



FEDERAL RESERVE BANK *of* KANSAS CITY

May 4, 2012

Guidance on the Usage of 2010 Census Data in Community Reinvestment Act Examinations

To the Chief Executive Officer of Each Tenth District State Member Bank, Bank Holding Company, and Savings and Loan Holding Company:

On April 23, 2012, the Board of Governors of the Federal Reserve System (Federal Reserve Board) issued a letter providing guidance regarding the use of 2010 census data in Community Reinvestment Act (CRA) examinations.

In its correspondence, the Federal Reserve Board states that 2010 census tract demographic information, including the population and housing characteristics, is scheduled to be released by the Federal Financial Institutions Examination Council (FFIEC) in June 2012. Referencing the FFIEC's 2010 Census Update Notice, the Federal Reserve Board reiterates that financial institutions must collect 2012 Home Mortgage Disclosure Act (HMDA) and CRA data using updated 2010 census tract information.

In light of the transition from one decennial census to another, the letter also provides supervisory insight concerning the CRA examination process, including expectations of Federal Reserve examiners in analyzing a financial institution's HMDA and CRA data, CRA assessment area designation(s), community development activities, and branch distribution.

A copy of the CA Letter 12-4 is attached. Please direct questions concerning this letter to Assistant Vice President Michael Steckline at (800) 333-1010, extension 12190, or via email at michael.r.steckline@kc.frb.org.

Sincerely,

Linda S. Schroeder
Vice President



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SANDRA F. BRAUNSTEIN
DIRECTOR
DIVISION OF CONSUMER
AND COMMUNITY AFFAIRS

CA 12-4

April 23, 2012

**TO THE OFFICERS AND MANAGERS IN CHARGE OF CONSUMER AFFAIRS
SECTIONS:**

**SUBJECT: Guidance on the Usage of 2010 Census Data in Community Reinvestment Act
Examinations**

This letter provides information about the Federal Reserve's use of 2010 census data when conducting Community Reinvestment Act (CRA) examinations.

BACKGROUND

In October 2011, the Federal Financial Institutions Examination Council (FFIEC) released an updated list of Metropolitan Statistical Areas (MSAs), states, counties, and census tracts based on the information collected during the 2010 American Community Survey (ACS) and published by the U.S. Census Bureau. A few months later, the FFIEC also released the median family income data for the corresponding MSAs and census tracts. In addition, 2010 census tract demographic information, including the population and housing characteristics, is scheduled to be released by the FFIEC in June 2012. As indicated in the FFIEC's 2010 Census Update Notice, institutions must collect 2012 Home Mortgage Disclosure Act (HMDA) and CRA data using updated 2010 census tract information.

EXAMINATION PROCESS

CRA examinations typically cover an evaluation of a bank's record of helping to meet community credit needs over multiple years. Data related to CRA performance in 2010 and 2011 should be analyzed using 2000 census information and data from January 1, 2012 forward should be analyzed using 2010 census data. With the transition from one decennial census to another, some examinations will include a review of performance that spans two censuses (2000 and 2010). For example, in the case of a CRA examination that includes both 2011 and 2012 HMDA data, the CRA evaluation will include a comparison of 2011 HMDA data to 2000 census data, and 2012 HMDA data to 2010 census data.

Until 2010 demographic data is incorporated into the Federal Reserve Board's CRA and HMDA analysis tool, Federal Reserve examiners should base CRA examinations on the bank's 2010 and 2011 data using 2000 census data. The Federal Reserve Board expects to update its analysis tool with the 2010 census demographic data in the third quarter of 2012. Federal Reserve examiners may wait until the aggregate 2012 HMDA data are released to analyze 2012 performance. As always, when conducting a comparative analysis using aggregate data, a bank's performance must be compared to aggregate data for the same year.

CRA assessment area designations will be reviewed during the course of an examination to ensure that the bank adequately adjusted its assessment area(s) to account for differences in census tract delineations based on the new 2010 census data. In addition, changes in the 2010 census information may affect the categorization of some activities. In general, the eligibility of a loan, investment, or service as a community development activity is based on demographic information available to the bank at the time the activity is undertaken. The analysis of a bank's branch distribution is one exception to this rule. Branch distribution analysis should be done using current data and any changes in the median family income level of the geographies where branches are located should be noted in the performance evaluation. When applicable, it may also be appropriate to note changes in the geographic distribution of branches due to shifts in the median family income categorization based on updated census data. Any performance context considerations that affect the analysis should be explained in the performance evaluation.

If you have any questions, please contact Celeste Anderson at (202) 452-2677 or Paul Robin at (202) 452-3140.

Sincerely,



Cross References:

FFIEC 2010 Census Update [Notice](#)

FFIEC Press Release dated October 19, 2012 announces use of American Community Survey (ACS) data into the FFIEC-published census data file.

http://www.ffiec.gov/press/pr101911_ACS.htm

FFIEC release 2010 census tract [listing](#) including MSA and Tract Median Family Income data.

Supersedes: CA Letter 04-6