

# THE NEW CRA: UNDERSTANDING THE FINAL RULE AND ITS IMPACT ON LARGE, INTERMEDIATE, AND SMALL BANKS

By Scott Coleman and Sarah Dannecker

On October 24, 2023, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (together, the “Agencies”) issued a [final rule](#) amending their regulations implementing the Community Reinvestment Act (“CRA”) (the “Final Rule”). The Final Rule marks the first substantial revision to the CRA regulations in nearly thirty years. It provides comprehensive changes to how banks’ performances are assessed under the CRA, and will significantly impact the CRA programs of banks of all sizes.

This three-part article analyzes the Final Rule. In part one, we will discuss how the Final Rule will impact large banks (those with assets of at least \$2 billion as of December 31 in the two prior calendar years). Part two will discuss the impact of the Final Rule on intermediate banks (those with assets of at least \$600 million as of December 31 in the two prior calendar years and less than \$2 billion as of December 31 in either of the two prior calendar years), and part three will focus on the Final Rule’s impact on small banks (those with assets of less than \$600 million as of December 31 in either of the two prior calendar years).

The Final Rule is effective April 1, 2024, however, the compliance date for a large portion of the Final Rule’s provisions is January 1, 2026.

## Community Development Loans, Investments, and Services

Under the current CRA rule, the Agencies evaluate community development performances of all banks, regardless of size, under four broad categories.<sup>1</sup> The Final Rule replaces these four categories under the current CRA rule’s “community development” definition with eleven new categories, supplemented by aspects of the guidance provided in past interagency Q&As, all of which are intended to provide banks with additional clarity regarding the community development activities the Agencies consider responsive to the needs of low- and moderate-income (LMI) individuals and communities, distressed areas, and small businesses and small farms.<sup>2</sup>

---

<sup>1</sup> The four categories under the current CRA regulations are affordable housing, community services, economic development, and revitalization and stabilization. *See* current 12 CFR \_\_.12(g).

<sup>2</sup> The eleven community development categories are: (1) affordable housing; (2) economic development; (3) community supportive services; (4) revitalization or stabilization; (5) essential community facilities; (6) essential community infrastructure; (7) recovery of designated disaster areas; (8) disaster preparedness and weather resiliency; (9) revitalization or stabilization, essential community facilities, essential community infrastructure, and disaster preparedness and weather resiliency in Native Land Areas; (10) activities with MDIs, WDIs, LICUs, or CDFIs; and (11) financial literacy. *See* Final § \_\_.13.

The Final Rule also adopts specific standards for when community development loans, investments, and development services will receive full and partial consideration.<sup>3</sup> Eliminating the “primary purpose” terminology that was initially proposed last year, the Final Rule sets forth a framework that, while encompassing a primary purpose standard and maintaining consistency with the current and proposed CRA rules, more specifically delineates the parameters for receiving full or partial credit for community development activities in each of the eleven community development categories. Activities must satisfy either a “majority standard”; a “bona fide intent standard”; involve a minority depository institution (“MDIs”), women’s depository institution (“WDIs”), low-income credit union (“LICUs”), or community development financial institutions (“CDFIs”); or involve Federal Low-Income Housing Tax Credits within the respective eleven community development categories.<sup>4</sup>

Banks may receive partial credit for any loan, investment, or service that supports affordable housing if activities do not meet the “majority standard,” which would be calculated in proportion to the percentage of total affordable housing units. Partial credit will not extend to any other community development categories.

### **Assessment Areas**

The Agencies use assessment areas—the geographic areas delineated by a bank within which its CRA performance is assessed—to evaluate a bank’s CRA performance. Under the current CRA rule, a bank’s (other than wholesale or limited purpose banks) assessment areas must include the main office, branches, and deposit-taking ATMs and where a substantial portion of the banks’ loans originated or were purchased.<sup>5</sup> Consideration may also be given for activities that occur outside the bank’s assessment area. For example, Agency examiners will consider loans to low- and moderate-income (“LMI”) persons outside of a bank’s assessment area for purposes of evaluating the bank’s retail lending and retail services performance under the Retail Services Test (discussed below) if the bank has adequately addressed the needs of borrowers within its assessment areas.<sup>6</sup> Regarding community development performance, examiners may consider a bank’s activities within the broader statewide or regional area.<sup>7</sup>

---

<sup>3</sup> See Final § \_\_.13.

