

Building The Better Bank



Bank

America's Most Convenient Bank®

**Business Opportunities
in Community
Development Lending**

30 March 2012

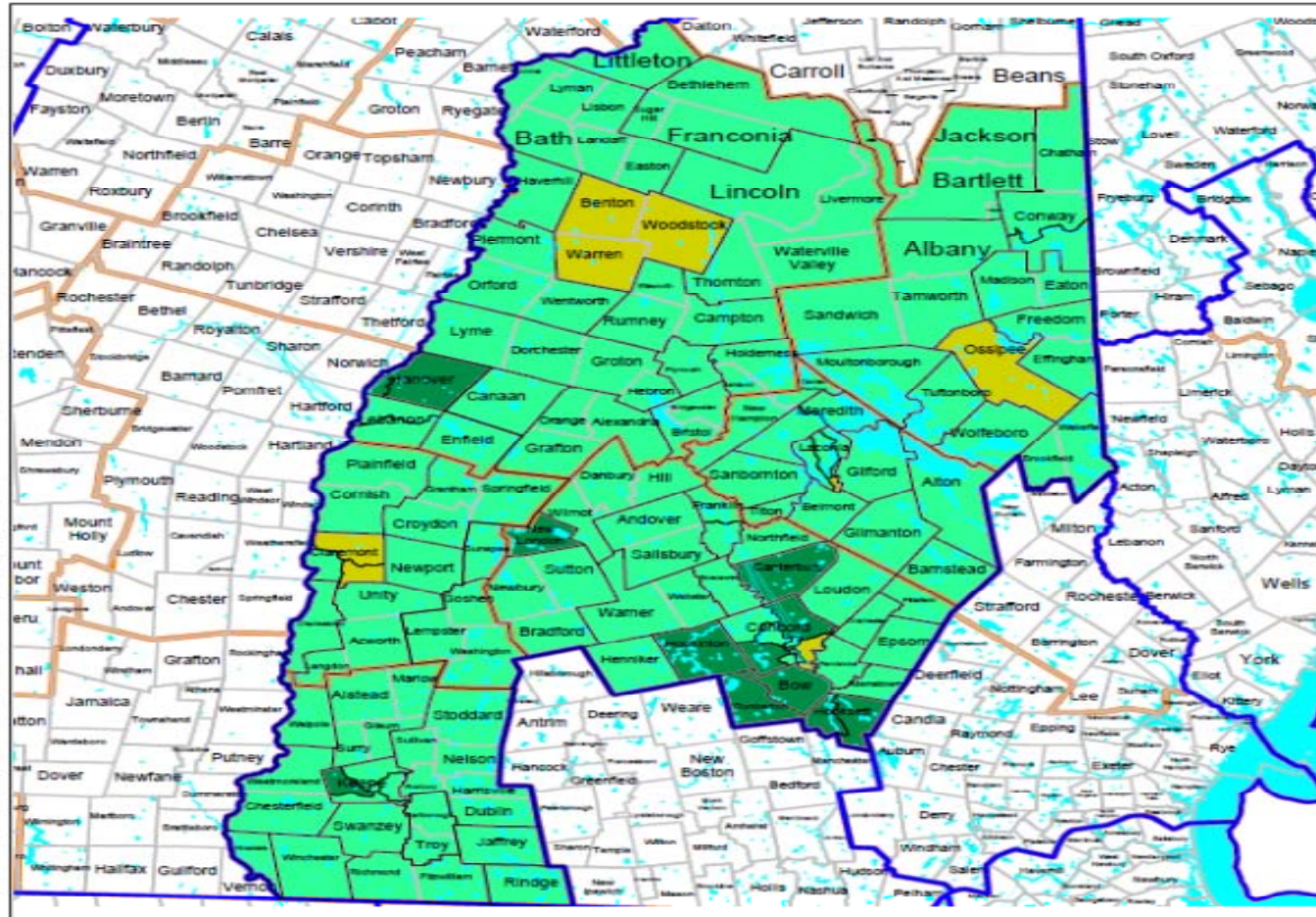












- **Performance Context:** Performance context is the framework within which regulators evaluate a bank's CRA performance. This context is primarily derived from demographic data on area median income levels, distribution of household income, type of housing stock, housing costs, and numbers of small businesses.
- **Lending Test:** The Lending Test is an analysis and evaluation of the bank's lending activities, with respect to home mortgage loans, small business loans, small farm loans, and community development lending. The lending test carries the most weight in an exam – 50%.
- **Investment Test:** The Investment Test considers the number and dollar amount of CRA-qualified investments and charitable grants.
- **Service Test:** The Service Test examines the availability and effectiveness of a bank's branch network, service delivery systems and community development services.

- “Community Development” means –
 - Affordable housing (including multi-family rental housing) for low- or moderate-income individuals/families;
 - Community services targeted to low- or moderate-income individuals/families;
 - Activities that promote economic development by financing programs that serve small businesses or farms with gross annual revenues of \$1 million or less;
 - Activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or designated distressed or underserved rural areas;
 - Loans, investments and services that support eligible development activities in areas designated under the Neighborhood Stabilization Program (NSP) if conducted within two years after the date when NSP funds must be spent.
- “Low-income” means individual or median family income that is less than 50 percent of the area median income.
- “Moderate-income” means individual or median family income that is at least 50 percent and less than 80 percent of the area median income.

NH Assessment Area Example (1 of 3)

Non-MSA NH Partial



	<i>Outline</i>		
	<i>Town</i>		
	<i>County04</i>		
	<i>MSA04</i>		
	<i>State</i>		
	<i>Water</i>		
		<u>Census Tract Income Level as a % of MSA Median</u>	
	Upper Income	(12)	
	Middle Income	(83)	
	Moderate Income	(6)	
	Low Income	(0)	

Community Development Lending



- To qualify as a Community Development Loan, the *primary* purpose of the loan must meet the definition of community development as outlined in the regulation AND the loan location must be within the bank's defined CRA assessment area or benefit a broader statewide/regional area that includes the bank's assessment area.
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 - Community services targeted to low- or moderate-income individuals/families;
