

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #2

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1992 APR 10 PM 1:11
OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE

AGENCY: West Virginia Division of Banking TITLE NUMBER: 106

RULE TYPE: Legislative; CITE AUTHORITY 31A-8B-5

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 12

TITLE OF RULE BEING AMENDED: General Rules Implementing the
West Virginia Community Reinvestment Act

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: _____

TITLE OF RULE BEING PROPOSED: _____

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON May 11, 1992 AT 5:00 p.m.

ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO BE MAILED TO THE FOLLOWING ADDRESS.

West Virginia Division of Banking
State Capitol Complex
Bldg. 3, Rm. 311
1900 Washington St., E.
Charleston, West Virginia 25305

THE ISSUES TO BE HEARD SHALL BE LIMITED TO THIS PROPOSED RULE.



ATTN: Richard L. Lancianese

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

3.00

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: General Rules Implementing the West Virginia Community Reinvestment Act

Type of Rule: Legislative Interpretive Procedural

Agency West Virginia Division of Banking Address State Capitol Complex
Building 3, Room 311, Charleston, West Virginia 25305

1. Effect of Proposed Rule	ANNUAL		FISCAL YEAR		
	Increase	Decrease	Current	Next	Thereafter
Estimated Total Cost	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Personal Services					
Current Expense					
Repairs and Alterations					
Equipment					
Other					

2. Explanation of above estimates:

Implementation of the amendments will have no fiscal impact.

3. Objectives of these rules:

The intention of the rule is to bring West Virginia's rule regarding implementation of the Community Reinvestment Act move in line with the rules promulgated by the federal government.

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

None.

B. Economic Impact on Political Subdivisions; Specific Industries;
Specific groups of citizens.

None.

C. Economic Impact on Citizens/Public at Large.

Could possibly have the effect of increasing the availability of credit to West Virginia consumers.

Date: April 10, 1992

Signature of Agency Head or Authorized Representative

Sharon L. Biss

SUMMARY OF PROPOSED AMENDMENT TO LEGISLATIVE RULES 106 CSR 12

The proposed amendments to Legislative Rules 106 CSR 12 seek to bring West Virginia's rules implementing the Community Reinvestment Act (CRA) into line with those rules promulgated by the federal banking authorities.

The proposed amendments mandate that the Commissioner of Banking and the West Virginia Board of Banking and Financial Institutions, when considering applications filed by banking institutions for deposit facilities or to engage in financially-related services, consider only those applications files by banking institutions that have received a CRA performance rating of "Outstanding Record of Meeting Community Credit Needs" or "Satisfactory Record of Meeting Community Credit Needs".

The proposed amendments prohibit the Commissioner of Banking or the West Virginia Board of Banking from considering an application for a deposit facility or to engage in financially-related filed by a banking institution that has received a CRA performance rating of "Needs to Improve Record of Meeting Community Credit Needs" or "Substantial Noncompliance of Meeting Community Credit Needs".

TITLE 106
 LEGISLATIVE RULES
 COMMISSIONER OF BANKING

FILED

1992 APR 10 PM 1:11

OFFICE OF WEST VIRGINIA
 SECRETARY OF STATE

SERIES 12
 GENERAL RULES IMPLEMENTING THE WEST VIRGINIA COMMUNITY
 REINVESTMENT ACT

§106-12-1. General

1.1. Scope and Purpose. --This regulation establishes general rules implementing Chapter 31A Article 8B, the West Virginia Community Reinvestment Act, of the West Virginia Code; it applies to all bank holding companies, all state-chartered banking institutions, all domestic subsidiaries of bank holding companies and all domestic subsidiaries of state-chartered banks operating or with application to operate in West Virginia. West Virginia Code §31A-8B (et seq.) and this regulation are intended to encourage banks and bank holding companies to help meet the credit needs of their local community or communities; to provide guidance to banks and bank holding companies as to how the Commissioner of Banking ("Commissioner") and the West Virginia Board of Banking and Financial Institutions ("Board") will assess the records of these institutions in satisfying their continuing and affirmative obligations to help meet the credit needs of the local communities, including low and moderate-income neighborhoods, consistent with the safe and sound operation of those institutions; and to provide for taking into account those records in connection with certain applications.

1.2. Authority.--W.Va. Code §31A-8B-5.

1.3. Filing Date.--

1.4. Effective Date.--

§106-12-2. Applicability of Federal Community Reinvestment Act of 1977.

2.1. All state-chartered banks shall comply with the Federal Community Reinvestment Act of 1977 and related regulations heretofore promulgated thereunder. In connection with the examination of a bank, the Commissioner shall assess the record of performance of the bank in helping to meet the credit needs of its entire community, including low - and moderate-income neighborhoods, consistent with the safe and sound operation of the bank. The Commissioner shall consider the factors established in the Federal Community Reinvestment Act of 1977 and related regulations in making this assessment.

106-12-3. Filing Requirements.

3.1. All bank or bank holding company applications requiring Board or Commissioner approval shall include the current Community Reinvestment Act statement required pursuant to the Federal Community Reinvestment Act of 1977 and related regulations issued thereunder. For purposes of a bank holding company application, the information requested pursuant to these regulations shall be submitted for each subsidiary bank located in West Virginia of the applicant bank holding company and each bank located in West Virginia, which is to be acquired by the applicant bank holding company. For purposes of a bank merger application, all information requested pursuant to these regulations shall be submitted for each bank involved in the merger.