<sup>4</sup> *Id.*

<sup>5</sup> Current 12 CFR § \_\_.41(c)(2).

<sup>6</sup> See Interagency Q&A § \_\_.22(b)(2) and (3)-(4).

<sup>7</sup> Current 12 CFR § \_\_.12(h)(2)(ii) (community development loans); current 12 CFR § \_\_.23(a) (community development investments); current 12 CFR § \_\_.24(b) (community development services); *see also* current 12 CFR § \_\_.25(e)(2) (community development loans, investments, and services made by wholesale or limited purpose banks); Interagency Q&A § \_\_.26(d)—2 (community development loans, investments, and services made by intermediate small banks).

### *Facility-Based Assessment Areas*

Under the Final Rule, the areas where a bank’s main office, branches, and deposit-taking ATMs are located—which the Agencies now call “facility-based assessment areas”—are distinguished from what the Agencies now refer to as a bank’s “retail lending assessment areas,” or the areas where a substantial portion of the bank’s loans originated or were purchased.<sup>8</sup> Facility-based assessment areas include the county where the main office, branch(es), or deposit-taking remote service facility is located, together with the surrounding counties in which the bank has originated a substantial portion of its loans.

The geographic boundaries for facility-based assessment areas under the Final Rule must consist of a single Metropolitan Statistical Area (“MSA”), one or more contiguous counties within an MSA, or one or more contiguous counties within the nonmetropolitan area of a State.<sup>9</sup> Facility-based assessment areas that include a partial county must consist of contiguous whole census tracts.<sup>10</sup> Unless located in a multistate MSA, facility-based assessment areas may not extend beyond an MSA boundary or state boundary. Under the Final Rule, large banks must delineate whole county facility-based assessment areas.<sup>11</sup> The Agencies may consider a bank’s community development loans, investments, and services provided outside of its facility-based assessment areas as provided in the Agencies’ CRA regulations, permitting any bank, regardless of size or business model, to receive consideration for qualifying community development activities outside its facility-based assessment areas.<sup>12</sup>

### *Retail Lending Assessment Areas*

Under the Final Rule, only large banks are subject to the retail lending assessment requirements. Retail lending assessment areas under the Final Rule must include the surrounding counties where the bank has originated a substantial portion of its loans and may include LPOs.<sup>13</sup> Large banks that originated or purchased 80% of their retail lending (home mortgage loans, multifamily loans, small business loans, small farm loans, and certain automobile loans) in facility-based assessment areas in the prior two calendar years are exempt from the retail-lending assessment area requirement.<sup>14</sup>

---

<sup>8</sup> Final § \_\_.16, \_\_.17

<sup>9</sup> Final § \_\_.16(b)(2).

<sup>10</sup> Final § \_\_.16(b)(3).

<sup>11</sup> *Id.*

<sup>12</sup> Final § \_\_.19.

<sup>13</sup> Final § \_\_.16(b)(1).

<sup>14</sup> Final § \_\_.17(a)(2).

If not exempt, large banks that have at least 150 closed-end home mortgage loans or 400 small business loans in a particular area must delineate such area in each of the prior two calendar years.<sup>15</sup> Large banks that do not meet these thresholds are also exempt from the retail-lending assessment area requirement.

