank shall elect to have the Board consider, in accordance with paragraph (c)(1) of this section, all the loans within that lending category in that particular assessment area made by all of the bank's affiliates.

(3) The Board does not consider affiliate lending in assessing a bank's performance under paragraph (b)(2)(i) of this section.

(d) *Lending by a consortium or a third party.* Community development loans originated or purchased by a consortium in which the bank participates or by a third party in which the bank has invested—

(1) will be considered, at the bank's option, if the bank reports the data pertaining to these loans under section 228.42(b)(2); and

(2) may be allocated among participants or investors, as they choose, for purposes of the lending test, except that no participant or investor—

- (i) may claim a loan origination or loan purchase if another participant or investor claims the same loan origination or purchase; or
- (ii) may claim loans accounting for more than its percentage share (based on the level of its participation or investment) of the total loans originated by the consortium or third party.

(e) *Lending-performance rating.* The Board rates a bank's lending performance as provided in appendix A of this part.

SECTION 228.23— Investment Test

(a) *Scope of test.* The investment test evaluates a bank's record of helping to meet the credit needs of

its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

(b) *Exclusion.* Activities considered under the lending or service tests may not be considered under the investment test.

(c) *Affiliate investment.* At a bank's option, the Board will consider, in its assessment of a bank's investment performance, a qualified investment made by an affiliate of the bank, if the qualified investment is not claimed by any other institution.

(d) *Disposition of branch premises.* Donating, selling on favorable terms, or making available on a rent-free basis a branch of the bank that is located in a predominantly minority neighborhood to a minority depository institution or women's depository institution (as these terms are defined in 12 USC 2907(b)) will be considered as a qualified investment.

(e) *Performance criteria.* The Board evaluates the investment performance of a bank pursuant to the following criteria:

- (1) the dollar amount of qualified investments;
- (2) the innovativeness or complexity of qualified investments;
- (3) the responsiveness of qualified investments to credit and community development needs; and
- (4) the degree to which the qualified investments are not routinely provided by private investors.

(f) *Investment-performance rating.* The Board rates a bank's investment

performance as provided in appendix A of this part.

SECTION 228.24— Service Test

(a) *Scope of test.* The service test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

(b) *Area(s) benefitted.* Community development services must benefit a bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

(c) *Affiliate service.* At a bank's option, the Board will consider, in its assessment of a bank's service performance, a community development service provided by an affiliate of the bank, if the community development service is not claimed by any other institution.

(d) *Performance criteria—retail banking services.* The Board evaluates the availability and effectiveness of a bank's systems for delivering retail banking services, pursuant to the following criteria:

- (1) the current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- (2) in the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;

(3) the availability and effectiveness of alternate systems for delivering retail banking services (e.g., ATMs, ATMs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and

(4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

(e) *Performance criteria—community development services.* The Board evaluates community development services pursuant to the following criteria:

- (1) the extent to which the bank provides community development services; and
- (2) the innovativeness and responsiveness of community development services.

(f) *Service-performance rating.* The Board rates a bank's service performance as provided in appendix A of this part.

SECTION 228.25— Community Development Test for Wholesale or Limited-Purpose Bank

(a) *Scope of test.* The Board assesses a wholesale or limited-purpose bank's record of helping to meet the credit needs of its assessment area(s) under the community development test through its community development lending, qualified investments, or community development services.

(b) *Designation as a wholesale or limited-purpose bank.* In order to receive a designation as a wholesale or limited-purpose bank, a bank shall file a request, in writing, with the Board, at least three months prior to the proposed effective date of the designation. If the Board approves the designation, it remains in effect until the bank requests revocation of the designation or until one year after the Board notifies the bank that the Board has revoked the designation on its own initiative.

(c) *Performance criteria.* The Board evaluates the community development performance of a wholesale or limited-purpose bank pursuant to the following criteria:

- (1) the number and amount of community development loans (including originations and purchases of loans and other community development loan data provided by the bank, such as data on loans outstanding, commitments, and letters of credit), qualified investments, or community development services;
- (2) the use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors; and
- (3) the bank's responsiveness to credit and community development needs.

(d) *Indirect activities.* At a bank's option, the Board will consider in its community development performance assessment:

- (1) qualified investments or community development services provided by an affiliate of the bank, if the investments or services are not claimed by any other institution; and

(2) community development lending by affiliates, consortia and third parties, subject to the requirements and limitations in section 228.22(c) and (d).

(e) *Benefit to assessment area(s).*

(1) *Benefit inside assessment area(s).* The Board considers all qualified investments, community development loans, and community development services that benefit areas within the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

(2) *Benefit outside assessment area(s).* The Board considers the qualified investments, community development loans, and community development services that benefit areas outside the bank's assessment area(s), if the bank has adequately addressed the needs of its assessment area(s).

(f) *Community development performance rating.* The Board rates a bank's community development performance as provided in appendix A of this part.

SECTION 228.26— Small-Bank Performance Standards

(a) *Performance criteria.* The Board evaluates the record of a small bank, or a bank that was a small bank during the prior calendar year, of helping to meet the credit needs of its assessment area(s) pursuant to the following criteria:

- (1) the bank's loan-to-deposit ratio, adjusted for seasonal variation and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets,

community development loans, or qualified investments;

- (2) the percentage of loans and, as appropriate, other lending-related activities located in the bank's assessment area(s);
- (3) the bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- (4) the geographic distribution of the bank's loans; and
- (5) the bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

(b) *Small-bank performance rating.* The Board rates the performance of a bank evaluated under this section as provided in appendix A of this part.

SECTION 228.27— Strategic Plan

(a) *Alternative election.* The Board will assess a bank's record of helping to meet the credit needs of its assessment area(s) under a strategic plan if—

- (1) the bank has submitted the plan to the Board as provided for in this section;
- (2) the Board has approved the plan;
- (3) the plan is in effect; and
- (4) the bank has been operating under an approved plan for at least one year.

(b) *Data reporting.* The Board's approval of a plan does not affect the bank's obligation, if any, to report data as required by section 228.42.

(c) *Plans in general.*

- (1) *Term.* A plan may have a term

of no more than five years, and any multiyear plan must include annual interim measurable goals under which the Board will evaluate the bank's performance.

(2) *Multiple assessment areas.* A bank with more than one assessment area may prepare a single plan for all of its assessment areas or one or more plans for one or more of its assessment areas.

(3) *Treatment of affiliates.*

Affiliated institutions may prepare a joint plan if the plan provides measurable goals for each institution. Activities may be allocated among institutions at the institutions' option, provided that the same activities are not considered for more than one institution.

(d) *Public participation in plan development.* Before submitting a plan to the Board for approval, a bank shall—

(1) informally seek suggestions from members of the public in its assessment area(s) covered by the plan while developing the plan;

(2) once the bank has developed a plan, formally solicit public comment on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan; and

(3) during the period of formal public comment, make copies of the plan available for review by the public at no cost at all offices of the bank in any assessment area covered by the plan and provide copies of the plan upon request for a reasonable fee to cover copying and mailing, if applicable.

(e) *Submission of plan.* The bank

shall submit its plan to the Board at least three months prior to the proposed effective date of the plan. The bank shall also submit with its plan a description of its informal efforts to seek suggestions from members of the public, any written public comment received, and, if the plan was revised in light of the comment received, the initial plan as released for public comment.

(f) *Plan content.*

(1) *Measurable goals.*

(i) A bank shall specify in its plan measurable goals for helping to meet the credit needs of each assessment area covered by the plan, particularly the needs of low- and moderate-income geographies and low- and moderate-income individuals, through lending, investment, and services, as appropriate.

(ii) A bank shall address in its plan all three performance categories and, unless the bank has been designated as a wholesale or limited-purpose bank, shall emphasize lending and lending-related activities. Nevertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment area(s), considering public comment and the bank's capacity and constraints, product offerings, and business strategy.

(2) *Confidential information.* A bank may submit additional information to the Board on a confidential basis, but the goals stated in the plan must be sufficiently specific to enable the

public and the Board to judge the merits of the plan.

(3) *Satisfactory and outstanding goals.* A bank shall specify in its plan measurable goals that constitute "satisfactory" performance. A plan may specify measurable goals that constitute "outstanding" performance. If a bank submits, and the Board approves, both "satisfactory" and "outstanding" performance goals, the Board will consider the bank eligible for an "outstanding" performance rating.

(4) *Election if satisfactory goals not substantially met.* A bank may elect in its plan that, if the bank fails to meet substantially its plan goals for a satisfactory rating, the Board will evaluate the bank's performance under the lending, investment, and service tests, the community development test, or the small-bank performance standards, as appropriate.

(g) *Plan approval.*

(1) *Timing.* The Board will act upon a plan within 60 calendar days after the Board receives the complete plan and other material required under paragraph (d) of this section. If the Board fails to act within this time period, the plan shall be deemed approved unless the Board extends the review period for good cause.

(2) *Public participation.* In evaluating the plan's goals, the Board considers the public's involvement in formulating the plan, written public comment on the plan, and any response by the bank to public comment on the plan.

(3) *Criteria for evaluating plan.* The Board evaluates a plan's measurable goals using the following criteria, as appropriate:

- (i) the extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of loans among different geographies, businesses and farms of different sizes, and individuals of different income levels, the extent of community development lending, and the use of innovative or flexible lending practices to address credit needs;
- (ii) the amount and innovativeness, complexity, and responsiveness of the bank’s qualified investments; and
- (iii) the availability and effectiveness of the bank’s systems for delivering retail banking services and the extent and innovativeness of the bank’s community development services.

(h) *Plan amendment.* During the term of a plan, a bank may request the Board to approve an amendment to the plan on grounds that there has been a material change in circumstances. The bank shall develop an amendment to a previously approved plan in accordance with the public participation requirements of paragraph (d) of this section.

(i) *Plan assessment.* The Board approves the goals and assesses performance under a plan as provided for in appendix A of this part.

SECTION 228.28—Assigned Ratings

(a) *Ratings in general.* Subject to paragraphs (b) and (c) of this section, the Board assigns to a bank a rating of “outstanding,”

“satisfactory,” “needs to improve,” or “substantial noncompliance” based on the bank’s performance under the lending, investment, and service tests, the community development test, the small-bank performance standards, or an approved strategic plan, as applicable.

(b) *Lending, investment, and service tests.* The Board assigns a rating for a bank assessed under the lending, investment, and service tests in accordance with the following principles:

- (1) a bank that receives an “outstanding” rating on the lending test receives an assigned rating of at least “satisfactory”;
- (2) a bank that receives an “outstanding” rating on both the service test and the investment test and a rating of at least “high satisfactory” on the lending test receives an assigned rating of “outstanding”; and
- (3) no bank may receive an assigned rating of “satisfactory” or higher unless it receives a rating of at least “low satisfactory” on the lending test.

