CRA REPORTING TIPS

Improve Your Data in 3 Key Fields

KEY CRA REPORTING FIELDS

Accurate reporting is important both for regulatory compliance purposes and for improving the factors examiners consider when evaluating large banks' CRA performance. Understanding the specifications and nuances of the following three fields will result in better CRA reporting:

1. Loan Amount
2. Loan Location
3. Gross Annual Revenues (GAR) of $1 million or less

LOAN AMOUNT

If a loan amount is increased at renewal or extension, the loan amount reported should equal the current outstanding balance plus the increase, unless the loan was reported in the same calendar year.

For a loan or line of credit reported in the same calendar year, report only the amount of the increase.

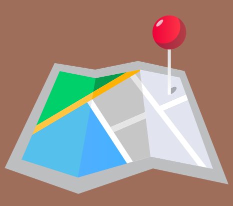
When reporting a purchased loan, show the loan amount at origination, not the amount at time of purchase.

LOAN LOCATION

Regulators expect lenders to know their borrowers well enough to report a physical business address, and not a post office box.

The address reported should be the main business facility or farm - or the location where the loan proceeds will otherwise be applied.

ADI recommends using the location where loan proceeds will be used for a more accurate depiction of meeting community needs.



REVENUES OF $1 MILLION OR LESS

Lenders must document whether or not a loan is to a business or farm whose gross annual revenues (GAR) are $1 million or less. In determining the GAR, include only the revenue considered in the credit decision.

- If parent company or affiliate income was considered, include that revenue ; otherwise, do not.
- Do NOT include guarantor or co-signor income, even if that revenue was a factor in the credit decision.
- For new/start-up business, do NOT include projected income. Instead, report $0 (or the appropriate documented amount) and report revenues as $1 million or less.
- If a new business' actual (not projected) income is not documented, report GAR as Code 3, Revenues Unknown.

GIVE YOURSELF CREDIT

Lenders often miss the opportunity to report small business or small farm loans, especially when documentation is missing. For example, loan officers may document personal income from owners but neglect to record the business income. Therefore, small business loans beneficial to the lender's assessment area go unreported and are not considered in the lender's CRA performance evaluation. Management should provide ongoing training so that files are properly documented for complete and accurate CRA reporting.