

AL 99-1

Subject: State CRA Laws

Date: January 26, 1999

TO: Chief Executive Officers and Compliance Officers of all National Banks, Department and Division Heads, and all Examining Personnel

#### PURPOSE

This advisory letter replaces AL 98-17, State CRA Laws, dated December 8, 1998. It informs bankers and examiners of current OCC policy regarding examination of national banks' performance under state community reinvestment laws, including implementation of related provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act (Riegle-Neal Act).

#### BACKGROUND

The Riegle-Neal Act provides that branches of interstate national banks that are located in states (host states) other than the bank's home state are required, among other things, to comply with the laws of the host state regarding community reinvestment, except when federal law preempts the application of such state laws to a national bank. [Note: The same standard applies to interstate state banks. 12 U.S.C. . 1831a(j)(1997)]. The Riegle-Neal Act also expressly provides that any applicable state community reinvestment law, to which a branch of an out of state national bank is subject, is enforced with respect to national banks by the OCC. In addition, national banks may also be subject to community reinvestment laws of their home states (unless such laws are preempted). Pursuant to 12 USC 484 (and relevant case law), enforcement of any such laws is the responsibility of the OCC.

#### POLICY AND PROCEDURE

Several states have passed their own community reinvestment laws. [Note: Connecticut, Massachusetts, New York, Rhode Island, Washington, West Virginia, and the District of Columbia have passed their own community reinvestment laws]. Since no issues have been raised with the OCC as to whether those laws would be preempted by any federal law, during our CRA evaluations of national banks, the OCC will solicit input from local banking commissioners regarding the banks' record of performance under applicable state community reinvestment laws. The OCC will contact local banking commissioners for the District of Columbia and the states that have passed their own community reinvestment laws to inform them that the OCC is scheduled to conduct CRA examinations. These contacts will coincide with the quarterly publication of the schedule of planned CRA examinations as prescribed by 12 CFR 25.45.

#### RESPONSIBILITIES

The Community and Consumer Policy Division of the OCC will

contact and gather the responses of local banking commissioners and distribute them to the appropriate supervisory office. Examiners will use this input and other performance context information, including those gathered from community contacts, to evaluate the banks' CRA performance.

For additional information, please contact the Community and Consumer Policy Division at (202) 874-4446.

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