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Fair Lending and The Community Reinvestment Act

Washington Trust Bank

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The opinions expressed are my own and are not necessarily the opinions of Washington Trust Bank.

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Session Overview

- At the end of the session, you will understand what financial institutions report that is examined for Fair Lending.
- You will understand how Fair Lending and the Community Reinvestment Act intersect.
- You will know how to find the publically available data.

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The Regulations	
Equal Credit Opportunity Act	
• Fair Housing Act	
State and Local Fair Lending Laws Harva Marker on Division was Act.	
Home Mortgage Disclosure ActThe Community Reinvestment Act	
• The Community Reinvestment Act	
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Equal Credit Opportunity Act (ECOA)	
Equal credit opportunity Act (ECOA)	
Sau Nui Ioii	
 Sex National Origin Marital Status Receipt of Public 	
 Marital Status 7. Receipt of Public Race Assistance 	
4. Religion 8. Age	
5. Color 9. Exercise of Rights	
under FCCPA	
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Fair Housing Act (FHA)	
1. Race	
2. Color	
3. Religion	
4. Sex	
5. Handicap	
6. Familial Status	
7. National Origin	
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State and Local Laws	
Washington State and local protected classes include the following:	
State of Washington King County City of Seattle City of Tecome (unincorporated) Protected Bases Protected Bases Protected Bases Roin Rate Race Race Race	
Caber Caher Caler Cale Cale Cale Cale Cale Cale Cale Cale	
Ramikul Suntus Marinial Status Sexual Crientation Sexual Crien	
Section 8 vertical ve	
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Home Mortgage Disclosure Act (HMDA)	
1. Enacted in 1975	
2. Requires public reporting	
Today – the data required to be reported under HMDA is used to conduct fair lending analysis	
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Government Monitoring Information	
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See: Fernale Male See: Fernale Male	
To be Computed by Lean Originator:	
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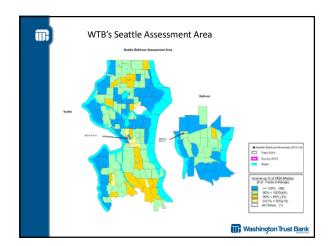
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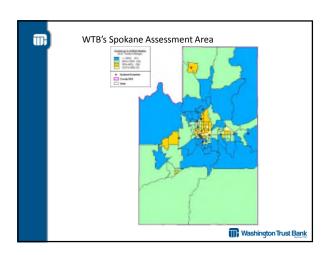
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Other Hillpark or Latino - Extra odyke Exampler- Agenthiwan Culombian, Dementian, Micategoan, Serkutkow, Speriant, etc. 16st Hillpark or Latino 16st Hillpark or Latino 16st Hillpark or Michigan 16st Hillpark or Latino 16s	Aulan Chinese Filipine Aubanisman Aubanisman				
	l do not with to provide this information				
To Be Completed by Financial Institution (for application taken)	in personit:				
Was the ethnicity of the Bonower collected on the basis of visual ob- Was the set of the Bonower collected on the basis of visual observa Was the race of the Bonower collected on the basis of visual observa	tion or sumanus? DND DVES				

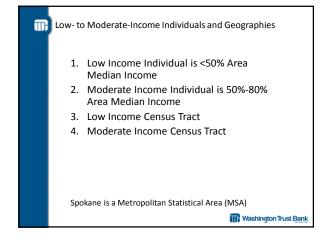
Community Reinvestment Act (CRA)

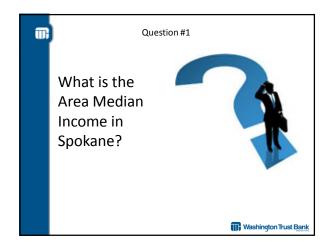
1. Enacted in 1977
2. To prevent redlining
3. To ensure access to credit

Today – the data required to be reported under CRA is used to conduct community service analysis.









CRA Record of Lending Considerations
Total \$ and % of originated LMI mortgages
Aggregate \$ and % mortgages
Proximity
Number of Branch(s)
Market Share
Type of Institution

iii	CRA Performance Evaluation
	 Inside/Outside Distribution Income and Geographical - Performance vs. Aggregate vs. Opportunities Innovative and Flexible Loan Programs
	iii) Washington Trust B <u>ank</u>

Overall CRA Rating			
Institution's CRA Rating: T	his institution is rate	d Satisfactory.	
The following table indicates the pe		J.S. Bank Nationa	LAssociatio
respect to the Lending, Investment,	and Service Tests:		
	110.1	Bask Neticual Associa	in a
	1.5.1	Performance Turn	
Performance Levels	Tesday Test*	Tennetracet Test	Service Tes
Contrading	X	x	X
High Setisfactors			
Low Satisfactory			
Needs at Imparts			
Substantial Noncompliance		_	

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		44	r	16		5 (800)	19	5,000)	16.	1_
Sendi Bestares										
2919	2319	93.3	121	.57	2,270	3034	92.4	27.4	7.6	204
2011	2370	MLT	414	5.9	2,365	303	90.1	29.3	2.6	373
3/12	2.04	54.2	131	58.	2.285	3216	31.6	25/4	2.4	141
Subtotal	6.423	W.F.	417	4.1	6,840	1,000.4	92.4	14.4	7.9.	1,88
HMHA.										
2010	1.254	1001	790	-9.8.	1.695	416.75	1.04	19.3-	9.6	462
5511	1.141	92.4	380	7.6	2.185	_557.d.	50.5	17.4	9.4	334
2112	2.915	92.E	233-	. 7.4	3,141	533.5	WAT	54.6	0.1	196
Tennes	ALERT.	91.6	19C	-0.1	1,294	LATTY	39.5	3,78.0	9.5	1,445
New P										
2016	211	10.6	18	34.4	425	43.6	44.6	22.1	342	160
2111	216	WE.E.	145	33.5	455	46.5	66.E	23.4	35.7	Tit.
2917	218	3.32	10	23.7	131	48.6	517.0	.393	27.1	71
Nebbota	253	66.3	133	33.7	1,286	136.7	48.6	72.6	344	211
Total	10,510	76.6	1.442	24	15.411	2.447	100.7	247	39.8	1.5