(c) *Effect of evidence of discriminatory or other illegal credit practices.* Evidence of discriminatory or other illegal credit practices adversely affects the Board’s evaluation of a bank’s performance. In determining the effect on the bank’s assigned rating, the Board considers the nature and extent of the evidence, the policies and procedures that the bank has in place to prevent discriminatory or other illegal credit practices, any corrective action that the bank has taken or has committed to take, particularly voluntary corrective action resulting from self-assessment, and other relevant information.

SECTION 228.29—Effect of CRA Performance on Applications

(a) *CRA performance.* Among other factors, the Board takes into account the record of performance under the CRA of—

- (1) each applicant bank for the—
 - (i) establishment of a domestic branch by a state member bank; and
 - (ii) merger, consolidation, acquisition of assets, or assumption of liabilities requiring approval under the Bank Merger Act (12 USC 1828(c)) if the acquiring, assuming, or resulting bank is to be a state member bank; and
- (2) each insured depository institution (as defined in 12 USC 1813) controlled by an applicant and subsidiary bank or savings association proposed to be controlled by an applicant—
 - (i) to become a bank holding company in a transaction that requires approval under section 3 of the Bank Holding Company Act (12 USC 1842);
 - (ii) to acquire ownership or control of shares or all or substantially all of the assets of a bank, to cause a bank to become a subsidiary of a bank holding company, or to merge or consolidate a bank holding company with any other bank holding company in a transaction that requires approval under section 3 of the Bank Holding Company Act (12 USC 1842); and
 - (iii) to own, control, or operate a savings association in a transaction that requires approval under section 4 of the Bank Holding Company Act (12 USC 1843).

(b) *Interested parties.* In considering CRA performance in an application described in paragraph (a) of this section, the Board takes into account any views expressed by interested parties that are submitted in accordance with the Board’s Rules of Procedure set forth in part 262 of this chapter.

(c) *Denial or conditional approval of application.* A bank’s record of performance may be the basis for denying or conditioning approval of an application listed in paragraph (a) of this section.

(d) *Definitions.* For purposes of paragraph (a)(2) of this section, “bank,” “bank holding company,” “subsidiary,” and “savings association” have the meanings given to those terms in section 2 of the Bank Holding Company Act (12 USC 1841).

SUBPART C—RECORDS, REPORTING, AND DISCLOSURE REQUIREMENTS

SECTION 228.41—Assessment-Area Delineation

(a) *In general.* A bank shall delineate one or more assessment areas within which the Board evaluates the bank’s record of helping to meet the credit needs of its community. The Board does not evaluate the bank’s delineation of its assessment area(s) as a separate performance criterion, but the Board reviews the delineation for compliance with the requirements of this section.

(b) *Geographic area(s) for wholesale or limited-purpose banks.* The assessment area(s) for a wholesale or limited-purpose bank must consist generally of one or more MSAs (using the MSA

boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

(c) *Geographic area(s) for other banks.* The assessment area(s) for a bank other than a wholesale or limited-purpose bank must—

- (1) consist generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns; and
- (2) include the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans (including home mortgage loans, small-business and small-farm loans, and any other loans the bank chooses, such as those consumer loans on which the bank elects to have its performance assessed).

(d) *Adjustments to geographic area(s).* A bank may adjust the boundaries of its assessment area(s) to include only the portion of a political subdivision that it reasonably can be expected to serve. An adjustment is particularly appropriate in the case of an assessment area that otherwise would be extremely large, of unusual configuration, or divided by significant geographic barriers.

(e) *Limitations on the delineation of an assessment area.* Each bank’s assessment area(s)—

- (1) must consist only of whole geographies;
- (2) may not reflect illegal discrimination;
- (3) may not arbitrarily exclude low- or moderate-income geographies, taking into account the bank’s size and financial condition; and
- (4) may not extend substantially beyond a CMSA boundary or beyond a state boundary unless the assessment area is located in a multistate MSA. If a bank serves a geographic area that extends substantially beyond a state boundary, the bank shall delineate separate assessment areas for the areas in each state. If a bank serves a geographic area that extends substantially beyond a CMSA boundary, the bank shall delineate separate assessment areas for the areas inside and outside the CMSA.

(f) *Banks serving military personnel.* Notwithstanding the requirements of this section, a bank whose business predominantly consists of serving the needs of military personnel or their dependents who are not located within a defined geographic area may delineate its entire deposit-customer base as its assessment area.

(g) *Use of assessment area(s).* The Board uses the assessment area(s) delineated by a bank in its evaluation of the bank’s CRA performance unless the Board determines that the assessment area(s) do not comply with the requirements of this section.

SECTION 228.42—Data Collection, Reporting, and Disclosure

(a) *Loan information required to be collected and maintained.* A bank, except a small bank, shall collect,

and maintain in machine-readable form (as prescribed by the Board) until the completion of its next CRA examination, the following data for each small-business or small-farm loan originated or purchased by the bank:

- (1) a unique number or alphanumeric symbol that can be used to identify the relevant loan file;
- (2) the loan amount at origination;
- (3) the loan location; and
- (4) an indicator whether the loan was to a business or farm with gross annual revenues of \$1 million or less.

(b) *Loan information required to be reported.* A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall report annually by March 1 to the Board in machine-readable form (as prescribed by the Board) the following data for the prior calendar year:

- (1) *Small-business and small-farm loan data.* For each geography in which the bank originated or purchased a small-business or small-farm loan, the aggregate number and amount of loans—
 - (i) with an amount at origination of \$100,000 or less;
 - (ii) with amount at origination of more than \$100,000 but less than or equal to \$250,000;
 - (iii) with an amount at origination of more than \$250,000; and
 - (iv) to businesses and farms with gross annual revenues of \$1 million or less (using the revenues that the bank considered in making its credit decision);
- (2) *Community development loan data.* The aggregate number and

aggregate amount of community development loans originated or purchased; and

(3) *Home mortgage loans.* If the bank is subject to reporting under part 203 of this chapter, the location of each home mortgage loan application, origination, or purchase outside the MSAs in which the bank has a home or branch office (or outside any MSA) in accordance with the requirements of part 203 of this chapter.

(c) *Optional data collection and maintenance.*

(1) *Consumer loans.* A bank may collect and maintain in machine-readable form (as prescribed by the Board) data for consumer loans originated or purchased by the bank for consideration under the lending test. A bank may maintain data for one or more of the following categories of consumer loans: motor vehicle, credit card, home-equity, other secured, and other unsecured. If the bank maintains data for loans in a certain category, it shall maintain data for all loans originated or purchased within that category. The bank shall maintain data separately for each category, including for each loan—

- (i) a unique number or alphanumeric symbol that can be used to identify the relevant loan file;
 - (ii) the loan amount at origination or purchase;
 - (iii) the loan location; and
 - (iv) the gross annual income of the borrower that the bank considered in making its credit decision.
- (2) *Other loan data.* At its option, a bank may provide other

information concerning its lending performance, including additional loan-distribution data.

(d) *Data on affiliate lending.* A bank that elects to have the Board consider loans by an affiliate, for purposes of the lending or community development test or an approved strategic plan, shall collect, maintain, and report for those loans the data that the bank would have collected, maintained, and reported pursuant to paragraphs (a), (b), and (c) of this section had the loans been originated or purchased by the bank. For home mortgage loans, the bank shall also be prepared to identify the home mortgage loans reported under part 203 of this chapter by the affiliate.

(e) *Data on lending by a consortium or a third party.* A bank that elects to have the Board consider community development loans by a consortium or third party, for purposes of the lending or community development tests or an approved strategic plan, shall report for those loans the data that the bank would have reported under paragraph (b)(2) of this section had the loans been originated or purchased by the bank.

(f) *Small banks electing evaluation under the lending, investment, and service tests.* A bank that qualifies for evaluation under the small-bank performance standards but elects evaluation under the lending, investment, and service tests shall collect, maintain, and report the data required for other banks pursuant to paragraphs (a) and (b) of this section.

(g) *Assessment-area data.* A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall collect and

report to the Board by March 1 of each year a list for each assessment area showing the geographies within the area.

(h) *CRA disclosure statement.* The Board prepares annually for each bank that reports data pursuant to this section a CRA disclosure statement that contains, on a state-by-state basis—

(1) for each county (and for each assessment area smaller than a county) with a population of 500,000 persons or fewer in which the bank reported a small-business or small-farm loan—

(i) the number and amount of small-business and small-farm loans reported as originated or purchased located in low-, moderate-, middle-, and upper-income geographies;

(ii) a list grouping each geography according to whether the geography is low-, moderate-, middle-, or upper-income;

(iii) a list showing each geography in which the bank reported a small-business or small-farm loan; and

(iv) the number and amount of small-business and small-farm loans to businesses and farms with gross annual revenues of \$1 million or less;

(2) for each county (and for each assessment area smaller than a county) with a population in excess of 500,000 persons in which the bank reported a small-business or small-farm loan—

(i) the number and amount of small-business and small-farm loans reported as originated or purchased located in geographies with median income relative to the area

median income of less than 10 percent, 10 or more but less than 20 percent, 20 or more but less than 30 percent, 30 or more but less than 40 percent, 40 or more but less than 50 percent, 50 or more but less than 60 percent, 60 or more but less than 70 percent, 70 or more but less than 80 percent, 80 or more but less than 90 percent, 90 or more but less than 100 percent, 100 or more but less than 110 percent, 110 or more but less than 120 percent, and 120 percent or more;

(ii) a list grouping each geography in the county or assessment area according to whether the median income in the geography relative to the area median income is less than 10 percent, 10 or more but less than 20 percent, 20 or more but less than 30 percent, 30 or more but less than 40 percent, 40 or more but less than 50 percent, 50 or more but less than 60 percent, 60 or more but less than 70 percent, 70 or more but less than 80 percent, 80 or more but less than 90 percent, 90 or more but less than 100 percent, 100 or more but less than 110 percent, 110 or more but less than 120 percent, 120 percent or more;

(iii) a list showing each geography in which the bank reported a small-business or small-farm loan; and

(iv) the number and amount of small-business and small-farm loans to businesses and farms with gross annual revenues of \$1 million or less;

(3) the number and amount of small-business and small-farm

loans located inside each assessment area reported by the bank and the number and amount of small-business and small-farm loans located outside the assessment area(s) reported by the bank; and

(4) the number and amount of community development loans reported as originated or purchased.

(i) *Aggregate disclosure statements.*

The Board, in conjunction with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision, prepares annually, for each MSA (including an MSA that crosses a state boundary) and the non-MSA portion of each state, an aggregate disclosure statement of small-business and small-farm lending by all institutions subject to reporting under this part or parts 25, 345, or 563e of this title. These disclosure statements indicate, for each geography, the number and amount of all small-business and small-farm loans originated or purchased by reporting institutions, except that the Board may adjust the form of the disclosure if necessary, because of special circumstances, to protect the privacy of a borrower or the competitive position of an institution.

