

**Community Reinvestment Act 2020 Rule**  
**Small Bank Compliance Guide**

October 2020

## Community Reinvestment Act Pointers for Small Banks

The Office of the Comptroller of the Currency (OCC) issued this “Small Bank Compliance Guide” to help small community banks comply with the Community Reinvestment Act (CRA) rule issued on June 5, 2020 (2020 rule).<sup>1</sup> The guide is structured in six parts:

- Part I: Final Rule Compliance Dates
- Part II: What Activities Qualify for CRA Consideration
- Part III: CRA Illustrative List of Qualifying Activities
- Part IV: CRA Qualifying Activities Confirmation Process
- Part V: Assessment Area Delineations
- Part VI: Data Collection Requirements for Small Banks

The OCC issued the 2020 rule to implement, strengthen, and modernize the CRA by clarifying and expanding the activities that qualify for CRA credit; updating which activities count for CRA credit; creating a more consistent and objective method for evaluating CRA performance; and providing for more timely and transparent CRA-related data collection, recordkeeping, and reporting.

Under the 2020 rule, banks<sup>1</sup> that are subject to the CRA<sup>2</sup> and have assets of \$600 million or less, as adjusted,<sup>3</sup> have an obligation to

- collect and maintain data on the value of each retail domestic deposit account as of the close of business on the last day of each calendar quarter.
- collect and maintain data on the physical address of each retail domestic deposit account holder (depositor).
- keep the data collected in machine readable form (as prescribed by the OCC).
- create new deposit-based assessment areas.

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<sup>1</sup> Refer to 12 CFR 25. The CRA rule was published on June 5, 2020, in the *Federal Register* and is effective October 1, 2020, for OCC-regulated banks subject to the CRA and Federal Deposit Insurance Corporation-regulated state savings associations. This guide satisfies the OCC’s obligations under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. 104-121, March 29, 1996, 110 Stat. 857-862.

<sup>2</sup> The CRA does not apply to uninsured federal branches, limited federal branches, federal agencies, or certain exempt banks that do not perform commercial or retail banking services by granting credit to the public in the ordinary course of business, other than as incidental to their specialized operations and done on an accommodation basis. These banks include bankers’ banks and banks that engage only in one or more of the following activities: providing cash management-controlled disbursement services or serving as correspondent banks, trust companies, or clearing agents. Refer to 12 CFR 25.01 for more information about the CRA rule’s applicability.

<sup>3</sup> The 2020 rule defines “small bank” to mean a bank that had assets of \$600 million or less in four of the previous five calendar quarters. The rule provides that the dollar figure in the small bank definition shall be adjusted annually and published by the OCC, based on the year-to-year change in the average of the consumer price index for urban wage earners and clerical workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest \$100,000. Refer to 12 CFR 25.03 for the definition of small bank. All types of banks, including small banks, have the option to be evaluated under a strategic plan or opt in to the general performance standards.

## Part I: Final Rule Compliance Dates

**October 1, 2020**, is the 2020 rule's effective date and the compliance date for some of the 2020 rule's provisions, including the expanded criteria for qualifying activities, the qualifying activities confirmation process, and the illustrative list. Information about how the OCC will implement certain provisions of the rule will be communicated to the industry in guidance issued by the OCC.

**January 1, 2024**, is the compliance date for small banks to comply with the 2020 rule's assessment area, data collection, and record-keeping requirements. More information will be communicated about these provisions closer to the compliance date.

## Part II: What Activities Qualify for CRA Consideration

The 2020 rule expands what activities qualify<sup>4</sup> for credit in a bank's CRA evaluation to include the following (in part):

- Higher loan amount and gross annual revenue thresholds to identify qualifying loans to CRA-eligible businesses and CRA-eligible farms and small loans to businesses and farms in LMI census tracts.
- Partial credit for certain CRA qualifying activities.
- Credit for financial literacy programs or education or homebuyer counseling, regardless of participant or borrower incomes.
- Certain activities in Indian country or other tribal and native lands.

## Part III: CRA Illustrative List of Qualifying Activities

As provided in 12 CFR 25.05, the OCC will maintain a publicly available, non-exhaustive list at [www.occ.gov](http://www.occ.gov) of examples of qualifying activities that meet the criteria in 12 CFR 25.04. The CRA illustrative list may also include, and separately identify, activities considered by the OCC through the confirmation request process that do not meet those criteria. Banks will receive CRA credit for any activity that satisfies the qualifying activities criteria, regardless of whether it is on the CRA illustrative list.

## Part IV: CRA Qualifying Activities Confirmation Process

The OCC encourages banks to engage in innovative activities that respond to the needs of their communities and, when there is uncertainty, to use the process established by the 2020 rule to confirm with the OCC whether an activity not on the CRA illustrative list is qualifying. Pursuant to 12 CFR 25.05 of the 2020 rule, an interested party may request that the OCC confirm that an activity is a qualifying activity by completing and submitting a CRA Qualifying Activities Confirmation Request Form available on [www.occ.gov](http://www.occ.gov).

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<sup>4</sup> Refer to 12 CFR 25.04 for the full list of qualifying activities criteria.

## Part V: Assessment Area Delineations

Under 12 CFR 25.09, there are two types of assessment area (AA) delineations: (1) a facility-based AA<sup>5</sup> and (2) a deposit-based AA.<sup>6</sup> A facility-based AA is delineated to include the counties, metropolitan divisions, nonmetropolitan areas, or the metropolitan statistical areas that contain a bank's main office or any of its branches. Banks may, at their option, delineate facility-based AAs around their deposit-taking automated teller machines. A bank is required to delineate a deposit-based AA if the bank receives 50 percent or more of its retail domestic deposits from geographic areas outside of its facility-based AAs. Deposit-based AAs include the counties, metropolitan divisions, nonmetropolitan areas, metropolitan statistical areas, or the states in which the bank receives 5 percent or more of its retail domestic deposits.

## Part VI: Data Collection Requirements for Small Banks

A small bank evaluated under the small bank performance standards in 12 CFR 25.14 must collect and maintain data on the value of each retail domestic deposit account. In addition, a small bank must collect and maintain the physical address of each depositor, as of the close of business on the last day of each quarter during the evaluation period, until the completion of its next CRA examination.

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<sup>5</sup> Refer to 12 CFR 25.09(b).

<sup>6</sup> Refer to 12 CFR 25.09(c).