

Benchmarks for success: Setting CRA test goals

In an effort to assist banks improve their CRA compliance, **Regulatory Risk Monitor** presents this sample worksheet from consultant Donald Kelly, Havertown, Pa. This worksheet, one of dozens from Kelly, help banks estimate the level of home purchase or refinance lending in moderate-income geographies they hope to achieve to reach their desired CRA rating.

BANK _____

TYPE OF LOAN(S) _____

CRA TARGET SEGMENT (i.e., Moderate- income census tracts) _____

UNIT OF MEASUREMENT (i.e., Percentage of owner-occupied housing units) _____

ASSESSMENT AREA _____

BUSINESS PLAN PERIOD _____

DEPARTMENT _____

DATE _____

PROPORTIONATE DISTRIBUTION FORMULA FOR MODERATE-INCOME TRACTS USING PERCENTAGE OF OWNER-OCCUPIED HOUSING UNITS AS PROXY FOR DEMAND

- **Overall Volume:** What is the projected volume for this type of lending by the Bank in the entire Assessment Area during the Business Plan period? # _____ \$ _____
- **Proxy Distribution Percentage:** What percentage of all the owner-occupied units in the entire Assessment Area are located in the moderate- income census tracts? % _____ % _____
- **Gross Benchmark:** Multiply the projected overall volume by the Proxy Distribution Percentage. The product is the Gross Benchmark for Proportionate Distribution by Owner-Occupied Housing Units. # _____ % _____
- **Adjusted Proxy Distribution Percentage:** Should any adjustments be made to the Proxy Distribution Percentage? (e.g. Historically, the percentage turnover in mod areas is lower than in middle and upper income areas.) Enter the Adjusted Proxy Distribution Percentage here. (* Provide explanation in addendum) % _____ % _____
- **Adjusted Benchmark:** Multiply the projected Overall Volume by the Adjusted Proxy Distribution Percentage. The product is the Adjusted Benchmark for Proportionate Distribution by Owner-Occupied Housing Units. # _____ \$ _____

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