(j) *Central data depositories.* The Board makes the aggregate disclosure statements, described in paragraph (i) of this section, and the individual bank CRA disclosure statements, described in paragraph (h) of this section, available to the public at central data depositories. The Board publishes a list of the depositories at which the statements are available.

SECTION 228.43—Content and Availability of Public File

(a) *Information available to the public.* A bank shall maintain a public file that includes the following information:

- (1) all written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any response to the comments by the bank, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the bank or publication of which would violate specific provisions of law;
- (2) a copy of the public section of the bank's most recent CRA performance evaluation prepared by the Board. The bank shall place this copy in the public file within 30 business days after its receipt from the Board;
- (3) a list of the bank's branches, their street addresses, and geographies;
- (4) a list of branches opened or closed by the bank during the current year and each of the prior two calendar years, their street addresses, and geographies;
- (5) a list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any. At its option, a bank may include information regarding the availability of alternative systems for delivering

retail banking services (e.g., ATMs, ATMs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs);

(6) a map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list; and

(7) any other information the bank chooses.

(b) *Additional information available to the public.*

(1) *Banks other than small banks.* A bank, except a small bank or a bank that was a small bank during the prior calendar year, shall include in its public file the following information pertaining to the bank and its affiliates, if applicable, for each of the prior two calendar years:

(i) if the bank has elected to have one or more categories of its consumer loans considered under the lending test, for each of these categories, the number and amount of loans—

(A) to low-, moderate-, middle-, and upper-income individuals;

(B) located in low-, moderate-, middle-, and upper-income census tracts; and

(C) located inside the bank's assessment area(s) and outside the bank's assessment area(s); and

(ii) the bank's CRA disclosure statement. The bank shall place the statement in the public file within three business days of its receipt from the Board.

(2) *Banks required to report Home Mortgage Disclosure Act (HMDA) data.* A bank required to report home mortgage loan data pursuant to part 203 of this chapter shall include in its public file a copy of the HMDA disclosure statement provided by the Federal Financial Institutions Examination Council pertaining to the bank for each of the prior two calendar years. In addition, a bank that elected to have the Board consider the mortgage lending of an affiliate for any of these years shall include in its public file the affiliate's HMDA disclosure statement for those years. The bank shall place the statement(s) in the public file within three business days after its receipt.

(3) *Small banks.* A small bank or a bank that was a small bank during the prior calendar year shall include in its public file—

- (i) the bank's loan-to-deposit ratio for each quarter of the prior calendar year and, at its option, additional data on its loan-to-deposit ratio; and
- (ii) the information required for other banks by paragraph (b)(1) of this section, if the bank has elected to be evaluated under the lending, investment, and service tests.

(4) *Banks with strategic plans.* A bank that has been approved to be assessed under a strategic plan shall include in its public file a copy of that plan. A bank need not include information submitted to the Board on a confidential basis in conjunction with the plan.

(5) *Banks with less-than-satisfactory ratings.* A bank that received a less-than-satisfactory rating during its most recent

examination shall include in its public file a description of its current efforts to improve its performance in helping to meet the credit needs of its entire community. The bank shall update the description quarterly.

(c) *Location of public information.* A bank shall make available to the public for inspection upon request and at no cost the information required in this section as follows:

- (1) at the main office and, if an interstate bank, at one branch office in each state, all information in the public file; and
- (2) at each branch:
 - (i) a copy of the public section of the bank's most recent CRA performance evaluation and a list of services provided by the branch; and
 - (ii) within five calendar days of the request, all the information in the public file relating to the assessment area in which the branch is located.

(d) *Copies.* Upon request, a bank shall provide copies, either on paper or in another form acceptable to the person making the request, of the information in its public file. The bank may charge a reasonable fee not to exceed the cost of copying and mailing (if applicable).

(e) *Updating.* Except as otherwise provided in this section, a bank shall ensure that the information required by this section is current as of April 1 of each year.

SECTION 228.44—Public Notice by Banks

A bank shall provide in the public lobby of its main office and each of its branches the appropriate public notice set forth in appendix B of this

part. Only a branch of a bank having more than one assessment area shall include the bracketed material in the notice for branch offices. Only a bank that is an affiliate of a holding company shall include the next-to-the-last sentence of the notices. A bank shall include the last sentence of the notices only if it is an affiliate of a holding company that is not prevented by statute from acquiring additional banks.

SECTION 228.45—Publication of Planned Examination Schedule

The Board publishes at least 30 days in advance of the beginning of each calendar quarter a list of banks scheduled for CRA examinations in that quarter.

APPENDIX A—Ratings

(a) *Ratings in general.*

(1) In assigning a rating, the Board evaluates a bank's performance under the applicable performance criteria in this part, in accordance with section 228.21, and section 228.28, which provides for adjustments on the basis of evidence of discriminatory or other illegal credit practices.

(2) A bank's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The bank's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile as follows.

(b) *Banks evaluated under the*

lending, investment, and service tests.

(1) *Lending performance rating.* The Board assigns each bank's lending performance one of the five following ratings.

(i) *Outstanding.* The Board rates a bank's lending performance "outstanding" if, in general, it demonstrates—

- (A) excellent responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small-business, small-farm, and consumer loans, if applicable, in its assessment area(s);
- (B) a substantial majority of its loans are made in its assessment area(s);
- (C) an excellent geographic distribution of loans in its assessment area(s);
- (D) an excellent distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
- (E) an excellent record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
- (F) extensive 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; and
(G) it is a leader in making community development loans.

(ii) *High satisfactory.* The Board rates a bank's lending performance "high satisfactory" if, in general, it demonstrates—

- (A) good responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small-business, small-farm, and consumer loans, if applicable, in its assessment area(s);
- (B) a high percentage of its loans are made in its assessment area(s);
- (C) a good geographic distribution of loans in its assessment area(s);
- (D) a good distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
- (E) a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
- (F) 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; and
(G) it has made a relatively high level of community development loans.

(iii) *Low satisfactory.* The Board rates a bank's lending performance "low satisfactory" if, in general, it demonstrates—

- (A) adequate responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small-business, small-farm, and consumer loans, if applicable, in its assessment area(s);
- (B) an adequate percentage of its loans are made in its assessment area(s);
- (C) an adequate geographic distribution of loans in its assessment area(s);
- (D) an adequate distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
- (E) an adequate record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
- (F) limited 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; and
(G) it has made an adequate level of community development loans.

(iv) *Needs to improve.* The Board rates a bank's lending performance "needs to improve" if, in general, it demonstrates—

- (A) poor responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small-business, small-farm, and consumer loans, if applicable, in its assessment area(s);
- (B) a small percentage of its loans are made in its assessment area(s);
- (C) a poor geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area(s);
- (D) a poor distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
- (E) a poor record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
- (F) little 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; and

(G) it has made a low level of community development loans.

(v) *Substantial noncompliance.*

The Board rates a bank's lending performance as being in "substantial noncompliance" if, in general, it demonstrates—

- (A) a very poor responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small-business, small-farm, and consumer loans, if applicable, in its assessment area(s);
- (B) a very small percentage of its loans are made in its assessment area(s);
- (C) a very poor geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area(s);
- (D) a very poor distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
- (E) a very poor record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less,

consistent with safe and sound operations;

(F) no 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; and

(G) it has made few, if any, community development loans.

(2) *Investment-performance rating.* The Board assigns each bank's investment performance one of the five following ratings.

(i) *Outstanding.* The Board rates a bank's investment performance "outstanding" if, in general, it demonstrates—

- (A) an excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position;
- (B) extensive use of innovative or complex qualified investments; and
- (C) excellent responsiveness to credit and community development needs.

(ii) *High satisfactory.* The Board rates a bank's investment performance "high satisfactory" if, in general, it demonstrates—

- (A) a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position;
- (B) significant use of innovative or complex qualified investments; and
- (C) good responsiveness to credit and community development needs.

(iii) *Low satisfactory.* The Board rates a bank's investment performance "low satisfactory" if, in general, it demonstrates—

- (A) an adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position;
- (B) occasional use of innovative or complex qualified investments; and
- (C) adequate responsiveness to credit and community development needs.

(iv) *Needs to improve.* The Board rates a bank's investment performance "needs to improve" if, in general, it demonstrates—

- (A) a poor level of qualified investments, particularly those that are not routinely provided by private investors;
- (B) rare use of innovative or complex qualified investments; and
- (C) poor responsiveness to credit and community development needs.

(v) *Substantial noncompliance.*

The Board rates a bank's investment performance as being in "substantial noncompliance" if, in general, it demonstrates—

- (A) few, if any, qualified investments, particularly those that are not routinely provided by private investors;
- (B) no use of innovative or complex qualified investments; and

(C) very poor responsiveness to credit and community development needs.

(3) *Service-performance rating.*

The Board assigns each bank's service performance one of the five following ratings.

(i) *Outstanding.* The Board rates a bank's service performance "outstanding" if, in general, the bank demonstrates—

- (A) its service-delivery systems are readily accessible to geographies and individuals of different income levels in its assessment area(s);
- (B) to the extent changes have been made, its record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;
- (C) its services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals; and
- (D) it is a leader in providing community development services.

(ii) *High satisfactory.* The Board rates a bank's service performance "high satisfactory" if, in general, the bank demonstrates—

- (A) its service-delivery systems are accessible to geographies and individuals of different income levels in its assessment area(s);
- (B) to the extent changes

have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals;

(C) its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area(s), particularly low- and moderate-income geographies and low- and moderate-income individuals; and

(D) it provides a relatively high level of community development services.

(iii) *Low satisfactory.* The Board rates a bank's service performance "low satisfactory" if, in general, the bank demonstrates—

- (A) its service-delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area(s);
- (B) to the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals;
- (C) its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area(s),

particularly low- and moderate-income geographies and low- and moderate-income individuals; and

(D) it provides an adequate level of community development services.

(iv) *Needs to improve.* The Board rates a bank's service performance "needs to improve" if, in general, the bank demonstrates—

- (A) its service-delivery systems are unreasonably inaccessible to portions of its assessment area(s), particularly to low- or moderate-income geographies or to low- or moderate-income individuals;
- (B) to the extent changes have been made, its record of opening and closing branches has adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;
- (C) its services (including, where appropriate, business hours) vary in a way that inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals; and
- (D) it provides a limited level of community development services.

(v) *Substantial noncompliance.* The Board rates a bank's service performance as being in "substantial noncompliance" if, in general, the bank demonstrates—

- (A) its service-delivery

systems are unreasonably inaccessible to significant portions of its assessment area(s), particularly to low- or moderate-income geographies or to low- or moderate-income individuals;

(B) to the extent changes have been made, its record of opening and closing branches has significantly adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;

(C) its services (including, where appropriate, business hours) vary in a way that significantly inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals; and

(D) it provides few, if any, community development services.