Regarding the criteria examiners will use to evaluate a large bank's major product lines for purposes of its retail lending performance in the retail lending assessment areas, only closed-end home mortgage loans and small business loans will be considered, but only if such product lines exceed the applicable loan count thresholds noted above.<sup>16</sup> Under the Final Rule, the retail lending assessment area excludes any counties located in a nonmetropolitan area of a state in which a large bank that did not originate any reported closed-end home mortgage loans or small business loans in a particular county during a calendar year.<sup>17</sup>

The geographic requirements for retail lending assessment areas must consist either of the entirety of a single MSA or all the counties in the nonmetropolitan area of a state and may not extend beyond a state boundary unless the assessment area consists of counties in a multistate MSA.<sup>18</sup> Counties inside a large bank's facility-based assessment areas are excluded.<sup>19</sup>

Large banks' retail lending performance, as assessed under the Retail Lending Test (discussed below), will be evaluated in the large banks' outside retail lending area (i.e., the nationwide area outside of the large bank's facility-based assessment areas and retail lending assessment areas), but will not include any outside retail lending areas in which the bank did not originate or purchase any loan products (e.g., closed-end home mortgage loans, small business loans, etc.).<sup>20</sup>

### **The CRA Tests**

Under the current CRA regulations, large banks are currently evaluated under three performance tests.<sup>21</sup> The Final Rule now applies four new tests to evaluate large banks' CRA performance: (1) the Retail Lending Test; (2) the Retail Services and Products Test; (3) the Community Development Financing Test; and (4) the Community Development Services Test.<sup>22</sup>

---

<sup>15</sup> Final § \_\_.17(a), (c).

<sup>16</sup> Final § \_\_.17(d).

<sup>17</sup> Final § \_\_.17(b).

<sup>18</sup> Final § \_\_.17(b)(1), (2).

<sup>19</sup> Final § \_\_.17(b)(1).

<sup>20</sup> Final § \_\_.18(a).

<sup>21</sup> See current 12 CFR \_\_.21(a)(1) (the lending test, the investment test, and the service test).

<sup>22</sup> Final § \_\_.22, \_\_.23, \_\_.24, and \_\_.25.

When applying one of the four tests and when determining whether to approve a large bank's strategic plan, Agencies may consider performance context information (to the extent it is not already part of the test and standards) such as a bank's institutional capacity and constraints, the bank's past performance, demographic data, retail banking and community development needs and opportunities as provided by the bank, the bank's business strategy and product offerings, the bank's public file, and any other relevant information.<sup>23</sup>

### *The Retail Lending Test*

Under the Final Rule, the Retail Lending Test would evaluate how large banks are serving LMI borrowers, small businesses, and small farms in the various assessment areas (facility-based, retail lending, and outside retail lending area). This test applies two sets of metrics: the Retail Lending Volume Screen and Geographic Bank and Borrower Bank Metrics. Under the former metric, a large bank's Bank Volume Metric<sup>24</sup> is compared to the aggregate ratio of retail lending to deposits among all banks that operated a branch in the facility-based assessment area (the "Market Volume Benchmark").<sup>25</sup> If a large bank's Bank Volume Metric meets or exceeds 30% of the Market Volume Benchmark (the "Retail Lending Volume Threshold"), examiners would then proceed to evaluate the distribution of the bank's retail lending. If it falls short of the Retail Lending Volume Threshold, examiners would perform a detailed review of the bank's performance to determine whether the bank has an acceptable basis for not meeting the threshold. Large banks that do not have an acceptable basis will receive a Retail Lending Conclusion of "Needs to Improve" or "Substantial Noncompliance."<sup>26</sup>

As for the latter metric, large banks will be evaluated based on its geographic and borrower distributions of its major product lines in its Retail Lending Test Areas.<sup>27</sup> In a facility-based assessment area, major product lines include those retail loans—*i.e.*, originated and purchased closed-end home mortgage loans, small business loans, small farm loans, and automobile loans—that individually comprise 15% or more of the dollar amount of all of the bank's retail loans in the facility-based assessment area.<sup>28</sup> In a retail lending assessment area, a large bank's originated or purchased closed-end home mortgage loans or small business loans would qualify as a major product line if the large bank originated the amount required under the loan count

---

<sup>23</sup> Final § \_\_.21(d).

