

**RESCINDED**

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Handbooks: **Compliance Activities**  
Subject: **Community Reinvestment Act**

**Section: 500**

## Community Reinvestment Act – Assigned Ratings

**Summary:** On March 2, 2005, OTS issued a final rule providing additional flexibility to each savings association evaluated under the large retail institution test to determine the combination of lending, service, and investment it will use to meet the credit needs of its local community(ies), consistent with safe and sound operations. The final rule allows savings associations to select any combination of weights assigned to lending, service, and investment, as long as the weights total 100 percent and lending receives no less than a 50 percent weight. This Thrift Bulletin contains an appendix with the technical specifications to assign points for performance used to determine component and composite ratings.

*For Further Information Contact:* Your Regional Office or the Thrift Policy Division of the Office of Thrift Supervision, Washington, D.C. You may access this bulletin at our web site: [www.ots.treas.gov](http://www.ots.treas.gov).

### *Thrift Bulletin 85*

Under the revised final rule, a savings association may select the weight distribution OTS will use to evaluate the association's Community Reinvestment Act (CRA) performance under the lending, service, and investment components of the large retail institution test (12 CFR § 563e.28(d)). While lending must always receive no less than 50 percent weight and the weights must total 100 percent, the ultimate goal is to give savings associations maximum flexibility in fulfilling their CRA responsibilities.

As explained in the preamble to OTS's final rule, the opportunity to tailor the resources devoted to lending, service, and investment, by choosing a customized weight allocation, will encourage large retail savings associations to focus their community reinvestment efforts on the types of activities the communities they serve need, consistent with safe and sound operations. Examiners evaluate CRA performance in a context that includes opportunities in the savings association's assessment areas. Thus, OTS expects that the weights selected will reflect the opportunities that exist for the association to serve its community's needs.

Given the ability to select weights for lending, service, and investment performance, OTS will apply existing policies and procedures consistent with the savings association's weight selection. An Appendix to this bulletin provides the technical details of implementing the alternative weight system.

A handwritten signature in black ink that reads 'Scott M. Albinson'.

—Scott M. Albinson  
Managing Director  
Examinations, Supervision, and Consumer Protection

## Appendix – Community Reinvestment Act Assigned Ratings

### Component Ratings:

OTS will assign component test ratings in accordance with the Component Test Rating chart below, calculating points according to the formulas indicated (where weight is expressed as a decimal to the hundredths). A savings association may select any combination of weights, so long as the weights total 100 percent and lending receives no less than a 50 percent weight.

**Component Test Rating Chart**  
Points Assigned for Performance Under Lending,  
Investment, and Service Tests

	<b>Lending</b>	<b>Service</b>	<b>Investment</b>
Outstanding	24 x Weight	24 x Weight	24 x Weight
High Satisfactory	18 x Weight	18 x Weight	18 x Weight
Low Satisfactory	12 x Weight	12 x Weight	12 x Weight
Needs to Improve	6 x Weight	6 x Weight	6 x Weight
Substantial Noncompliance	0	0	0

### Composite Ratings:

OTS will calculate the composite rating using the existing Composite Rating matrix below.<sup>1</sup>

### **Composite Rating Point Requirements**

<b>Rating</b>	<b>Total points</b>
Outstanding	20 or over.
Satisfactory	11 or more but less than 20.
Needs to Improve	5 or more but less than 11.
Substantial Noncompliance	0 or more but less than 5.

Note: There is one exception to the Composite Rating matrix. An institution may not receive a rating of “satisfactory” unless it receives at least “low satisfactory” on the lending test. Therefore, the total points are capped at three times the lending test score.

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<sup>1</sup>OTS indicated in the preamble to the CRA rule that we would continue to use the same Component Test Rating chart and Composite Rating matrix that have been in place since 1995 for those associations that do not wish to select individual weights for the lending, service, and investment components. (70 FR 10029) OTS feels that it will facilitate implementation to only use one chart and matrix as shown above. If associations wish to use the original 50/25/25 weight assignment for lending, service, and investment, they may. Use of only one chart and matrix will not affect the overall composite rating for any institution using the original 50/25/25 weight assignment and the new matrix.