(c) *Wholesale or limited-purpose banks.* The Board assigns each wholesale or limited-purpose bank's community development performance one of the four following ratings.

(1) *Outstanding.* The Board rates a wholesale or limited-purpose bank's community development performance "outstanding" if, in general, it demonstrates—

- (i) a high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;

- (ii) extensive use of innovative or complex qualified investments, community development loans, or community development services; and
- (iii) excellent responsiveness to credit and community development needs in its assessment area(s).

(2) *Satisfactory.* The Board rates a wholesale or limited-purpose bank's community development performance "satisfactory" if, in general, it demonstrates—

- (i) an adequate level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
- (ii) occasional use of innovative or complex qualified investments, community development loans, or community development services; and
- (iii) adequate responsiveness to credit and community development needs in its assessment area(s).

(3) *Needs to improve.* The Board rates a wholesale or limited-purpose bank's community development performance as "needs to improve" if, in general, it demonstrates—

- (i) a poor level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
- (ii) rare use of innovative or complex qualified investments, community development loans, or community development services; and

- (iii) poor responsiveness to credit and community development needs in its assessment area(s).

(4) *Substantial noncompliance.* The Board rates a wholesale or limited-purpose bank's community development performance in "substantial noncompliance" if, in general, it demonstrates—

- (i) few, if any, community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
- (ii) no use of innovative or complex qualified investments, community development loans, or community development services; and
- (iii) very poor responsiveness to credit and community development needs in its assessment area(s).

(d) *Banks evaluated under the small-bank performance standards.* The Board rates the performance of each bank evaluated under the small-bank performance standards as follows.

(1) *Eligibility for a satisfactory rating.* The Board rates a bank's performance "satisfactory" if, in general, the bank demonstrates—

- (i) a reasonable loan-to-deposit ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area(s), and taking into account, as appropriate, lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments;
- (ii) a majority of its loans and,

as appropriate, other lending-related activities are in its assessment area(s);

(iii) a distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank's assessment area(s);

(iv) a record of taking appropriate action, as warranted, in response to written complaints, if any, about the bank's performance in helping to meet the credit needs of its assessment area(s); and

(v) a reasonable geographic distribution of loans given the bank's assessment area(s).

(2) *Eligibility for an outstanding rating.* A bank that meets each of the standards for a "satisfactory" rating under this paragraph and exceeds some or all of those standards may warrant consideration for an overall rating of "outstanding." In assessing whether a bank's performance is "outstanding," the Board considers the extent to which the bank exceeds each of the performance standards for a "satisfactory" rating and its performance in making qualified investments and its performance in providing branches and other services and delivery systems that enhance credit availability in its assessment area(s).

(3) *"Needs to improve" or "substantial noncompliance" ratings.* A bank also may receive a rating of "needs to improve" or

"substantial noncompliance" depending on the degree to which its performance has failed to meet the standards for a "satisfactory" rating.

(e) *Strategic-plan assessment and rating.*

(1) *Satisfactory goals.* The Board approves as "satisfactory" measurable goals that adequately help to meet the credit needs of the bank's assessment area(s).

(2) *Outstanding goals.* If the plan identifies a separate group of measurable goals that substantially exceed the levels approved as "satisfactory," the Board will approve those goals as "outstanding."

(3) *Rating.* The Board assesses the performance of a bank operating under an approved plan to determine if the bank has met its plan goals:

(i) If the bank substantially achieves its plan goals for a satisfactory rating, the Board will rate the bank's performance under the plan as "satisfactory."

(ii) If the bank exceeds its plan goals for a satisfactory rating and substantially achieves its plan goals for an outstanding rating, the Board will rate the bank's performance under the plan as "outstanding."

(iii) If the bank fails to meet substantially its plan goals for a satisfactory rating, the Board will rate the bank as either "needs to improve" or "substantial noncompliance," depending on the extent to which it falls short of its plan goals, unless the bank elected in its plan to be rated otherwise, as provided in section 228.27(f)(4).

APPENDIX B—CRA Notice

(a) *Notice for main offices and, if an interstate bank, one branch office in each state.*

COMMUNITY REINVESTMENT ACT NOTICE

Under the Federal Community Reinvestment Act (CRA), the Federal Reserve Board (Board) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Board also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA performance evaluation, prepared by the Federal Reserve Bank of _____ (Reserve Bank); and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Federal Reserve System publishes a list of the banks that are scheduled for CRA examination by the Reserve Bank in that quarter. This list is available from (title of responsible official), Federal Reserve Bank of _____ (address). You may send written comments about our performance in helping to meet community credit needs to (name and address of official at bank) and (title of responsible official), Federal Reserve Bank of _____ (address). Your letter, together with any response by us, will be considered by the Federal Reserve System in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Reserve Bank. You may also request from the Reserve Bank an announcement of our applications

covered by the CRA filed with the Reserve Bank. We are an affiliate of (name of holding company), a bank holding company. You may request from (title of responsible official), Federal Reserve Bank of _____ (address) an announcement of applications covered by the CRA filed by bank holding companies.

(b) *Notice for branch offices.*

COMMUNITY REINVESTMENT ACT
NOTICE

Under the Federal Community Reinvestment Act (CRA), the Federal Reserve Board (Board) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Board also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA. You may review today the public section of our most recent CRA evaluation, prepared

by the Federal Reserve Bank of _____ (address), and a list of services provided at this branch. You may also have access to the following additional information, which we will make available to you at this branch within five calendar days after you make a request to us: (1) a map showing the assessment area containing this branch, which is the area in which the Board evaluates our CRA performance in this community; (2) information about our branches in this assessment area; (3) a list of services we provide at those locations; (4) data on our lending performance in this assessment area; and (5) copies of all written comments received by us that specifically relate to our CRA performance in its assessment area, and any responses we have made to those comments. If we are operating under an approved strategic plan, you may also have access to a copy of the plan.

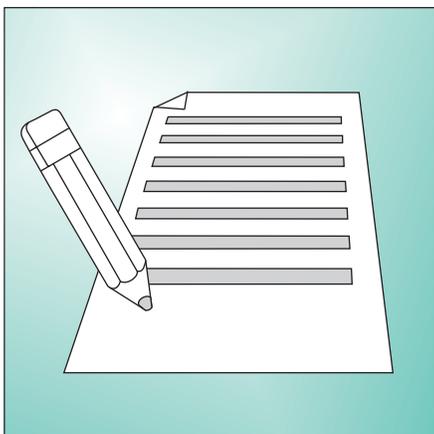
[If you would like to review information about our CRA performance in other communities served by us, the public file for our entire bank is available at (name of office located in state), located at (address).]

At least 30 days before the beginning of each quarter, the Federal Reserve System publishes a list of the banks that are scheduled for CRA examination by the Reserve Bank in that quarter. This list is available from (title of responsible official), Federal Reserve Bank of _____ (address). You may send written comments about our performance in helping to meet community credit needs to (name and address of official at bank) and (title of responsible official), Federal Reserve Bank of _____ (address). Your letter, together with any response by us, will be considered by the Federal Reserve System in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Reserve Bank. You may also request from the Reserve Bank an announcement of our applications covered by the CRA filed with the Reserve Bank. We are an affiliate of (name of holding company), a bank holding company. You may request from (title of responsible official), Federal Reserve Bank of _____ (address) an announcement of applications covered by the CRA filed by bank holding companies.

Appendix B— Schedule RC-C, Part II Loans to Small Businesses and Small Farms

September 1997



General Instructions

Schedule RC-C, part II, is to be completed only as of the June 30 report date.

Schedule RC-C, part II, requests information on the number and amount currently outstanding of “loans to small businesses” and “loans to small farms,” as defined below. This information is being collected pursuant to Section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991.

For purposes of this schedule, “**loans to small businesses**” consist of the following:

(1) Loans with original amounts of \$1 million or less that have been reported in Schedule RC-C, part I, item 1.e (column B on the FFIEC 031), “Loans secured by nonfarm nonresidential properties” (in domestic offices), and

(2) Loans with original amounts of \$1 million or less that have been reported in Schedule RC-C, part I, item 4, “Commercial and industrial loans,” on the FFIEC 034; item 4.a, “Commercial and industrial loans to U.S.

addressees,” on the FFIEC 032 and 033; and item 4.a, column B, “Commercial and industrial loans to U.S. addressees” in domestic offices, on the FFIEC 031.

1.e Secured by nonfarm nonresidential properties.

Report (on the FFIEC 031, in column B) loans secured by real estate as evidenced by mortgages or other liens on business and industrial properties, hotels, motels, churches, hospitals, educational and charitable institutions,

dormitories, clubs, lodges, association buildings, “homes” for aged persons and orphans, golf courses, recreational facilities, and similar properties.

Exclude loans for nonfarm nonresidential property construction and land development purposes with original maturities of 60 months or less (report in Schedule RC-C, part I, item 1.a).*

4 Commercial and industrial loans. Report (on the FFIEC 031, in columns A and B, as appropriate) loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment. On the FFIEC 031, 032, and 033, report in the appropriate subitem commercial and industrial loans to U.S. and non-U.S. addressees. Commercial and industrial loans may take the form of direct or purchased loans. Include the reporting bank’s own acceptances that it holds in its

*As of 3/31/01, the following change to item 1(a) of Part I is effective: **Item 1.a.**

“Construction, land development, and other land loans”—At present, the Call Report instruction for “Construction and land development” loans directs banks to exclude from this loan category (a) loans to acquire and hold vacant land and (b) construction loans with original maturities greater than 60 months. These two types of loans are currently reported in items 1.b through 1.e of Schedule RC-C, part I, as loans secured by farmland, 1–4 family residential properties, multifamily residential properties, or nonfarm nonresidential properties, as appropriate. The revised definitions for the five categories of “Loans secured by real estate” will require land loans and long-term construction loans to be reported in recaptioned item 1.a. “construction, land development, and other land loans.”

portfolio when the account party is a commercial or industrial enterprise. Also include loans to individuals for commercial, industrial, and professional purposes but not for investment or personal expenditure purposes. Exclude all commercial and industrial loans held for trading.

Include loans of the types listed below. These descriptions may overlap and are not all inclusive.

- (1) Loans for commercial, industrial, and professional purposes to:
 - (a) mining, oil- and gas-producing, and quarrying companies;
 - (b) manufacturing companies of all kinds, including those which process agricultural commodities;
 - (c) construction companies;
 - (d) transportation and communications companies and public utilities;
 - (e) wholesale and retail trade enterprises and other dealers in commodities;
 - (f) cooperative associations including farmers' cooperatives;
 - (g) service enterprises such as hotels, motels, laundries, automotive service stations, and nursing homes and hospitals operated for profit;
 - (h) insurance agents; and
 - (i) practitioners of law, medicine, and public accounting.
- (2) Loans for the purpose of financing capital expenditures and current operations.
- (3) Loans to business enterprises guaranteed by the Small Business Administration.
- (4) Loans to farmers for

commercial and industrial purposes (when farmers operate a business enterprise as well as a farm).