<sup>24</sup> Appendix A to Part \_\_—Calculation for the Retail Lending Test. The ratio of a bank's total dollars of lending in retail lending (*i.e.*, closed-end home mortgage loans, open-end home mortgage loans, multifamily loans, small business loans, small farm loans, and automobile loans) compared to the bank's dollars of deposits in the facility-based assessment area.

<sup>25</sup> Final § \_\_.22(c).

<sup>26</sup> Final § \_\_.22(c)(3).

<sup>27</sup> Final § \_\_.22(e).

<sup>28</sup> Appendix A to Part \_\_, II (b)(1).

thresholds discussed above (*i.e.*, at least 150 reported closed-end home mortgage loans or at least 400 reported small business loans in each year of the prior two calendar years).<sup>29</sup>

Once a large bank’s major product lines are established, examiners will evaluate the geographic and borrower distributions of each of those lines in four separate lending categories in each Retail Lending Test Area:

- Low-income census tracts;
- Moderate-income census tracts;
- Low-income borrowers or businesses or farms with gross annual revenues of less than \$250,000; and
- Moderate-income borrowers or businesses or farms with gross annual revenues of greater than \$250,000 but less than or equal to \$1 million.<sup>30</sup>

The large bank’s metrics will be compared to market benchmarks and community benchmarks. Supporting conclusions will be assigned based on a performance range—the relevant market benchmark, multiplied by a specified multiplier and the relevant community benchmark, multiplied by a specified multiplier, whichever is lower. The following multipliers were adopted under the Final Rule:

	Market Multiplier		Community Multiplier
“Needs to Improve”	33%	OR	30%
“Low Satisfactory”	80%	OR	60%
“High Satisfactory”	105%	OR	80%
“Outstanding”	115%	OR	100%

#### Retail Lending Test Conclusions and Product Line Scores

Based on the metrics, benchmarks, and thresholds described above, large banks would then receive a score for each major product line by assessment area.<sup>31</sup> Examiners will average the geographic and borrower distribution averages to assign a product line score. These product line scores are then combined to produce a recommended conclusion for the Retail Lending Test Area. Major product lines are weighted based on a combination of loan dollars and loan count in the product line and the resulting Retail Lending Test recommended conclusion serves as the basis for the Retail Lending Test conclusion in the particular Retail Lending Test Area. The Final Rule also adopts additional factors that examiners may consider regarding a bank’s retail

<sup>29</sup> *Id.*

<sup>30</sup> Final § \_\_.22(e)(2).

<sup>31</sup> Final § \_\_.22(f).

lending performance. Finally, each Retail Lending Test Area's conclusion will be weighted using a combination of the percentage of the large bank's product line loans in the area and deposits in the area to develop conclusions for the bank at the state, multistate MSA, and institution levels.<sup>32</sup>

### *The Retail Services and Products Test*

The Retail Services and Products Test under the Final Rule adopts a qualitative approach to evaluate the availability and accessibility of a large bank's retail banking services and retail banking products. Large banks with assets over \$10 billion would be evaluated based on (a) branch availability (if they operate one or more branches); (b) remote service facility availability (if they operate one or more such facilities); and (c) digital and other delivery systems and the responsiveness of those services and products to the bank's entire community, including LMI individuals and communities.<sup>33</sup> Large banks with assets of \$10 billion or less that have branches will only be required to be evaluated under components (a) and (b). Large banks with assets of \$10 billion or less as of December 31 in either of the prior two calendar years that do not have branches will be evaluated only under component (c). The Retail Services and Products Test would be assessed at the facility-based assessment area, state, multistate MSA and institution levels.<sup>34</sup>

