



Bankers and the Community Reinvestment Act (CRA): drivers of opportunity for thriving communities

01/13/2021

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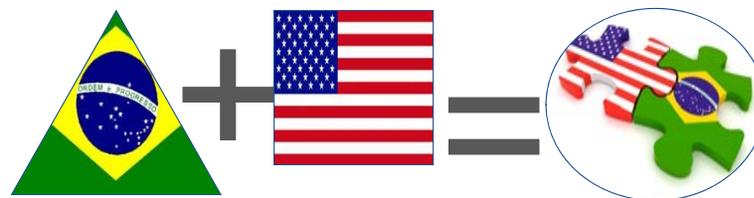
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What we will cover today

- High-level overview of the Community Reinvestment Act
- Banks' role in community development
- Your role bringing CRA to life in a meaningful way
- What is next for CRA: challenges and opportunities for your FI and you

Who, Why, What

- From Sao Paulo, Brazil
- Bachelors in Business Administration, Mackenzie University
- MBA from University of Richmond
- VBA School of Bank Management, 2018



- **Community Development:** Working with community leaders, policymakers and partners to champion fairness in banking, housing and business

POLL

- ▲ Have you heard of CRA before?
 - ▲ Yes, but in passing, Tell me more.
 - ▲ I know enough to be dangerous.
 - ▲ It is part of my role in the banking industry

The Community Reinvestment Act (CRA)

The Community Reinvestment Act of 1977 was enacted to encourage banks to help meet the credit needs of the communities that they serve, including LMI neighborhoods, consistent with the banks' safe and sound operations. In passing the CRA, Congress established that

1. Banks are required by law to demonstrate that their deposit facilities serve the convenience and needs of the communities in which they are chartered to do business;
2. The convenience and needs of communities include the need for credit services as well as deposit services; and
3. Banks have a continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered

How are banks analyzed?

- ▲ CRA data must be reported on all small business and farm loans, as well as community development lending.
- ▲ Most banks have to follow three tests:
 - **Service,**
 - **Investments, and**
 - **Lending (50%)**

CRA Performance Test - Investment and Services

- **Investment:** Measures the bank's record of helping to meet credit needs in assessment area through *qualified investments*

- **Services:** Measures the bank's record of helping to meet credit needs in assessment area by analyzing the effectiveness and availability of *delivering retail banking services and locations & CD services:*

- **Donations and Volunteer activities**

192

Organizations across our footprint received volunteer hours or in kind donations

3,800

Hours of volunteer service

\$22.4
million

In new **Community Investments**

Community
Partnership
Spotlight



Feed More

Atlantic Union Bank is a proud supporter of **Feed More**, whose mission is to help supply food to those in need throughout the greater Richmond, Virginia area and surrounding counties.

Feed More collects, prepares, and distributes food to help neighbors in need—thriving communities begin with full plates.

In 2019, over 40 volunteers from Atlantic Union Bank assisted Feed More. During the holiday season, 23 members of the Atlantic Union Bank marketing department spent an afternoon volunteering in the Richmond **Feed More** warehouse. Teammates helped fight hunger in the local community by sorting over **15,000 pounds** of non-perishable items earmarked for the region's most needy.

Visit Feedmore.com for additional information.



CRA Performance Test - Lending

- **Lending**: Evaluation of the bank's record of helping meet credit needs in assessment area through *lending activities*

Three Buckets

HMDA
Reportable
Loans



Small
Business /
Small Farm



Community
Development
Loans



HMDA Reportable Loans

- Collection and reporting of certain **mortgage lending activity** to ensure local housing needs are being served, to assist in attracting private investments to needed areas, and to identify potentially discriminatory lending patterns in order to enforce anti-discrimination laws.
- **Commercial purpose loans and lines of credit secured by a dwelling or mixed-use property** for the purpose of purchasing, refinancing, or improving the dwelling regardless of the borrowing entity (can be an individual, LLC, corporation, etc.).



Small Business/Small Farm Loans

- Loans reported on the CRA LAR
- Small Business Loans that are \leq \$1MM and defined on the Call Report as either “Loans secured by nonfarm or nonresidential real estate” or “Commercial and Industrial loans”
- Small Farm Loans that are \leq \$500K and were reported as either “Loans to finance agricultural production, and other loans to farmers” or “Loans secured by farmland”



Community Development Loans

- Loan that has a primary purpose of community development
- Has not been reported as a home mortgage, small business/farm or consumer loan
- Benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area



Community Development Loans (cont.)

- **Affordable housing** for low- or moderate-income (**LMI**) individuals
- **Community services** for **LMI** individuals
- Activities that promote **economic development** by providing financing for small businesses or small farms
- Activities that **revitalize or stabilize** LMI geographies, distressed or underserved non- metro middle-income areas, or designated disaster areas.



Highlighting Our Partnership With Our Communities

Community Partnership Spotlight



Arlington Partnership for Affordable Housing, Inc. (APAH)

APAH was incorporated in 1989 and is a nonprofit whose mission and purpose is to enhance the Greater DC community by developing, preserving and advocating for quality affordable housing and promote opportunities for its residents through partnerships and programs. **APAH** has helped more than 1,200 families, individuals, senior citizens and persons with disabilities find safe and affordable housing in communities such as Snowden Ridge in Silver Springs, MD., where this multifamily project has 13 buildings, 87 subsidized rent units and houses approximately 300 low to moderate income individuals.

"We're proud to partner with customers who support the Commonwealth's complex array of housing needs. Congratulations to the Arlington Partnership for Affordable Housing for their Columbia Hills Apartments being recognized as the Best Affordable Housing Development at the Virginia Governor's Housing Conference."

- David Ring, Atlantic Union Bank Commercial Banking Group Executive



Atlantic Union Bank: Community Impact

- Growing our communities

- We never forget that we owe our success to the communities we serve.
 - Over 3,000 hours of volunteer service
 - 165 organizations across our footprint received volunteer hours, in-kind or conventional donations
 - Over \$90 million dollars invested in our community through Community Development and Engagement, with major focus on maintaining and building affordable housing units, financial education for all ages, supporting university athletics, festivals and family events.
 - Teammates are granted 16 paid hours for volunteer work
 - ***Teammate match gift program!***



What is Your Role?

POLL

- ▲ Are you serving on a nonprofit board?
 - ▲ No, but interested.
 - ▲ Yes!
 - ▲ Not sure if it matters for my role in the banking industry

Your Role and CRA



- How does CRA rating affect your bank?
- **Reputation in the Community**
 - A uniform four-tiered rating system is used by the federal bank regulatory agencies in assessing CRA performance.
 - Since July 1, 1990, the agencies are required to make an institution's rating and written performance evaluation available to the public.
 - The CRA ratings and performance evaluations are available at the regulators' websites.
- **Ability to Expand**
 - An institution's CRA record is taken into account in considering applications for deposit facilities, including mergers and acquisitions.
- **Frequency of CRA Examinations**
 - Maintaining a Satisfactory or better CRA rating will also result in less frequent CRA examinations.

Your Role

- ▲ Be COLLABORATIVE
- ▲ Be RESPONSIVE
- ▲ Be AWARE

CRA Modernization Objectives

- **Strengthen regulations in alignment with CRA statute**
- **Provide greater certainty, tailor regulations, and minimize burden**
- **Provide a foundation for the agencies to converge on a consistent approach that has broad support among stakeholders**

More info and contact

Videos Resources on the CRA

- [What is the Community Reinvestment Act?](#)
- [The Small Bank and Intermediate Small Bank CRA Examination](#)
- [Leading Practices for Effective CRA Programs](#)
- [CRA Community Development Defined](#)

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