- (5) Loans supported by letters of commitment from the Agency for International Development.
- (6) Loans made to finance construction that are not secured by real estate.
- (7) Loans to merchants or dealers on their own promissory notes secured by the pledge of their own installment paper.
- (8) Loans extended under credit cards and related plans that are readily identifiable as being issued in the name of a commercial or industrial enterprise.
- (9) Dealer flooring or floor-plan loans.
- (10) Loans collateralized by production payments (e.g., oil or mining production payments). Treat as a loan to the original seller of the production payment rather than to the holder of the production payment. For example, report in this item, as a loan to an oil company, a loan made to a nonprofit organization collateralized by an oil production payment; do not include in Schedule RC-C, part I, item 8 on the FFIEC 034 or item 9 on the FFIEC 031, 032, and 033 as a loan to the nonprofit organization.
- (11) Loans and participations in loans secured by conditional sales contracts made to finance the purchase of commercial transportation equipment.
- (12) Commercial and industrial

loans guaranteed by foreign governmental institutions.

(13) Overnight lending for commercial and industrial purposes.

Exclude from commercial and industrial loans:

- (1) Loans secured by real estate, even if for commercial and industrial purposes (report in Schedule RC-C, part I, item 1).
- (2) Loans to depository institutions (report in Schedule RC-C, part I, item 2).
- (3) Loans to nondepository financial institutions such as real estate investment trusts, mortgage companies, and insurance companies (report as all other loans in Schedule RC-C, part I, item 8 on the FFIEC 034; item 9 on the FFIEC 031, 032, and 033).
- (4) Loans for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 8 on the FFIEC 034; item 9 on the FFIEC 031, 032, and 033).
- (5) Loans for the purpose of financing agricultural production, whether made to farmers or to nonagricultural businesses (report in Schedule RC-C, part I, item 3).
- (6) Loans to nonprofit organizations, such as hospitals or educational institutions (report as all other loans in Schedule RC-C, part I, item 8 on the FFIEC 034; item 9 on the FFIEC 031, 032, and 033), except those for which oil or mining production payments serve as collateral which are to be reported in this item.
- (7) Holdings of acceptances accepted by other banks

(report in Schedule RC-C, part I, item 5).

(8) Holdings of own acceptances when the account party is another bank (report in Schedule RC-C, part I, item 2) or a foreign government or official institution (report in Schedule RC-C, part I, item 8 on the FFIEC 034; item 7 on the FFIEC 031, 032, and 033).

(9) Equipment trust certificates (report in Schedule RC-B, item 5, “Other debt securities”).

(10) Any commercial or industrial loans held by the reporting bank for trading (report in Schedule RC, item 5, “Trading assets”).

For purposes of this schedule, “loans to small farms” consist of the following:

- (1) Loans with original amounts of \$500,000 or less that have been reported in Schedule RC-C, part I, item 1.b (column B on the FFIEC 031), “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices), and
- (2) Loans with original amounts of \$500,000 or less that have been reported in Schedule RC-C, part I, item 3 (column B on the FFIEC 031), “Loans to finance agricultural production and other loans to farmers” (in domestic offices).

1.b Secured by farmland.

Report (on the FFIEC 031, in column B) loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or

pasture land, whether tillable or not and whether wooded or not.

Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by any party other than FmHA or SBA. Exclude, however, loans extended, serviced, collected, and insured by FmHA (report in Schedule RC-B, item 2.a, Securities “Issued by U.S. Government agencies”). Also exclude loans for farm property construction and land development purposes with original maturities of 60 months or less (report in Schedule RC-C, part I, item 1.a).

3 Loans to finance agricultural production and other loans to farmers. Report (on the FFIEC 031, in columns A and B, as appropriate) loans for the purpose of financing agricultural production. Include such loans whether secured (other than by real estate) or unsecured and whether made to farm and ranch owners and operators (including tenants) or to nonfarmers. All other loans to farmers, other than those excluded below, should also be reported in this item.

Include as loans to finance agricultural production and other loans to farmers:

- (1) Loans and advances made for the purpose of financing agricultural production, including the growing and storing of crops, the marketing or carrying of agricultural products by the growers thereof, and the breeding, raising, fattening, or marketing of livestock.

(2) Loans and advances made for the purpose of financing fisheries and forestries, including loans to commercial fishermen.

(3) Agricultural notes and other notes of farmers that the bank has discounted for, or purchased from, merchants and dealers, either with or without recourse to the seller.

(4) Loans to farmers that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by a party other than the FmHA or SBA.

(5) Loans and advances to farmers for purchases of farm machinery, equipment, and implements.

(6) Loans and advances to farmers for all other purposes associated with the maintenance or operations of the farm, including purchases of private passenger automobiles and other retail consumer goods and provisions for the living expenses of farmers or ranchers and their families. Loans to farmers for household, family, and other personal expenditures (including credit cards and related plans) that are not readily identifiable as being made to farmers need not be broken out of Schedule RC-C, part I, item 6 for inclusion in this item.

Exclude from loans to finance agricultural production and other loans to farmers:

- (1) Loans secured by real estate (report in Schedule RC-C, part I, item 1).

(2) Loans to farmers for commercial and industrial purposes, e.g., when a farmer is operating a business enterprise as well as a farm (report in Schedule RC-C, part I, item 4).

(3) Loans to farmers for the purpose of purchasing or carrying stocks, bonds, and other securities (report as all other loans in Schedule RC-C, part I, item 8, on the FFIEC 034; report as loans for purchasing or carrying securities in Schedule RC-C, part I, item 9, on the FFIEC 031, 032, and 033).

(4) Loans to farmers secured by oil or mining production payments (report in Schedule RC-C, part I, item 4).

(5) Notes insured by the Farmers Home Administration (FmHA) and instruments (certificates of beneficial ownership, insured note insurance contracts) representing an interest in FmHA-insured notes (report in Schedule RC-B, item 2.a, Securities “Issued by U.S. Government agencies”). Such notes and instruments are backed by loans made, serviced, and collected by the Farmers Home Administration and were issued prior to January 1, 1975.

The following guidelines should be used to determine the “**original amount**” of a loan:

(1) For loans drawn down under lines of credit or loan commitments, the “**original amount**” of the loan is the size of the line of credit or loan commitment when the line of

credit or loan commitment was most *recently* approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the “original amount” is the amount currently outstanding on the report date.

(2) For loan participations and syndications, the “**original amount**” of the loan participation or syndication is the entire amount of the credit originated by the lead lender.

(3) For all other loans, the “**original amount**” is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

The “**amount currently outstanding**” for a loan is its carrying value, i.e., the amount at which the loan is reported in Schedule RC-C, part I, item 1.b, 1.e, 3, or 4, above.

Except as noted below for “corporate” or “business” credit card programs, when determining “original amounts” and reporting the number and amount currently outstanding for a category of loans in this part II, multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank’s business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans

to one borrower as separate individual loans.

A bank that offers “corporate” or “business” credit card programs under which credit cards are issued to one or more of a company’s employees for business-related use should treat each company’s program as a single extension of credit to that company. The credit limits for all of the individual credit cards issued to the company’s employees should be totalled and this total should be treated as the “original amount” of the “corporate” or “business” credit card program established for this company. The company’s program should be reported as *one* loan and the amount currently outstanding would be the sum of the credit card balances as of the June 30 report date on each of the individual credit cards issued to the company’s employees. However, when aggregated data for each individual company in a “corporate” or “business” credit card program are not readily determinable from the bank’s credit card records, the bank should develop reasonable estimates of the number of “corporate” or “business” credit card programs in existence as of the

June 30 report date, the “original amounts” of these programs, and the “amounts currently outstanding” for these programs and should then report information about these programs on the basis of its reasonable estimates. In no case should the individual credit cards issued to a company’s employees under a “corporate” or “business” credit card program be reported as separate individual loans to small businesses.

Loans to Small Businesses

Item

No. Caption and Instructions

- 1 Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank’s “Loans secured by nonfarm nonresidential properties” (in domestic offices) reported in Schedule RC-C, part I, item 1.e, and all or substantially all of the dollar volume of your bank’s “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) reported in Schedule RC-C, part I, item 4, have original amounts of \$100,000 or less.**

If: (a) the average size of the amount currently outstanding for your bank’s “Loans secured by nonfarm nonresidential properties” (in domestic offices) as reported in Schedule RC-C, part I, above, is \$100,000 or less, *and*

(b) the average size of the amount currently outstanding for your bank’s “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) as reported in Schedule RC-C, part I, above, is \$100,000 or less, *and*

(c) your lending officers’ knowledge of your bank’s loans or other relevant information pertaining to “Loans secured by nonfarm nonresidential properties” (in domestic offices) and “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) indicates that all or substantially all of the

dollar volume of your bank’s loans in *each* of these two categories has “original amounts” (as described above in the General Instructions to this part II) of \$100,000 or less, place an “X” in the box marked “YES,” complete items 2.a and 2.b below, skip items 3 and 4, and go to item 5.

If your bank has *no* loans outstanding in *both* of these two loan categories, place an “X” in the box marked “NO,” skip items 2 through 4, and go to item 5.

Otherwise, place an “X” in the box marked “NO,” skip items 2.a and 2.b, complete items 3 and 4 below, and go to item 5.

- 2 Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories.** Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank’s business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.
- 2.a Number of “Loans secured by nonfarm nonresidential properties” (in domestic offices) reported in Schedule RC-C, part I, item 1.e.** Count the number of individual loans currently outstanding whose carrying values add up to the amount reported in Schedule

RC-C, part I, item 1.e (column B on the FFIEC 031), “Loans secured by nonfarm nonresidential properties” (in domestic offices).

- 2.b Number of “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) reported in Schedule RC-C, part I, item 4.** Count the number of individual loans currently outstanding whose carrying values add up to the amount reported in Schedule RC-C, part I, item 4 (column B on the FFIEC 031), “Commercial and industrial loans (to U.S. addressees)” (in domestic offices).
- 3 Number and amount currently outstanding of “Loans secured by nonfarm nonresidential properties” (in domestic offices) reported in Schedule RC-C, part I, item 1.e.** See the General Instructions to this part II for the guidelines for determining the “original amount” of a loan. Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank’s business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.
- The sum of the amounts currently outstanding reported in items 3.a through 3.c, column B,

must be less than or equal to Schedule RC-C, part I, item 1.e (column B on the FFIEC 031).

3.a With original amounts of \$100,000 or less. Add up the total carrying value of all currently outstanding “Loans secured by nonfarm nonresidential properties” (in domestic offices) with “original amounts” of \$100,000 or less and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B. Count the number of individual “Loans secured by nonfarm nonresidential properties” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Loans secured by nonfarm nonresidential properties” (in domestic offices) with “original amounts” of \$100,000 or less). Report this number in column A.