#### Retail Banking Services (branch and remote service facility availability)

Under this prong of the Retail Services and Products Test, a large bank's branch availability would be evaluated based on the bank's branch distribution, openings and closing, and hours of operation. Community and market benchmarks would be considered, with examiners comparing a bank's branch distribution within low-, moderate-, middle-, and upper-income census tracts ("Branch Distribution Metrics") and comparing this information to local data to help determine whether branches are accessible to LMI communities, households, and businesses. Additional consideration will be given for operating branches in: (1) middle- and upper-income census tracts in which branches deliver services to low- and moderate-income individuals, families, or households to the extent that low- and moderate-income individuals, families, or households use the services offered; (2) distressed and underserved nonmetropolitan middle-income census tracts; and (3) Native Land Areas. Unlike in the proposed CRA rule, however, additional consideration in bank's branch distribution analysis will not be provided to banks that have branches in areas that have low or very low branch access.

Large banks would also be evaluated on their branch opening and closing practices and whether such practices improved or adversely affected the accessibility of the bank's retail banking services, particularly to LMI census tracts and LMI individuals, families, or households. The reasonableness of a large bank's hours of operation and services in LMI areas would be compared to its hours in middle- and upper-income census tracts. Examiners will also use

---

<sup>32</sup> *Id.*

<sup>33</sup> Final § \_\_.23.

<sup>34</sup> Final § \_\_.23.

qualitative factors, such as performance context, to draw conclusions about a bank's branch openings and closings.

Examiners will also evaluate a large bank's remote service facility availability (separate from digital and other delivery systems) using three benchmarks: (1) percentage of census tracts in a facility-based assessment area by tract income level; (2) percentage of households in a facility-based assessment area by tract income level; and (3) percentage of total businesses in a facility-based assessment area by tract income level. As with the branch availability analysis, additional consideration will be given for remote services facilities in: (1) middle- and upper-income census tracts in which a remote service facility delivers services to low- and moderate-income individuals, families, or households to the extent that low- and moderate-income individuals, families, or households use the services offered; (2) distressed and underserved nonmetropolitan middle-income census tracts; and (3) Native Land Areas. Examiners will also consider whether a bank offers customers fee-free access to out-of-network ATMs in LMI census tracts.

A large bank's digital delivery (*e.g.*, online and mobile banking) and other delivery systems (*e.g.*, telephone banking, bank-by-mail, bank-at-work) will be evaluated based on the availability and responsiveness of these systems. Factors to be considered include digital activity by individuals based on tract income level, range of digital and other delivery systems, and the bank's strategy and initiatives to serve LMI individuals.

#### Retail Banking Products (credit products and programs; deposit products)

Under the second prong of the Retail Services and Products Test, large banks will be evaluated at the institution level based on how responsive (*e.g.*, available) their credit and deposit product offerings are to LMI individuals and communities, small businesses, and small farms.<sup>35</sup> All large banks' credit products and programs will be evaluated under this test.<sup>36</sup> For large banks with assets over \$10 billion as of December 31 in both of the prior two calendar years, examiners will also evaluate their deposit products.<sup>37</sup>

#### Retail Services and Products Test Performance Conclusions

Large banks will receive a single Retail Services and Products Test conclusion in each of the bank's facility-based assessment areas. Conclusions for a large bank's state and multistate MSA would be based exclusively on the bank's performance in its facility-based assessment areas. Examiners would then calculate the simple weighted average of the bank's conclusions across its facility-based assessment areas in each relevant state and multistate MSA rounded to the nearest conclusion category point value. Conclusions at the institution level would be based on the combined assessment of both the delivery systems component of the retail banking services prong and the credit and deposit products component of the retail banking products prong.

---

<sup>35</sup> Final § \_\_.23(c)(1).

<sup>36</sup> Final § \_\_.23(c)(1)(i).

<sup>37</sup> Final § \_\_.23(c)(1)(ii).



