CRA FOR COMMUNITY-BASED ORGANIZATIONS: EFFECTIVELY PARTNERING WITH BANKS

The Community Reinvestment Act

CRA was enacted in 1977 to encourage regulated financial institutions to help meet the credit needs of the communities in which they operate, including *low- and moderate-income (LMI)* neighborhoods, consistent with *safe and sound* banking operations.

Role of Regulatory Agencies

- Conduct exams on a regular basis to assess a bank's CRA activities
- Publish results of CRA exams through "Public Evaluations" available online
- A bank's CRA record is taken into account when applying for:
    - Branching
    - Mergers, acquisitions, consolidations

Community Development

The bank's activity must have a primary purpose of Community Development to receive CRA credit:

- Affordable housing for LMI persons
- Community services targeted to LMI persons
- Economic Development, Small Business
- Revitalization/Stabilization of certain geographies

Types of Community Development Activities

Banks undertake three types of community development activities:

- CD **Loans**
- CD **Investments** are an investment, deposit or membership share, or grant that includes monetary or in-kind donations
- CD **Services** must be related to the provision of financial services or bank staff's expertise/banking role

Developing Effective Partnerships

- Pinpoint community development needs
- Understand your capacity and needs
- Understand the banks in your area(s)
- Identify and call on the appropriate bank officer
- Be precise in your requests