3.b With original amounts of more than \$100,000 through \$250,000. Add up the total carrying value of all currently outstanding “Loans secured by nonfarm nonresidential properties” (in domestic offices) with “original amounts” of more than \$100,000 through \$250,000 and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Loans secured by nonfarm nonresidential properties” (in domestic offices) whose

carrying values were included in the amount reported in column B for this item (i.e., those “Loans secured by nonfarm nonresidential properties” (in domestic offices) with “original amounts” of more than \$100,000 through \$250,000). Report this number in column A.

3.c With original amounts of more than \$250,000 through \$1,000,000. Add up the total carrying value of all currently outstanding “Loans secured by nonfarm nonresidential properties” (in domestic offices) with “original amounts” of more than \$250,000 through \$1,000,000 and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Loans secured by nonfarm nonresidential properties” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Loans secured by nonfarm nonresidential properties” (in domestic offices) with “original amounts” of more than \$250,000 through \$1,000,000). Report this number in column A.

4 Number and amount currently outstanding of “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) reported in Schedule RC-C, part I, item 4. See the General Instructions to this part II for the guidelines for determining the “original amount” of a loan and for the treatment of “corporate” or

“business” credit card programs. Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank’s business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans. The sum of the amounts currently outstanding reported in items 4.a through 4.c, column B, must be less than or equal to Schedule RC-C, part I, item 4 on the FFIEC 034, item 4.a on the FFIEC 032 and 033, and item 4.a, column B on the FFIEC 031.

4.a With original amounts of \$100,000 or less. Add up the total carrying value of all currently outstanding “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) with “original amounts” of \$100,000 or less and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B. Count the number of individual “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) with “original amounts”

of \$100,000 or less). Report this number in column A.

4.b With original amounts of more than \$100,000 through \$250,000. Add up the total carrying value of all currently outstanding “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) with “original amounts” of more than \$100,000 through \$250,000 and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) with “original amounts” of more than \$100,000 through \$250,000). Report this number in column A.

4.c With original amounts of more than \$250,000 through \$1,000,000. Add up the total carrying value of all currently outstanding “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) with “original amounts” of more than \$250,000 through \$1,000,000 and report this total amount in column B. Do not add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Commercial and industrial loans (to U.S. addressees)” (in

domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Commercial and industrial loans (to U.S. addressees)” (in domestic offices) with “original amounts” of more than \$250,000 through \$1,000,000). Report this number in column A.

Agricultural Loans to Small Farms

Item

No. Caption and Instructions

5 Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank’s “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) reported in Schedule RC-C, part I, item 1.b, and all or substantially all of the dollar volume of your bank’s “Loans to finance agricultural production and other loans to farmers” (in domestic offices) reported in Schedule RC-C, part I, item 3, have original amounts of \$100,000 or less.

If: (a) the average size of the amount currently outstanding for your bank’s “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) as reported in Schedule RC-C, part I, above, is \$100,000 or less, *and*

(b) the average size of the amount currently outstanding for your bank’s “Loans to finance agricultural production and other loans to farmers” (in domestic

offices) as reported in Schedule RC-C, part I, above, is \$100,000 or less, *and* (c) your lending officers’ knowledge of your bank’s loans or other relevant information pertaining to “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) and your “Loans to finance agricultural production and other loans to farmers” (in domestic offices) indicates that all or substantially all of the dollar volume of your bank’s loans in *each* of these two categories has “original amounts” (as described above in the General Instructions to this part II) of \$100,000 or less,

place an “X” in the box marked “YES,” complete items 6.a and 6.b below, and do not complete items 7 and 8 below.

If your bank has *no* loans outstanding in *both* of these two loan categories, place an “X” in the box marked “NO,” and do not complete items 6 through 8.

Otherwise, place an “X” in the box marked “NO,” skip items 6.a and 6.b, and complete items 7 and 8 below.

6 Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories. Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank’s business and/or farm loan data are maintained can provide aggregate individual borrower data without undue

cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

6.a Number of “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) reported in Schedule RC-C, part I, item 1.b.

Count the number of individual loans currently outstanding whose carrying values add up to the amount reported in Schedule RC-C, part I, item 1.b (column B on the FFIEC 031), “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices).

6.b Number of “Loans to finance agricultural production and other loans to farmers” (in domestic offices) reported in Schedule RC-C, part I, item 3.

Count the number of individual loans currently outstanding whose carrying values add up to the amount reported in Schedule RC-C, part I, item 3 (column B on the FFIEC 031), “Loans to finance agricultural production and other loans to farmers” (in domestic offices).

7 Number and amount currently outstanding of “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) reported in Schedule RC-C, part I, item 1.b.

See the General Instructions to this part II for the guidelines for determining the “original amount” of a loan.

Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank’s business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

7.a With original amounts of \$100,000 or less.

Add up the total carrying value of all currently outstanding “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) with “original amounts” of \$100,000 or less and report this total amount in column B.

Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) with “original amounts” of \$100,000 or less). Report this number in column A.

7.b With original amounts of more than \$100,000 through \$250,000.

Add up the total carrying value of all currently

outstanding “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) with “original amounts” of more than \$100,000 through \$250,000 and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) with “original amounts” of more than \$100,000 through \$250,000). Report this number in column A.

7.c With original amounts of more than \$250,000 through \$500,000.

Add up the total carrying value of all currently outstanding “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) with “original amounts” of more than \$250,000 through \$500,000 and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) whose carrying values were included in the amount reported in column B for

this item (i.e., those “Loans secured by farmland (including farm residential and other improvements)” (in domestic offices) with “original amounts” of more than \$250,000 through \$500,000). Report this number in column A.

8 Number and amount currently outstanding of “Loans to finance agricultural production and other loans to farmers” (in domestic offices) reported in Schedule RC-C, part I, item 3.

See the General Instructions to this part II for the guidelines for determining the “original amount” of a loan. Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank’s business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

The sum of the amounts currently outstanding reported in items 8.a through 8.c, column B, must be less than or equal to Schedule RC-C, part I, item 3 (column B on the FFIEC 031).

8.a With original amounts of \$100,000 or less. Add up the total carrying value of all currently outstanding “Loans to finance agricultural production and other loans to farmers” (in domestic offices) with “original amounts” of \$100,000 or less

and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Loans to finance agricultural production and other loans to farmers” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Loans to finance agricultural production and other loans to farmers” (in domestic offices) with “original amounts” of \$100,000 or less). Report this number in column A.

8.b With original amounts of more than \$100,000 through \$250,000.

Add up the total carrying value of all currently outstanding “Loans to finance agricultural production and other loans to farmers” (in domestic offices) with “original amounts” of more than \$100,000 through \$250,000 and report this total amount in column B. Do not add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Loans to finance agricultural production and other loans to farmers” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Loans to finance agricultural production and other loans to farmers” (in domestic offices) with “original amounts” of more than \$100,000 through \$250,000). Report this number in column A.

8.c With original amounts of more

than \$250,000 through \$500,000. Add up the total carrying value of all currently outstanding “Loans to finance agricultural production and other loans to farmers” (in domestic offices) with “original amounts” of more than \$250,000 through \$500,000 and report this total amount in column B. Do *not* add up the “original amounts” of each of these loans and report the total original amount in column B.

Count the number of individual “Loans to finance agricultural production and other loans to farmers” (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those “Loans to finance agricultural production and other loans to farmers” (in domestic offices) with “original amounts” of more than \$250,000 through \$500,000). Report this number in column A.

Examples of Reporting in Schedule RC-C, Part II

(1) A bank has a “Loan secured by nonfarm nonresidential property” which has a carrying value on the June 30 report date of \$70,000 and this amount is included in Schedule RC-C, part I, item 1.e. The bank made this loan to the borrower in the original amount of \$75,000, so it would be considered a “loan to a small business” and would be reported in Schedule RC-C, part II. Because the original amount of the loan is \$100,000 or less, the bank would report the \$70,000 amount

currently outstanding in part II, item 3.a, column B.

(2) The bank has a second “Loan secured by nonfarm nonresidential property” which has a carrying value on the June 30 report date of \$60,000 and this amount is included in Schedule RC-C, part I, item 1.e. The bank made this loan to the borrower in the original amount of \$125,000, so it would be considered a “loan to a small business” and would be reported in Schedule RC-C, part II. Because the original amount of the loan falls within the more than \$100,000 through \$250,000 range, the bank would report the \$60,000 amount currently outstanding in part II, item 3.b, column B.

(3) The bank has a “Commercial and industrial loan” which has a carrying value on the June 30 report date of \$200,000 and this amount is included in Schedule RC-C, part I, item 4. The bank made this loan to the borrower in the original amount of \$250,000, so it would be considered a “loan to a small business” and would be reported in Schedule RC-C, part II. Because the original amount of the loan is exactly \$250,000 which is the upper end of the more than \$100,000 through \$250,000 range, the bank would report the \$200,000 amount currently outstanding in part II, item 4.b, column B.

(4) The bank has a second “Commercial and industrial loan” which has a carrying value on the June 30 report date of \$90,000 and this amount is included in Schedule RC-C, part I, item 4. The bank made this loan to the borrower in the original amount of \$500,000 and sold loan participations for \$400,000 while retaining \$100,000.

Nevertheless, based on the entire amount of the credit that was originated by the bank, the loan would be considered a “loan to a small business” and would be reported in Schedule RC-C, part II. Because the original amount of the entire loan is \$500,000 which falls within the more than \$250,000 through \$1,000,000 range, the bank would report the \$90,000 amount currently outstanding in part II, item 4.c, column B.

(5) The bank has a third “Commercial and industrial loan” which has a carrying value on the June 30 report date of \$55,000 and this amount is included in Schedule RC-C, part I, item 4. This loan represents a participation purchased by the bank from another lender. The original amount of the entire credit is \$750,000 and the bank’s original share of this credit was \$75,000. Based on the entire amount of the credit that was originated by the other lender, the loan would be considered a “loan to a small business” and would be reported in Schedule RC-C, part II. Because the original amount of the entire credit is \$750,000 which falls within the more than \$250,000 through \$1,000,000 range, the bank would report the \$55,000 amount currently outstanding in part II, item 4.c, column B.

(6) The bank has another “Commercial and industrial loan” and it has a carrying value on the June 30 report date of \$120,000. This amount is included in Schedule RC-C, part I, item 4. This loan represents a participation purchased by the bank from another lender. The original amount of the entire credit is \$1,250,000 and the bank’s original share of this credit was \$250,000. Because the original

amount of the entire credit exceeds \$1,000,000, the loan would not be considered a “loan to a small business” and would *not* be reported in Schedule RC-C, part II.