CRA Performance Evaluation Example Tables	
Table WA-6 = HMDA Borrower Profile	
Level Families S S S A S A S	
Low 19.6 5.1 6.5 8 3.9 8 2.4 41 4.0 Moderate 17.3 16.2 16.1 41 20.2 64 18.4 150 14.7 M64de 21.6 25.3 23.9 52 25.6 34 22.4 251 24.6 Upper 41.5 45.7 45.0 96 47.5 171 51.7 511 50.1	
N/A	
Table WA-8 – HMDA Geographic Distribution	
2000 2010	
Level Hussing Hussing S S	
Ggs Gyr Gyr d G g g G g G </td <td></td>	
Upper 30.7 36.3 36.2 36.7 50 31 30.0 31 180 40 40 40 407 Upper 30.7 86.3 36.2 36.7 50 31 50.0 31 30.6 41.0 456 44.7 NO. 40.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0	
Source: *2000 C.S. Gornes. **2000 C.S. Connes. 2000 and 2011 Egyregate Londing Dates. 2000 2011 and 2012 MMIN LIB	
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CRA Performance Evaluation Example Tables	
Table 10 Innovative and Flexible Lean Pragrams	
Program Type Loans (000) FHA & VA Mergage Loans 4,294 975,846	
SBA Learn (SBA 76/904 & SBA Express)	
Washington State Hond-Virul time Homobuyers 229 38-219 Idaho State Hond-Virul time Homobuyers 153 16,002	
Homepath & SSI Part-base Assistance Programs 201 31,917 FHA Reverse Montgage 128 23,989 USDA Revail Bevolugement 465 84,728	
HUD Section 184 6 1,568 One Time Close Construction 64 19,872	
Dover Payment Assistance Programs 111 742 FHLB-Blome/Sent Centric 7 35	•
HAMP-Relief 1,009 251,673	
Senal Dolar \$1,000 or loss Unsecured Consumer Leans 522 422 Senor Reak records	
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CRA Performance Evaluation Example Tables	
Overall CRA Rating	
Institution's CRA Rating: This institution is rated Satisfactory. The following table indicates the performance level of U.S. Bank National Association with	
respect to the Lending, Investment, and Service Tests:	
U.S. Bark National Association Performance Tosts	
Performance Letels Lending Test* Investment Test Service Test Outstanding X X X	
High Satisfactory Low Satisfactory	
Novels to Ingerse	
Selectural Newcompliance "The Lending Test in verifical more have by than the involvement and Service Tests when nerving as an overall rating.	

CRA Performance Evaluation Fair Lending Report

- The OCC identified unfair practices involving billing for identity their protection products offered through an smallfiniated bird party. The products were primarily markeds to the credit and cutomers of USBND has twee also marked to enaborers of USBN. The bank failed is adequately oversee the third party, which charged customers for services that were not delivered. The bank discontinued marketing these products in 2012, and cooperatively implemented an action plan to strengthen third party controls and ramediate affected consumers for all free spail (including the third party portion). For further information on this settlement, see OCC Enforcement Actions 2014-114 and 2014-115. In a related marter, the CFPB also circle the bank for unfair practices under sections 1031 and 1036 of the Dold-Frank Act. For further information about the CFPB action, please see CFPB Consect Order 2014-CFPB-003. Together, the OCC and FFPB actions required the bank to provide 551 million remediation to approximately 440,000 customers (of a 10.5 million certofit and cutomer base). The OCC also assessed a 45 million civil money penalty (CMP), and the CFPB assessed an additional \$5 million CMP.
- In a separate action, the CFPB cited the bank for deceptive practices under sections 1031 and 1036 of the Dodd-Frank Act, and for a Truth in Lending violation under 12 C.F.R. Part 1026, involving the bank's Millingy Installment Lours and Educational Services program. The CFPB required \$3.2 raillion in reduces to affected consumers. For forther information about the CFPB action, please sec CFPB content order 203-12/CFPB-0003. The
- The bank executed conciliation agreements in response to a disability discrimination
 complaint filed with HUD on April 23, 2012, and a nacial discrimination complaint filed
 with HUD on September 13, 2013. For further information regarding these complaints and
 conciliation agreements, please see Fair Housing and Equal Opportunity (FHEO) case
 numbers 05-12-071-08 and 081-51-209-8, respectively.

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CRA and Fair Lending

- Race –City-Data.com
- Disability Cornell University
- National Origin U.S. Census Bureau
- Age and Race The Center for Social and Demographic Research

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Question #2

What other data is in the CRA report?



CRA and Fair Lending

 Home Mortgage Disclosure Act Public Loan Application Register (HMDA LAR) — on some websites, otherwise may request

 Community Reinvestment Act (CRA) Performance Evaluation — on some websites, otherwise available from their prudential regulator

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Summary

- Financial Institutions are subject to Fair Lending laws that include the Equal Credit Opportunity Act and the Fair Housing Act in addition to state and local laws.
- Data on loans is reported and publically available on mortgage lending and includes some protected class information reported under the Home Mortgage Disclosure Act. This data is available on the Loan Application Register in the Bank's public Community Reinvestment Act File.
- Low- to moderate-income individuals may also be one or more protected classes, and the Community Reinvestment Act requires reporting of those loans. The Performance Evaluation of financial institutions is publically available and includes loan data.

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