## *The Community Development Financing Test*

Under the Final Rule, the Community Development Financing Test adopts a qualitative approach that will also include standardized metrics and benchmarks that examiners will use to evaluate a large bank's community development loans and investments in its facility-based assessment areas, states, and multistate MSAs. Unlike the current approach where the Agencies separately evaluate large banks' community development loans and investments under the current lending test and investment test, respectively, the Community Development Financing Test evaluates community development loans and investments together. The dollar value of a bank's community development loans and community development investments together is measured relative to the bank's deposits. Large banks' metrics would be evaluated against benchmarks such as the amount of community development financing activities by other banks in the assessment area. Examiners would then conduct an impact and responsiveness review using qualitative factors to evaluate a bank's community development loan and investment activities.

### Facility-Based Assessment Area Evaluation

At the facility-based assessment area level, large banks would be assigned a Community Development Financing Test conclusion. Examiners will arrive at this conclusion for a large bank by considering the bank's assessment area community development financing metric relative to the local and national benchmarks, in conjunction with the impact and responsiveness review of the bank's activities.

### State Evaluation

At the state level, a large bank's community development financing performance would be evaluated based on two components: (1) the bank's average Community Development Financing Test conclusions across its facility-based assessment areas in each state; and (2) the bank's weighted average assessment area performance score. Examiners would assign a statewide score based on the first component and then average that with the score achieved in the second component to achieve a state performance score, with weights on both components tailored to reflect the bank's business model.<sup>38</sup>

### Multistate MSA Evaluation

Large banks with branches in two or more states would be assigned Community Development Financing Test conclusions for multistate MSAs and examiners will use the same approach as for assigning conclusions under the state approach discussed above.

### Nationwide Score

At the institution or national level, examiners would consider two components: (1) the weighted average of facility-based assessment area performance in the nationwide area; and (2) an evaluation of all of the bank's community development lending and investments in the nationwide area, both inside and outside of the bank's facility-based assessment areas.

---

<sup>38</sup> Final § \_\_.23(d).

Consideration for the second component will be based on a bank nationwide community development financing metric, the two nationwide community development financing benchmarks, and an impact and responsiveness review.

### *The Community Development Services Test*

Under the Community Development Services Test, examiners will qualitatively evaluate a large bank's record of helping meet the community development needs of, and the impact and responsiveness of those services in, the bank's facility-based assessment areas, state, multistate MSA, and the nationwide area. The Final Rule amends the current definition of "community development services" to identify the individuals who must perform such activities (*i.e.*, the bank's board members and employees) and to include activities that consider the areas of expertise of bank employees, such as human resources, information technology, and legal services.<sup>39</sup> Unlike what was proposed last year, banks will not receive community development services consideration for non-financial service volunteer activities in nonmetropolitan areas.

### Facility-Based Assessment Area Development Services Test Conclusion

Large banks' community development services performance in facility-based assessment areas would be qualitatively evaluated based on one or more types of information, such as the total hours of community development services performed, the capacities in which the bank's board members or employees serve (*e.g.*, board member of a nonprofit, general volunteer), and the impact and responsiveness of the community development services.<sup>40</sup> Unlike what was proposed last year, the Final Rule does not include a bank assessment area community development service hours metric, which would have measured the average number of community development service hours per full-time-equivalent employee in a facility-based assessment area.

### State, Multistate MSA, and Nationwide Area Evaluation

Under the Final Rule, a large bank's facility-based assessment area conclusion forms the basis of the bank's conclusions at the state, multistate MSA, and nationwide area. For each of these areas, examiners would develop conclusions based on two components: (1) the bank's weighted average of its community development services performance conclusions in its facility-based assessment areas; and (2) an evaluation of its community development services outside its facility-based assessment areas but within the state.<sup>41</sup>

Weighting under the first component would be based on the average of the bank's share of retail loans within the facility-based assessment area compared to the applicable geographic area (state, multistate MSA, or nationwide area) and the bank's share of deposits within the facility-

---

<sup>39</sup> Final § \_\_.12.

<sup>40</sup> Final § \_\_.25.