(7) The bank has a “Loan secured by nonfarm nonresidential property” and a “Commercial and industrial loan” to the same borrower. The first loan has a carrying value on the June 30 report date of \$375,000 and this amount is included in Schedule RC-C, part I, item 1.e. This “Loan secured by nonfarm nonresidential property” was made in the original amount of \$400,000. The second loan has a carrying value on the June 30 report date of \$650,000 and this amount is included in Schedule RC-C, part I, item 4. This “Commercial and industrial loan” was made in the original amount of \$750,000.

Case I: The bank’s loan system *can provide* aggregate individual borrower data without undue cost to the reporting institution. The loan system indicates that this borrower’s two loans have a combined original amount of \$1,150,000 and therefore the loans would *not* be considered “loans to a small business” and would *not* be reported in Schedule RC-C, part II.

Case II: The bank’s loan system *cannot provide* aggregate individual borrower data without undue cost to the reporting institution. Therefore, the borrower’s two loans would be treated as separate loans for purposes of Schedule RC-C, part II. Based on its \$400,000 original amount, the “Loan secured by nonfarm nonresidential property” would be considered a “loan to a small business” and would be reported in Schedule RC-C, part II. Because the original amount of the loan falls within the more than

\$250,000 through \$1,000,000 range, the bank would report the \$375,000 amount currently outstanding in part II, item 3.c, column B, and count this loan as *one* loan for purposes of part II, item 3.c, column A. Since the “Commercial and industrial loan” is being handled separately and its original amount is \$750,000, it would also be considered a “loan to a small business” and would be reported in Schedule RC-C, part II. Because the original amount of this loan falls within the more than \$250,000 through \$1,000,000 range, the bank would report the \$650,000 amount currently outstanding in part II, item 4.c, column B, and count this loan as *one* loan for purposes of part II, item 4.c, column A.

(8) The bank has a “Loan secured by farmland (including farm residential and other improvements)” which has a carrying value on the June 30 report date of \$225,000. The bank made this loan to the borrower in the original amount of \$260,000 and the loan is secured by a first lien on the borrower’s farmland. The bank has a second “Loan secured by farmland” to this same borrower and it is secured by a second lien on the borrower’s property. This second lien loan has a carrying value of \$50,000 and the original amount of the loan is the same as its carrying value. The carrying values of both loans (the \$225,000 first lien loan and the \$50,000 second lien loan) are included in Schedule RC-C, part I, item 1.b.

Case I: The bank’s loan system *can provide* aggregate individual borrower data without undue cost to the reporting institution. The loan system indicates that this borrower’s

two loans have a combined original amount of \$310,000 and therefore the two loans together would be considered a single “loan to a small farm” and would be reported in Schedule RC-C, part II. Because the original amount of the two combined loans falls within the more than \$250,000 through \$500,000 range, the bank would report the \$275,000 combined total of the amounts currently outstanding for the two loans in part II, item 7.c, column B, and count these two loans to the same borrower as *one* loan for purposes of part II, item 7.c, column A.

Case II: The bank’s loan system *cannot provide* aggregate individual borrower data without undue cost to the reporting institution. Therefore, the borrower’s two loans would be treated as separate loans for purposes of Schedule RC-C, part II. Based on its \$260,000 original amount, the first lien loan would be considered a “loan to a small farm” and would be reported in Schedule RC-C, part II. Because the original amount of the loan falls within the more than \$250,000 through \$500,000 range, the bank would report the \$225,000 amount currently outstanding in part II, item 7.c, column B, and count this loan as *one* loan for purposes of part II, item 7.c, column A. Since the second lien loan is being handled separately and its original amount is \$50,000, it would also be considered a “loan to a small farm” and would be reported in Schedule RC-C, part II. Because the original amount of this loan is less than \$100,000, the bank would report the \$50,000 amount currently outstanding in part II, item 7.a, column B, and count this loan as

one loan for purposes of part II, item 7.a, column A.

(9) The bank has one final “Loan secured by farmland” which has a carrying value on the June 30 report date of \$5,000 and this amount is included in Schedule RC-C, part I, item 1.b. The bank made this loan to the borrower in the original amount of \$300,000, so it would be considered a “loan to a small farm” and would be reported in Schedule RC-C, part II. Because the original amount of the loan falls within the more than \$250,000 through \$500,000 range, the bank would report the \$5,000 amount currently outstanding in part II, item 7.c, column B.

(10) The bank has granted a \$150,000 line of credit to a farmer that is not secured by real estate. The farmer has received advances twice under this line of credit and, rather than having signed a single note for the entire \$150,000 amount of the line of credit, has signed separate notes for each advance. One note is in the original amount of \$30,000 and the other is in the original amount of \$50,000. The carrying values of the two notes on the June 30 report date are the same as their original amounts and these amounts are included in Schedule RC-C, part I, item 3. For loans drawn down under lines of credit, the original amount of the loan is the size of the line of credit when it was most recently approved, extended, or renewed prior to the report date. In this case, the line of credit was most recently approved for \$150,000.

Case I: The bank’s loan system *can provide* aggregate individual borrower data for multiple advances under lines of credit without undue

cost to the reporting institution. Thus, even though a separate note was signed each time the farmer borrowed under the line of credit, the loan system combines all information about the farmer's separate borrowings under the line of credit. Therefore, the loan system indicates that the farmer has a line of credit for \$150,000 and that the amount currently outstanding under the line of credit for the combined carrying values of the two borrowings under the line of credit is \$80,000. Because

the line of credit was most recently approved for \$150,000, this \$150,000 original amount for the line of credit would be considered a "loan to a small farm" that would be reported in Schedule RC-C, part II. Therefore, the original amount of the line of credit falls within the more than \$100,000 through \$250,000 range and the bank would report the \$80,000 combined total of the amounts currently outstanding for the two notes in part II, item 8.b, column B, and count these two notes

to the farmer under the line of credit as *one* loan for purposes of part II, item 8.b, column A.

Case II: The bank's loan system *cannot provide* aggregate individual borrower data for lines of credit without undue cost to the reporting institution. Therefore, the farmer's two notes under the line of credit would be treated as separate loans for purposes of Schedule RC-C, part II. The original amount of the line of credit is \$150,000 and each of the two notes would be considered a "loan to a small farm" that would be reported in Schedule RC-C, part II. Because each of the two notes indicates that it is part of a \$150,000 line of credit and the \$150,000 original amount of the line of credit falls within the more than \$100,000 through \$250,000 range, the bank would report both the \$30,000 and \$50,000 amounts currently outstanding in part II, item 8.b, column B, and count these as *two* loans for purposes of part II, item 8.b, column A.

(11) The bank has one other "Loan to finance agricultural production and other loans to a farmer" which has a carrying value on the June 30 report date of \$75,000 and this amount is included in Schedule RC-C, part I, item 3. The bank made this loan to the borrower in the original amount of \$100,000, so it would be considered a "loan to a small farm" and would be reported in Schedule RC-C, part II. Because the original amount of the loan is exactly \$100,000 which is the upper end of the \$100,000 or less range, the bank would report the \$75,000 amount currently outstanding in part II, item 8.a, column B.

Schedule RC-C—Continued

Part II. Loans to Small Businesses and Small Farms

Schedule RC-C, Part II is to be reported only with the June Report of Condition.

Report the number and amount currently outstanding as of June 30 of business loans with “original amounts” of \$1,000,000 or less and farm loans with “original amounts” of \$500,000 or less. The following guidelines should be used to determine the “original amount” of a loan: (1) For loans drawn down under lines of credit or loan commitments, the “original amount” of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was **most recently** approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the “original amount” is the amount currently outstanding on the report date. (2) For loan participations and syndications, the “original amount” of the loan participation or syndication is the entire amount of the credit originated by the lead lender. (3) For all other loans, the “original amount” is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Loans to Small Businesses

1. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank’s “Loans secured by nonfarm nonresidential properties” in domestic offices reported in Schedule RC-C, part I, item 1.e, column B, **and** all or substantially all of the dollar volume of your bank’s “Commercial and industrial loans to U.S. addressees” in domestic offices reported in Schedule RC-C, part I, item 4.a, column B, have **original amounts** of \$100,000 or less (If your bank has no loans outstanding in **both** of these two loan categories, place an “X” in the box marked “NO.”)

		C418	
		YES	NO
RCON 6999			

1.

If YES, complete items 2.a and 2.b below, skip items 3 and 4, and go to item 5.

If NO and your bank has loans outstanding in either loan category, skip items 2.a and 2.b, complete items 3 and 4 below, and go to item 5.

If NO and your bank has no loans outstanding in both loan categories, skip items 2 through 4, and go to item 5.

2. Report the total **number** of loans **currently outstanding** for each of the following Schedule RC-C, part I, loan categories:

- a. “Loans secured by nonfarm nonresidential properties” in domestic offices reported in Schedule RC-C, part I, item 1.e, column B (Note: Item 1.e, column B, divided by the number of loans should NOT exceed \$100,000.).....
- b. “Commercial and industrial loans to U.S. addressees” in domestic offices reported in Schedule RC-C, part I, item 4.a, column B (Note: Item 4.a, column B, divided by the number of loans should NOT exceed \$100,000.).....

Number of Loans			
RCON 5562			
2.a.			
RCON 5563			
2.b.			

3. Number and amount **currently outstanding** of “Loans secured by nonfarm nonresidential properties” in domestic offices reported in Schedule RC-C, part I, item 1.e, column B (sum of items 3.a through 3.c must be less than or equal to Schedule RC-C, part I, item 1.e, column B):

- a. With **original amounts** of \$100,000 or less
- b. With **original amounts** of more than \$100,000 through \$250,000
- c. With **original amounts** of more than \$250,000 through \$1,000,000

(Column A) Number of Loans	(Column B) Amount Currently Outstanding		
	Bil	Mil	Thou
RCON 5564			
RCON 5565			
RCON 5566			
RCON 5567			
RCON 5568			
RCON 5569			
3.a.			
3.b.			
3.c.			
RCON 5570			
RCON 5571			
RCON 5572			
RCON 5573			
RCON 5574			
RCON 5575			
4.a.			
4.b.			
4.c.			

4. Number and amount **currently outstanding** of “Commercial and industrial loans to U.S. addressees” in domestic offices reported in Schedule RC-C, part I, item 4.a, column B (sum of items 4.a through 4.c must be less than or equal to Schedule RC-C, part I, item 4.a, column B):

- a. With **original amounts** of \$100,000 or less
- b. With **original amounts** of more than \$100,000 through \$250,000
- c. With **original amounts** of more than \$250,000 through \$1,000,000

Appendix C— Thrift Financial Report Instruction Manual and Form

Schedule SB—
Consolidated Small Business Loans

March 1998

Loans to Small Businesses and Small Farms

The following data is to be completed for the savings association and its consolidated subsidiaries annually at June 30 to comply with Section 122 of the FDIC Improvement Act.

