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Comptroller of the Currency  
Administrator of National Banks

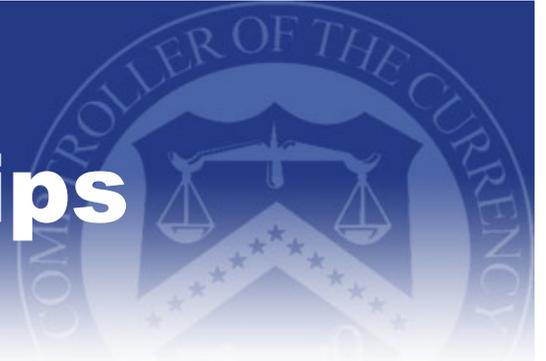
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# Developing Banking Partnerships

CRA for Community Based Organizations  
Federal Reserve Bank of St. Louis

May 3, 2012

# Steps to Partnerships



- Understand CRA
- Understand the local market
- Understand local banks
- Identify your sources of influence
- Talk with bankers



# Motives of Bankers



## Motives of Bankers for Partnering:

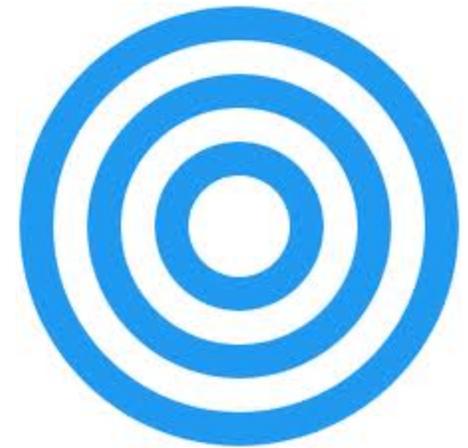
- Welfare of the community and the bank
- Market Share
- Income
- Risk Mitigation
- Reputation
- Community Reinvestment Act



# Concentric Circles of Opportunity



- Actual Market Share
- Market Share Available with Extra Effort
- Deals Bankable if Enhanced
- Universe of Economic Needs



# Understand CRA: Definition of Community Development

- **Affordable housing** for low- or moderate-income (LMI) individuals
- **Community services** for LMI individuals
- Promoting **economic development** by providing financing for small businesses or farms
- **Revitalize or stabilize** certain geographies
- Activities that support “eligible uses” under the **Neighborhood Stabilization Program (NSP)**



# Understand CRA: 3 Types of CD Activities

- Banks undertake three types of community development activities:
  - CD Loans
  - CD Investments\*
  - CD Services

\* a/k/a “Qualified Investments”



# Understand CRA: Aligning Banks with CD Activities

- Large Banks (\$1.16B +)
  - Intermediate Small Banks (\$290MM - \$1.26B)
  - Wholesale & Limited Purpose Banks
  - Small Banks (<\$290MM)
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- CD Loans
  - CD Investments
  - CD Services



# Understand CRA: CD Evaluation Factors

- “Primary Purpose”
- Geography: Bank’s AA or broader regional area that includes the bank’s AA(s)
- May be direct or indirect
- Quantitative Assessment: # and \$
- Qualitative assessment:
  - Responsiveness
  - Degree provided by private investors
  - Innovative and complex (for large banks)



# Understand CRA: Sources

- You're here
- Ask the regulators
- Your CD associates
- CD trade associations
- [www.FFIEC.gov](http://www.FFIEC.gov)
- Q&A on CRA



# Understand the Market: Ascertain Credit & CD Needs

- Economy
- Demographics
- Housing conditions
- Business demographics
- Financial services providers
- Public and private investment
- Sources of support and subsidy



# Understand Local Banks

- What sizes are they?
- What geographies do they serve?
- Who are their customers?
- Who are their competitors?
- What are their CD activities?



# Understand Local Banks: Sources of Information

- CRA Public Evaluations
- HMDA & CRA Data
- Uniform Bank Performance Report
- FDIC Summary of Deposits
- FDIC Institution Directory
- FRB National Information Center
- CRA examination schedules
- Notices of applications



# Developing Effective Partnerships



- Is there significant community support for your idea or initiative?
- Can you help the bank reach new customers?
- Is your proposal consistent with the bank's business model?
- Can you provide publicity for the bank?
- Is your proposal appropriate for your organization's financial condition?
- Do you have a strong leadership team and business plan?



# Partnership Examples

- Loans, accounts and other services
- Customer sharing and referrals
- Loan layers and participations
- Investments
- Donations
- Operations and governance



# Talk to the Regulators

- Public File in each bank
- Comment to the agencies on:
  - Credit and financial services needs
  - CD needs and opportunities
  - Bank performance
  - Your relationships with banks
  - Applications
  - Changes in regulations
  - New issues



# Questions or Comments?



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