 - Activities that promote economic development by financing programs that serve small businesses or farms with gross annual revenues of \$1 million or less;
 - **Activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or designated distressed or underserved rural areas;**
 - **Loans, investments and services that support eligible development activities in areas designated under the Neighborhood Stabilization Program (NSP) if conducted within two years after the date when NSP funds must be spent.**

Examples of Community Development Loans



- Loans for affordable housing rehabilitation and construction, including construction and permanent financing of multi-family rental property serving low- and moderate-income persons;
- Loans to not-for-profit organizations serving *primarily* low- and moderate-income with housing or other community development needs (e.g. childcare, health care, education);
- Loans for construction or rehabilitation of community facilities that are located in low- or moderate-income areas or that serve *primarily* low- and moderate-income individuals/families;
- Loans to Community Development Financial Institutions (CDFIs), Community Development Corporations (CDCs), minority- or women-owned financial institutions, community loan funds or pools and low-income or community development credit unions that primarily lend or facilitate lending to low- and moderate-income individuals;
- Loans to local, state or tribal governments for community development activities;
- Loans for environmental clean-up or development of an industrial site as part of an effort to revitalize the low- or moderate-income community in which the property is located; or
- Loans to projects that are eligible for low-income housing tax credits.

Examples of Community Development Investments for Housing



- **Purchase of state or municipal obligations that specifically support community development (housing-related municipal bonds must primarily address affordable housing, including multi-family rental housing, in order to qualify);**
 - **Investment in financial intermediaries (including CDFIs, CDCs, minority- or women-owned financial institutions, and low-income or community development credit unions) that primarily lend or facilitate lending in low- or moderate-income areas or to low- or moderate-income individuals;**
 - **Low-income housing tax credits;**
 - **Grants to not-for-profit organizations serving affordable housing or other community development needs, such as homebuyer counseling, credit counseling, or other financial services education;**
- or**
- **Grants to not-for-profit organizations in support of programs or services that are targeted to low- and moderate-income individuals and families.**