



Federal Deposit Insurance Corporation  
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter  
FIL-33-2006  
April 10, 2006

## COMMUNITY REINVESTMENT ACT Interagency Examination Procedures

**Summary:** The FDIC, the Federal Reserve Board, and the Office of the Comptroller of the Currency have issued new interagency Community Reinvestment Act (CRA) examination procedures for intermediate small institutions and have revised the existing CRA examination procedures for small institutions, large institutions, wholesale and limited purpose institutions, and institutions under a strategic plan. The attached new and revised examination procedures reflect the significant changes to the CRA regulations that took effect on September 1, 2005.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

**Suggested Routing:**

Chief Executive Officer  
CRA Officer  
Compliance Officer

**Attachments:**

- . Small Bank CRA Examination Procedures
- . Intermediate Small Institution CRA Examination Procedures
- . Large Bank CRA Examination Procedures
- . Wholesale / Limited Purpose CRA Examination Procedures
- . Strategic Plan CRA Examination Procedures

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**Note:**

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2006/index.html](http://www.fdic.gov/news/news/financial/2006/index.html).

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center (1-877-275-3342 or 703-562-2200).

**Highlights:**

- The federal banking regulatory agencies have issued new interagency CRA examination procedures for intermediate small banks to conform to the September 1, 2005, changes to the CRA regulations. The new examination procedures address the two tests under which intermediate small institutions are evaluated: the small bank lending test and a new community development test. These new examination procedures were adopted and released to examiners in August 2005.
- The agencies have also revised the existing interagency examination procedures for small institutions, large institutions, wholesale and limited purpose institutions, and institutions operating under a strategic plan. The revised procedures reflect recent technical and substantive changes to the CRA rules.

COMMUNITY REINVESTMENT ACT  
Interagency Examination Procedures

The Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency revised their Community Reinvestment Act (CRA) regulations on July 19, 2005 (see 70 FR 44256 August 2, 2005). The revised CRA regulations took effect on September 1, 2005.

Among the revisions to the regulations, “intermediate small banks” are defined under §345.12 (u) as small banks with assets of at least \$250 million as of December 31 of both of the prior two calendar years and less than \$1 billion as of December 31 of either of the prior two calendar years. These banks are evaluated under two tests: the small bank lending test, and a new community development test. The agencies adopted and released the attached *Interagency Intermediate Small Institution Examination Procedures* in August 2005. The CRA regulation continues, however, to allow small institutions, including intermediate small institutions, to opt for examination as a large bank under the lending, investment, and services tests, provided CRA loan data are collected and reported.

In addition, interagency examination procedures were revised for small institutions, large institutions, wholesale and limited purpose institutions, and institutions under a strategic plan specifically to address the CRA regulatory changes mentioned above and the technical rule changes made in March 2005 (see 70 FR 15570 March 28, 2005). The revised interagency examination procedures published today were changed to reflect these recent technical and substantive changes to the CRA rules. Specifically, the revised examination procedures:

- Include conforming language pertaining to changes in the definition of community development;
- Include references to the consideration of illegal credit practices and affiliate activity consideration; and
- Update certain geographic area terminology to ensure consistency with the regulation.

The FDIC plans to incorporate these procedures in an updated *Compliance Examination Manual*. Until the revised manual is issued, examiners will use the attached procedures, effective immediately.

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