<sup>41</sup> Final § \_\_.25(d).

based assessment area compared to the applicable geographic area.<sup>42</sup> At the state level, the Agencies will weight conclusions by averaging (1) the dollar volume of deposits in a facility-based assessment area within the state divided by the dollar volume of deposits at the bank in that state and (2) a bank's dollar volume of retail loans in a facility-based assessment area within the state divided by the dollar volume of retail loans in that state.<sup>43</sup> The same approach will be used for weighting conclusions at the multistate MSA and institution levels. Scores for the first component would be adjusted upwards based on the evaluation of the second component.

Under the second component, a bank's performance outside its facility-based assessment area would include the number, hours, and type of community development service activities, the proportion of activities related to the provision of financial services, and the impact and responsiveness of these activities.<sup>44</sup>

Conclusions will be assigned at the facility-based assessment area, state, multistate MSA, and institution level and incorporated into a bank's state, multistate MSA, and institution ratings.<sup>45</sup>

### **Overall CRA Ratings**

Under the Final Rule, examiners will assign conclusions<sup>46</sup> based on a bank's performance on a particular performance test for a specific geographic area and the institution overall and associated test performance scores<sup>47</sup> for the performance of a bank in each state and multistate MSA, as applicable, and for the institution. A final score for each state, multistate MSA, and institution level will be assigned, which consists of a large bank's raw performance scores for its state, multistate MSA, and institution performance under all four tests described above and weighted as follows: the Retail Lending Test (40%); the Retail Services and Products Test (10%); the Community Development Financing Test (40%); and the Community Development Services Test (10%).<sup>48</sup> Examiners would then assign a rating corresponding with the rating category that is nearest to the state, multistate MSA, or institution performance score.<sup>49</sup> With

---

<sup>42</sup> Final § \_\_.25(c).

<sup>43</sup> Final § \_\_.25(c).

<sup>44</sup> Final § \_\_.25(c)(2).

<sup>45</sup> Final § \_\_.25(d)(1), (2).

<sup>46</sup> "Outstanding," "High Satisfactory," "Low Satisfactory," "Needs to Improve," or "Substantial Noncompliance"

<sup>47</sup> Performance scores will be assigned on a ten-point scale, with an "Outstanding" score receiving ten points and a "Substantial Noncompliance" score receiving zero points.

<sup>48</sup> Final § \_\_.28(b)(3)(i).

<sup>49</sup> Outstanding (8.5 or more); Satisfactory (4.5 or more but less than 8.5); Needs to Improve (1.5 or more but less than 4.5); and Substantial Noncompliance (less than 1.5).

respect to its overall CRA performance, large banks would receive a rating of “Outstanding,” “Satisfactory,” “Needs to Improve,” or “Substantial Noncompliance,” as applicable, in each state, multistate MSA, and for the institution that reflected the bank’s record of helping meet the credit needs of its entire community.<sup>50</sup>

In addition, the Final Rule establishes minimum performance test conclusions for all large banks under the Retail Lending Test. Large banks must receive at least a “Low Satisfactory” Retail Lending Test conclusion to be eligible for a “Satisfactory” or better rating for a state, multistate, or the institution overall.<sup>51</sup> For large banks with a combined total of 10 or more facility-based assessment areas and retail lending assessment areas in any state, multistate MSA, or for the institution, the bank must achieve an overall performance of “Low Satisfactory” or better in at least 60% of its assessment areas at a level to be eligible to receive a “Satisfactory” or higher rating at that level.<sup>52</sup> The overall conclusion in a facility-based assessment area will be based on the weighted scores a large bank received on all four tests in that assessment area.<sup>53</sup> The Final Rule does not establish minimum performance standards for any other performance test.

---

<sup>50</sup> Final § \_\_.28.

<sup>51</sup> Final § \_\_.28(b)(4)(i).

<sup>52</sup> Final § \_\_.28(b)(4)(ii)(B), \_\_.51(e).

<sup>53</sup> Final § \_\_.28(b)(4)(ii)(B).