

CRA: Community Development Loans, Investments, and Services

This fact sheet provides information about commonly-used concepts associated with the Community Reinvestment Act (CRA) for national banks, under 12 CFR Part 25, and for federal savings associations, under 12 CFR Part 159.

What is “community development?”

Community development activities:

- Support affordable housing for low- and moderate-income (LMI) individuals (including multifamily rental housing).
- Target community services to LMI individuals.
- Promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less or that meet the size eligibility requirements of the Small Business Administration’s (SBA) Small Business Development Company or Small Business Investment Company (SBIC) programs.
- Revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (OCC).
- Support, enable or facilitate projects or

activities that meet the “eligible uses” criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA) and are conducted in designated target areas identified in plans approved by the Department of Housing and Urban Development (HUD) in accordance with the Neighborhood Stabilization Program (NSP).

What activities “revitalize or stabilize?”

Activities that revitalize or stabilize an LMI geography by attracting new or retaining existing businesses or residents include:

- A loan for an anchor business in an LMI area (or nearby areas) that employs or serves area residents.
- A loan for a pharmacy that employs and serves area residents promotes community development.

Activities that revitalize or stabilize a designated disaster area include providing financing or other assistance:

- To help retain businesses that employ local residents, including LMI individuals.
- For essential communitywide infrastructure, community services, and rebuilding needs.

- For activities that provide housing, financial assistance, and services to individuals in a designated disaster area and to individuals who have been displaced from the area, including LMI individuals.

Activities that revitalize or stabilize a distressed nonmetropolitan middle-income geography by helping to attract new, or retain existing, businesses or residents include providing financing or other assistance:

- To attract a major new employer that will create long-term job opportunities, including for LMI residents.
- For essential infrastructure or facilities necessary to attract or retain businesses or residents.

Activities that revitalize or stabilize an underserved nonmetropolitan middle-income geography by helping to meet essential community needs, including needs of LMI individuals, include those that support:

- A new or expanded hospital that serves the entire county, including LMI residents.
- An industrial park for businesses that employ LMI individuals.
- A new or rehabilitated sewer line that serves community residents, including LMI residents.
- A mixed-income housing development that includes affordable housing for LMI families.
- A renovated elementary school that serves children from the community, including children from LMI families.

What types of loans qualify as community development loans?

Community development loans include loans to:

- Borrowers that rehabilitate or construct affordable housing, including construction and permanent financing for multifamily rental properties serving LMI persons.
- Not-for-profit organizations primarily serving LMI housing or other community development needs.
- Borrowers that construct or rehabilitate community facilities that are located in LMI geographies or that primarily serve LMI individuals.
- Local, state, and tribal governments for community development activities.
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the community in which the property is located.
- Businesses, in an amount greater than \$1 million, when made as part of the SBA's 504 Certified Development Company program.

What are qualified investments?

Qualified investments include investments, grants, or deposits or shares in, or to:

- Financial intermediaries (such as Community Development Financial Institutions (CDFIs), New Markets Tax Credit Community Development Entities (NMTC CDEs), Community Development corporations (CDCs), minority- and women-owned financial institutions, community loan funds, and low-income or community development credit unions) that primarily lend or facilitate lending in

LMI areas or to LMI individuals in order to promote community development. An example would be an investment in a CDFI that promotes community development on an Indian reservation.

- Organizations engaged in affordable housing rehabilitation and construction, including multifamily rental housing.
- Organizations (including SBICs, specialized SBICs, and Rural Business Investment Companies) that promote economic development by financing small businesses. • Community development venture capital companies that promote economic development by financing small businesses.
- Facilities that promote community development by providing community services for LMI individuals such as, youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers.
- Projects eligible for low-income housing tax credits.
- State and municipal obligations (such as revenue bonds) that specifically support affordable housing or other community development.
- Not-for-profit organizations serving LMI housing or other community development needs such as, counseling for credit, homeownership, home maintenance, and other financial literacy programs.
- Organizations supporting activities essential to helping LMI individuals or geographies to use credit or sustain economic development, such as, day-care facilities and job-training programs that enable LMI individuals to work.

What are community development services?

Community development services include:

- Financial services to LMI individuals through branches and other facilities located in LMI areas (unless providing such services has been considered in the evaluation of an institution's retail banking services under 12 CFR 25.24(d) or 12 CFR 195.24(d)).
- Increasing access to financial services by opening or maintaining branches or other facilities that help to revitalize or stabilize an LMI geography, a designated disaster area, or a distressed or underserved, nonmetropolitan middle-income geography (unless opening or maintaining such branches or other facilities has been considered in the evaluation of the institution's retail banking services under 12 CFR 25.24(d) or 12 CFR 195.24(d)).
- Providing technical assistance on financial matters to nonprofit, tribal, or government organizations serving LMI housing or economic revitalization and development needs.
- Providing technical assistance on financial matters to small businesses or community development organizations, including organizations and individuals applying for loans or grants under the Federal Home Loan Bank's Affordable Housing Program.
- Lending employees to provide financial services for organizations facilitating affordable housing construction, rehabilitation, or development.
- Providing credit counseling, home buyer and home maintenance counseling, financial planning, or other financial services education to promote community development and affordable housing;

which may include credit counseling to assist LMI borrowers to avoid foreclosure on their homes.

- Establishing school savings programs or developing or teaching financial education or literacy curricula for LMI individuals.
- Providing electronic benefits transfer and point-of-sale terminal systems to improve LMI individuals' access to financial services, such as by decreasing costs.
- Providing international remittance services that improve LMI individuals' access to financial services (for example, by offering reasonably priced international remittance services in connection with a low-cost account).
- Providing other financial services with a primary purpose of community development, such as low-cost savings or checking accounts (including "Electronic Transfer Accounts" provided pursuant to the Debt Collection Improvement Act of 1996); individual development accounts (IDAs); or free or low-cost government, payroll, or other check cashing services that increase access to financial services for LMI individuals.
- Providing foreclosure prevention programs with the objective of providing affordable, sustainable, long-term loan modifications and restructurings to LMI homeowners who are facing foreclosure on their primary residence.

Technical assistance to community development organizations include:

- Serving on loan review committees.
- Developing loan application and underwriting standards.
- Developing loan processing systems.

- Developing secondary market vehicles or programs.
- Assisting in marketing of financial services, including developing advertising and promotions, publications, workshops, and conferences.
- Supplying financial services training for staff and management.
- Contributing accounting/bookkeeping services.
- Assisting in fundraising, including soliciting or arranging investments.

Additional OCC Resources

[CRA regulation applicable to national banks \(12 CFR 25\)](#)

[CRA regulation applicable to Federal savings associations \(12 CFR 195\)](#)

[OCC public performance evaluations](#)

[Copy of disclosure reports](#)

[Copy of aggregate reports](#)

[CRA ratings](#)

[Publicly available data](#)

[Community development publications and resources](#)

[District Community Affairs Officers](#)

[OCC supervisory offices](#)