

## Press Releases

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February 28, 2005

### OTS 05-07 - OTS Announces Final CRA Rule

#### Office of Thrift Supervision

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For further information

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OTS 05-07

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### OTS ANNOUNCES FINAL CRA RULE

WASHINGTON, D.C. -- The Office of Thrift Supervision (OTS) announced today the publication of its final rule amending the large retail institution test for savings associations under the Community Reinvestment Act (CRA). This action is the culmination of a lengthy review process undertaken by OTS to reduce regulatory burden and improve the effectiveness of CRA.

The final rule provides flexibility to large savings associations (savings associations with assets of more than \$1 billion, i.e., "large institutions") to determine the combination of lending, investments, and services these institutions use to meet the needs of their local communities under the CRA. Specifically, the rule amends the existing ratings approach that prescriptively assigns a 50 percent weight to lending and 25 percent weights to both services and investments for large institutions.

Pursuant to the final rule, large institutions may request modification of their rating weights to reflect community needs and their business strategy, or may continue to operate under the existing 50/25/25 weight allocations. While the final rule maintains a 50 percent floor weighting for lending activities to ensure that community credit needs are met, it provides flexibility for large institutions to assess areas of greatest CRA need in their community and to tailor their CRA activities accordingly.

OTS's November 24, 2004, CRA proposal also included provisions that were designed to encourage savings associations to increase their community development lending, qualified investments and community development services in rural areas. OTS is deferring action on these issues to permit further consideration of these provisions.

The final rule is expected to appear in the March 2, 2005, issue of the Federal Register, and is scheduled to become effective April 1, 2005. A copy of the rule, Community Investment Act - Assigned Ratings, is also available on the OTS website at [www.ots.treas.gov](http://www.ots.treas.gov).

Final Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2005-07a.pdf>

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available on the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).