

FEDERAL RESERVE BANK
OF NEW YORK

AT-10651 (b)
August 27, 1993

Community Reinvestment Act Hearings

To the Chief Executive Officers of Member Banks and Domestic Bank Holding Companies in the Second Federal Reserve District, and Others Concerned:

The four federal financial supervisory agencies have announced a number of public hearings on the Community Reinvestment Act (CRA) designed to assist the agencies in developing new regulations and standards for assessing a financial institution's performance under the CRA. The first two hearings were held on August 10 and August 25. Other hearings, each being organized by one of the agencies, are scheduled for next month as follows:

<i>Date</i>	<i>Location</i>	<i>Time</i>	<i>Organizing Agency</i>
September 8	Los Angeles, CA	9:00 a.m. - 3:00 p.m.	OCC
September 9	Albuquerque, NM	9:00 a.m. - Noon	OCC
September 10	New York, NY	10:00 a.m. - 3:00 p.m.	FDIC
September 15	Henderson, NC	12:30 p.m. - 4:30 p.m.	FDIC
September 22	Chicago, IL	2:00 p.m. - 6:00 p.m.	FRB

Individuals wishing to speak at the hearing on September 10 in New York should send notification, by fax or by mail, no later than September 1 to: Donna J. Gambrell, Community Affairs Officer, Federal Deposit Insurance Corporation, 452 Fifth Avenue, 19th Floor, New York, NY 10018 (Tel. No. 212-704-1230; Fax No. 212-704-1343).

A portion of the joint statement issued by the four agencies is reprinted on the reverse side. Questions regarding the hearings may be directed to Elizabeth Irwin-McCaughey, Manager, Compliance Examinations Department (Tel. No. 212-720-6820).

CHESTER B. FELDBERG,
Executive Vice President.

(OVER)

The hearings are intended to help the agencies develop new regulations and standards for assessing a financial institution's performance under the CRA. The CRA, enacted in 1977, affirms that financial institutions have an obligation to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods. It requires the agencies to use their authority to encourage financial institutions to meet their CRA obligations, to regularly assess the CRA performance of financial institutions, and to take CRA performance into account when deciding whether to allow institutions to expand their businesses.

On July 15, President Clinton asked the regulators to work together and consult with the public, community groups, and the banking and thrift industries to make CRA implementation more effective. The agencies' goal is to reform CRA regulations and supervision in order to improve performance, clarify the regulations, and make CRA performance assessments more objective.

Presiding at the public hearings will be Comptroller of the Currency Eugene A. Ludwig; Federal Reserve Board Governor Lawrence Lindsey; Acting Chairman of the Federal Deposit Insurance Corporation Andrew Hove; and Acting Director of the Office of Thrift Supervision Jonathan Flechter.

The four agencies are particularly interested in receiving comments on the following questions:

- In what specific ways can the CRA regulations be improved to provide increased performance, clarity and objectivity?
- In what specific ways, if any, have the existing 12 CRA assessment factors forced banks and thrifts to maintain unnecessary and unproductive CRA documentation? How should they be changed?
- What objective factors should be incorporated into the new CRA standards to focus community reinvestment activities on:

lending to low- and moderate-income individuals and neighborhoods, small businesses, and small farms;

investments in low- and moderate-income neighborhoods;

provision of banking services to residents of low- and moderate-income neighborhoods?

In developing new CRA performance standards, should differences among banks and thrifts (location, corporate structure, product lines, etc.) be explicitly taken into account? If yes, how should these situations be incorporated into the new standards?