This schedule will not be completed if (a) the reporting association and its consolidated subsidiaries have no loans reported on SC260, 300, 303, or 306; or (b) the only business loans of the reporting association and its consolidated subsidiaries have “original amounts” (as defined below) in excess of \$1 million and/or the only farm loans have “original amounts” (as defined below) in excess of \$500 thousand.

In reporting the number and amount currently outstanding of business loans with “original amounts” of \$1 million or less and farm loans with “original amounts” of \$500 thousand or less, the following guidelines should be used:

1. For loans drawn down under lines of credit or loan commitments, the “original amount” of the loan is the amount when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the “original amount” is the amount currently outstanding.
2. For loan participations and syndications, the “original amount” of the loan participation or syndication is the entire amount of the credit originated by the lead lender.

3. For all other loans, the “original amount” is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

The “amount outstanding” is the amount reported on Schedule SC as of the report date and should be reported net of loans in process, specific valuation allowances, and yield adjustments (to the extent possible).

Report the actual number of loans. Do not round to the nearest thousand.

Do not include loans to subsidiaries eliminated in consolidation.

Except as noted below for “corporate” or “business” credit card programs, when determining “original amounts” and reporting the number and amount currently outstanding for a category of loans in this schedule, **multiple loans to one borrower should be combined and reported on an aggregate basis** rather than as separate individual loans, to the extent that the loan systems in which the reported data are maintained can provide aggregate individual borrower data without undue cost to the association. However, if the burden of such aggregation would be excessive, the association may report multiple loans to one borrower as separate individual loans.

An association that offers “corporate” or “business” credit card programs under which credit cards are issued to one or more of a company’s employees for business-related use should treat each company’s entire credit card

program as a single extension of credit. The credit limits for all of the individual credit cards issued to the company's employees should be totaled, and this total should be treated as the "original amount" of the "corporate" or "business" credit card program established for this company. The company's program should be reported as **one** loan and the amount currently outstanding would be the sum of the credit card balances as of the June 30 report date on each of the individual credit cards issued to the company's employees. However, when aggregated data for each individual company is a "corporate" or "business" credit card program are not readily determinable from the association's credit card records, the association should develop reasonable estimates of the number of "corporate" or "business" credit card programs in existence as of the report date, the "original amounts" of these programs, and the "amounts currently outstanding" of these programs and should then report information about these programs on the basis of its reasonable estimates. In no case should individual credit cards issued to a company's employees under a "corporate" or "business" credit card program be reported as separate individual loans to small businesses.

SB100:
Does the reporting association have any loans secured primarily by farms reported on SC260 or any loans to finance agricultural production or other loans to farmers reported on SC300, 303, or 306?

This question should be answered "Yes" only if the agricultural and farm loans had original amounts, as defined above, of \$500 thousand or less.

If yes, complete lines 300 through 650 (do not complete 110 through 210). If no, complete the following item, 110.

SB110:
Are all or substantially all of the association's commercial loans (Schedule SC lines 260, 300, 303, and 306) loans with original amounts of \$100,000 or less?

If (a) the average size of the amount currently outstanding for your association's commercial, nonfarm loans reported on Schedule SC lines 260, 300, 303, and 306 is \$100 thousand or less **and** (b) your lending officers' knowledge of your association's loans or other relevant information pertaining to commercial loans indicates that all or substantially all of the dollar volume of your association's commercial

loans have "original amounts" (as described above) of \$100 thousand or less, indicate "yes" and complete the following lines, 200 and 210, only. Otherwise, indicate "no" and complete lines 300 through 450.

SB200:
Number of loans reported on line SC260

Report the actual number (do not round to thousands) of loans reported on SC260 (Permanent Mortgages on Nonresidential Property). This line is only completed if line 100 is "no" and 110 is "yes"; i.e., all of the loans reported on SC260, 300, 303, and 306 are nonfarm loans and substantially all of the "original amounts" of the loans are \$100 thousand or less.

SB210:
Number of loans reported on SC300, 303, and 306

Report the actual number (do not round to thousands) of loans reported on SC300, 303, and 306 (Nonmortgage Commercial Loans). This line is only completed if line 100 is "no" and 110 is "yes"; i.e., all of the loans reported on SC260, 300, 303, and 306 are nonfarm loans and substantially all of the "original amounts" of the loans are \$100 thousand or less.

Number and Amount Outstanding of Permanent Mortgage Loans Secured by Nonfarm, Nonresidential Properties Reported on SC260

Number of Loans with Original Amounts of:

SB300: \$100,000 or less
 SB320: Greater than \$100,000 thru \$250,000
 SB340: Greater than \$250,000 thru \$1 million

Outstanding Balance with Original Amounts of:

SB310: \$100,000 or less
 SB330: Greater than \$100,000 thru \$250,000
 SB350: Greater than \$250,000 thru \$1 million

Number and Amount Outstanding of Nonmortgage, Nonagricultural Commercial Loans Reported on SC300, 303, and 306

Number of Loans with Original Amounts of:

SB400: \$100,000 or less
 SB420: Greater than \$100,000 thru \$250,000
 SB440: Greater than \$250,000 thru \$1 million

Outstanding Balance with Original Amounts of:

SB410: \$100,000 or less
 SB430: Greater than \$100,000 thru \$250,000
 SB450: Greater than \$250,000 thru \$1 million

Number and Amount Outstanding of Loans Secured Primarily by Farms Reported on SC260

Number of Loans with Original Amounts of:

SB500: \$100,000 or less
 SB520: Greater than \$100,000 thru \$250,000
 SB540: Greater than \$250,000 thru \$500,000

Outstanding Balance with Original Amounts of:

SB510: \$100,000 or less
 SB530: Greater than \$100,000 thru \$250,000
 SB550: Greater than \$250,000 thru \$500,000

Number and Amount Outstanding of Nonmortgage, Commercial Loans to Finance Agricultural Production and Other Nonmortgage Commercial Loans to Farmers Reported on SC300, 303, and 306

Number of Loans with Original Amounts of:

SB600: \$100,000 or less
 SB620: Greater than \$100,000 thru \$250,000
 SB640: Greater than \$250,000 thru \$500,000

Outstanding Balance with Original Amounts of:

SB610: \$100,000 or less
 SB630: Greater than \$100,000 thru \$250,000
 SB650: Greater than \$250,000 thru \$500,000

For informational purposes only:
not for data entry

Association _____
Docket Number _____
Report Date _____, 2000

Office of Thrift Supervision
2000 Thrift Financial Report
Schedule SB — Consolidated Small Business Loans

The following data is to be completed annually at June 30 to comply with Section 122 of the FDIC Improvement Act:

Annually

Loans to Small Businesses and Small Farms:

Does the reporting association have any loans secured primarily by farms reported on SC260 or any loans to finance agricultural production or other loans to farmers reported on SC300, 303, or 306?

Line	Yes	No
SB100		

If 100 is yes, complete lines 300 through 650 (Do not complete 110 thru 210). If no, complete the following item, 110.

Are all or substantially all of the association's commercial loans (Schedule SC lines 260, 300, 303, and 306) loans with original amounts of \$100,000 or less?

Line	Yes	No
SB110		

If 110 is yes, complete the following lines, 200 and 210, only. If no, complete lines 300 through 450, only.

Number of loans reported on lines:

Actual Number

SC260.....	SB200	
SC300, 303, and 306.....	SB210	

Number and amount outstanding of permanent mortgage loans secured by nonfarm, nonresidential properties reported on SC260:

Number of Loans

Outstanding Balance

(Report in Thousands of Dollars)

With original amounts of:

Actual Number

Bil : Mil Thou

\$100,000 or less.....	SB300		SB310	:		:	
Greater than \$100,000 thru \$250,000.....	SB320		SB330	:		:	
Greater than \$250,000 thru \$1 million.....	SB340		SB350	:		:	

Number and amount outstanding of nonmortgage, nonagricultural commercial loans reported on SC300, 303, and 306:

With original amounts of:

\$100,000 or less.....	SB400		SB410	:		:	
Greater than \$100,000 thru \$250,000.....	SB420		SB430	:		:	
Greater than \$250,000 thru \$1 million.....	SB440		SB450	:		:	

Number and amount outstanding of loans secured primarily by farms reported on SC260:

With original amounts of:

\$100,000 or less.....	SB500		SB510	:		:	
Greater than \$100,000 thru \$250,000.....	SB520		SB530	:		:	
Greater than \$250,000 thru \$500,000.....	SB540		SB550	:		:	

Number and amount outstanding of nonmortgage, commercial loans to finance agricultural production and other nonmortgage commercial loans to farmers reported on SC300, 303, and 306:

With original amounts of:

\$100,000 or less.....	SB600		SB610	:		:	
Greater than \$100,000 thru \$250,000.....	SB620		SB630	:		:	
Greater than \$250,000 thru \$500,000.....	SB640		SB650	:		:	

Appendix D— U.S. Census Bureau Regional Offices

**To place an order for any
census product, contact:**

Customer Services Center
Bureau of the Census
Washington, DC 20233
(301) 457-4100

**For the FIPS PUB 8-5,
containing information about
MSAs, contact:**

National Technical Information
Service
U.S. Department of Commerce
5285 Port Royal Road
Springfield, VA 22161
(703) 487-4650

For census information, contact a regional office of the Bureau of the Census as indicated below. The list shows the states covered by each regional office.

Atlanta

(404) 730-3832
Alabama, Florida, Georgia

Boston

(617) 424-0500
Connecticut, Massachusetts, Maine, New Hampshire, New York (excluding New York City and Nassau, Rockland, Suffolk, and Westchester counties), Puerto Rico, Rhode Island, Vermont

Charlotte

(704) 344-6142
Kentucky, North Carolina, South Carolina, Tennessee, Virginia

Chicago

(708) 562-1350
Illinois, Indiana, Wisconsin

Dallas

(214) 640-4400
Louisiana, Mississippi, Texas

Denver

(303) 969-6750
Arizona, Colorado, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, Wyoming

Detroit

(313) 259-1158
Michigan, Ohio, West Virginia

Kansas City

(913) 551-6728
Arkansas, Iowa, Kansas, Minnesota, Missouri, Oklahoma

Los Angeles

(818) 904-6393
Southern California (Fresno, Imperial, Inyo, Kern, Kings, Los Angeles, Madera, Mariposa, Merced, Monterey, Orange, Riverside, San Bernardino, San Diego, San Benito, San Luis Obispo, Santa Barbara, Tulare, and Ventura counties), Hawaii

New York

(212) 264-3860
New Jersey (including only Bergen, Essex, Hudson, Morris, Middlesex, Passaic, Somerset, Sussex, Union, and Warren counties), New York (including only New York City and Nassau, Rockland, Suffolk, and Westchester counties)

Philadelphia

(215) 656-7550
District of Columbia, Delaware, Maryland, New Jersey (all counties except those listed under New York), Pennsylvania

Seattle

(206) 553-5837
Alaska, Northern California (all counties except those listed under Los Angeles), Idaho, Oregon, Washington