

NR 98-105
October 20, 1998

OCC Advises National Banks to Strengthen CRA Data Collection
Processes

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency (OCC) today issued an advisory letter calling on national banks to establish or verify internal controls and procedures for collecting and reporting data required under the Community Reinvestment Act (CRA).

"While performing large bank CRA examinations, OCC examiners have found numerous errors in the collection and reporting of CRA small business and community development loans," according to Julie Williams, acting Comptroller of the Currency. "Data errors compromise an examiner's ability to accurately evaluate a bank's CRA performance, prolong compliance exams and may mislead users of public CRA data," added Ms. Williams.

Under 12 CFR 25.42, large national banks (generally those with \$250 million or more in assets) are required to collect and report data annually on small business, small farm and community development lending. Some of the common errors that OCC examiners have found include:

- reporting renewals of small business loans as originations;
- not reporting gross annual revenues, when known, for a business receiving a small business loan;
- in cases of the increase in a line of credit, reporting the total amount of the line of credit rather than the amount of the increase;
- reporting loans that do not meet the regulatory definition of community development loans found in 12 CFR 25.12(h);
- reporting of the same loans as both small business loans and community development loans.

"National banks that collect and report CRA data are responsible for maintaining solid internal controls to assure accurate submissions," the acting Comptroller cautioned. According to the advisory letter, OCC examiners will review national banks' processes for collecting, reporting, and verifying the integrity of CRA data during future compliance or CRA examinations to ensure that banks are meeting this responsibility. The OCC also encouraged national banks to review how their employees are trained in the CRA data collection requirements.

According to the OCC, data errors also increase the burden on bank personnel during exams and increase exam time when data must be corrected during an exam. Data with errors that affect an

examiner's ability to evaluate a bank's CRA performance accurately won't be used and the resubmission of reportable data may be required. The advisory also cautioned that other supervisory actions may be taken.

The full text of OCC [Advisory Letter AL-98-16](#) is available on the agency's web site at www.occ.treas.gov, or may be obtained by calling the OCC Information Line (a fax on demand service) at 202- 479-0141.

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The OCC charters, regulates and examines approximately 2,600 national banks and 66 federal branches and agencies of foreign banks in the United States, accounting for 58 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.