

THE NEW

CRA

*A Practical Guide to
Compliance*

FRANCIS X. GRADY

BANKING

THE NEW CRA

"Francis X. Grady's book, The New CRA: A Practical Guide to Compliance, sets the standard for practical 'nuts and bolts' compliance counsel concerning CRA performance strategies and daily operations. Our institution, The Strongsville Savings Bank, Strongsville, Ohio, has found Grady's CRA advice to be indispensable in achieving an 'outstanding' CRA performance evaluation and doubling our franchise size in assets and geographical coverage."

— Thomas P. Perciak
President and Chief Executive Officer
The Strongsville Savings Bank

"With the rapid consolidation and shuffling of branch systems affecting the banking industry today, banks, thrifts and their advisors would be well served to have the benefits of Grady's insights and his practical, first-hand experience in how the CRA will impact their strategic decisions."

— Mark W. Biché
Managing Director
McDonald & Company Securities, Inc.

"Even as a banking organization famous for community development lending, we at Shore Bank and Trust Company find Grady's book to be an indispensable resource for fashioning compliance with the technical requirements of the revised CRA regulations."

— A. Lamont Mackley
President
Shore Bank and Trust Company

The New CRA: A Practical Guide to Compliance offers "make-it-simple" strategies for assuring that your institution achieves and sustains satisfactory CRA compliance. It explains the revised regulations and provides a practical understanding of unresolved interpretive issues under the revised CRA. Whether you are a bank or thrift CEO, a chief lending or compliance officer or member of an in-house legal or compliance department, you will want to read *The New CRA* to help stay in compliance with the new CRA regulations and guidelines.



ABOUT THE AUTHOR

Francis X. Grady is the founder of Grady & Associates, a Cleveland, Ohio, law firm that represents banks, thrifts and their holding companies across the United States in CRA and fair lending compliance. A popular speaker at compliance conferences, Grady has written over 40 articles appearing in banking publications.

 **IRWIN**
Professional Publishing®

1333 Burr Ridge Parkway
Burr Ridge, IL 60521
(800) 634-3966

ISBN 0-7863-1113-4



9 0000



9 780786 311132

16-8024-01

A Global View on What Revised CRA Enforcement Means to the Banking Industry

A trend visible on the horizon in mid-1996 may foreshadow the greatest effect of the revised CRA regulatory assessment process. A rising delinquency level for loans originated pursuant to nontraditional lending programs highlights the relationship between community reinvestment activities and safe and sound banking practices. As the American economy has moved from a credit contraction cycle in the late 1980s and early 1990s to the mid-1990s' booming stock market and flush economy, the revised CRA assessment process may well contribute to the next cycle of credit losses. When the Treasury Department's full faith and credit guarantee of the FDIC deposit insurance funds is put at risk (and the taxpayers' commitment becomes plainly visible), the effects of the revised CRA regulatory assessment process will be considered in a far different light than the revised process was considered at the time of its inception. The effects of the revised CRA regulatory assessment process will over the coming decade prompt numerous academic studies, economic research reports, and congressional hearings and reports, but some of the most important anticipated effects are noted in this chapter.

The revised process by which CRA performance evaluations are conducted represents an ever-escalating cost of compliance and continues to serve as a competitive disadvantage