3.2. In addition to the Community Reinvestment Act (CRA) statement, the applicant may include supplemental information supporting the applicant's record of performance in meeting the credit needs of the community or communities it is attempting to serve. Credit activities in the following loan categories will be considered as important and favorable:

(A) Housing-related Loans

1. Federal Housing Authority/Veterans Administrative/Farmers Home Administration mortgage loans.
2. Federal Housing Authority Title I home improvement loans
3. Mobile home loans
4. Loans extended via participation in city, county and/or state housing development agencies
5. Housing loans extended in low- and moderate-income neighborhoods
6. Use of various secondary market programs and participation in such programs
7. In-house housing related loan programs

(B) Commercial and Industrial Loans

1. Small Business Loans
 - (a) Small Business Administration guaranteed loans
 - (b) Farmers Home Administration guaranteed Business and Industrial Loans
 - (c) In-house small business loan programs
2. General Commercial Loans

3. Participation in industrial and economic development programs

(a) Extension of industrial development loans

(b) Purchase of industrial revenue bonds

(c) Investment in local municipal and school bonds (for purpose of this category, local means home county and contiguous counties)

(d) Community purpose loans

(C) Agricultural loans

(D) Consumer loans

1. Student loans

2. Consumer counseling

3. Loans to low- and moderate-income consumers

4. All other

3.3. Out-of-state bank holding companies seeking to acquire a West Virginia bank or West Virginia bank holding company pursuant to West Virginia Code §31A-8A-7 (c) shall, in addition to the filing of the required CRA statements, include a record of any formal protest and hearing held regarding the CRA statements performance of the Applicant and all of their currently owned affiliate banks over the last five years.

3.4 The applicant shall furnish any additional information that the Board, or the Commissioner may require.

§106-12-4. Assessing The Record Of Performance

~~4.1. The Commissioner shall provide staffing adequate to make the assessment of an applicant's record or performance. The applicant's CRA statement(s) any supplemental information filed, any previously or currently filed formal protests, loan data as available from officially filed reports of condition, and any other information as may be required or considered relevant by the Commissioner or the Board will be used as the basis for assessing an applicant's record of performance.~~

~~4.2. Use of various statistical comparisons, generated from quarterly reports of condition, will be used in assessing a bank's CRA performance, however, their use may not be conclusive. Ratio comparisons will be evaluated by taking into consideration the applicant's relative size, corporate structure (number of branches, etc.) and economic conditions. Some examples of the types of statistical comparisons which may be made are:~~

~~(A) Loan to Deposit Ratio~~

~~(B) Percentage of loans and of deposits in various categories of loans.~~

~~1. real estate loans~~

~~2. consumer loans~~

~~3. commercial and industrial loans~~

~~(C) Trends in loan and deposit categories and loan to deposit ratio.~~

4.1. Under no circumstances shall an application requiring Board or Commissioner approval be accepted from banking institutions whose most recent CRA rating is either "Needs to improve record of meeting community credit needs" or "Substantial noncompliance in meeting community credit needs."

4.2. Whenever a bank holding company files an application requiring the approval of the Board or Commissioner, the record of compliance with CRA of each of the holding company's subsidiary banks will be assessed. If, in the opinion of the Board or Commissioner, the overall record of compliance with CRA by the holding company's subsidiary banks is determined to be unsatisfactory, the Board or Commissioner will not accept the application.

§106-12-5. Public Participation.

5.1. For all bank or bank holding company applications requiring Board or Commissioner approval the applicants shall, in conjunction with public notice and publication requirements of the Federal Reserve Board of Federal Deposit, include in said notice's the following statement:

"The public is also invited to submit written comments regarding this application to the West Virginia Board of Banking and Financial Institutions. Write Commissioner of Banking, Capitol Complex, Charleston, West Virginia 25305."

5.2. In conjunction with an application, the Commissioner shall make available for public inspection the applicant's CRA statements, the applicant's record of previously filed CRA protests, historical information concerning loan and deposit trends, and any supplemental information filed.

5.3. A banking institution's record of compliance with the Community Reinvestment Act and these regulations shall be a subject for consideration in conjunction with the notice and hearings required by West Virginia Code §31A-3-3.

§106-12-6. Effects On Applications.

6.1 The assessment of an applicant's record of performance i helping to meet the credit needs of its community or communities, may be the basis for denial of an application.

6.2. The Board or the commissioner may approve applications subject to terms and conditions, which, in the discretion of the Board or the commissioner, are considered necessary to improve the applicant's record of community reinvestment.

*West
Virginia*



DEPARTMENT OF COMMERCE,
LABOR & ENVIRONMENTAL RESOURCES
OFFICE OF THE SECRETARY

State Capitol

Charleston, West Virginia 25305

304/348-3255

March 19, 1992

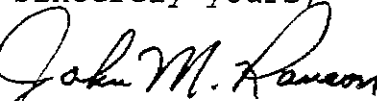
Richard L. Lancianese
General Counsel
Division of Banking
Building 3, Room 311-A
Charleston, West Virginia 25305

RE: Proposed Legislative Rules Implementing West Virginia
Community Reinvestment Act

Dear Richard:

Pursuant to West Virginia Code §5F-2-2(a)(12), I hereby
consent to the proposal of the rules specified above.

You may attach a copy of this letter to your filing with the
Secretary of State as evidence of my consent.

Sincerely yours,

John M. Ranson
Cabinet Secretary

JMR/TJG:cjb

B:R&RMEMOI.RUL