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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 800 Session of 2019

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INTRODUCED BY HUGHES, FARNESE, STREET, COSTA, MUTH, L. WILLIAMS,  
TARTAGLIONE AND HAYWOOD, OCTOBER 7, 2019

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REFERRED TO BANKING AND INSURANCE, OCTOBER 7, 2019

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AN ACT

1 Amending Title 7 (Banks and Banking) of the Pennsylvania  
2 Consolidated Statutes, providing for community reinvestment,  
3 for community reinvestment by banks and for community  
4 reinvestment by nonbank entities.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Title 7 of the Pennsylvania Consolidated Statutes  
8 is amended by adding a part to read:

9 PART III

10 COMMUNITY REINVESTMENT

11 Chapter

12 71. Community Reinvestment by Banks

13 72. Community Reinvestment by Nonbank Entities

14 CHAPTER 71

15 COMMUNITY REINVESTMENT BY BANKS

16 Sec.

17 7101. Definitions.

18 7102. Duties of banks.

19 7103. Duties of department.

1 7104. Community reinvestment notice.

2 7105. Assessment of banks.

3 7106. Lists of banks by department.

4 7107. Transaction approval.

5 § 7101. Definitions.

6 The following words and phrases when used in this chapter  
7 shall have the meanings given to them in this section unless the  
8 context clearly indicates otherwise:

9 "Bank." A banking institution as defined under section 6102  
10 (relating to definitions). The term does not include a special  
11 purpose bank that does not perform commercial or retail banking  
12 services in which credit is granted to the public in the  
13 ordinary course of business, other than as an incident to its  
14 specialized operations, including, but not limited to, banker's  
15 banks and banks that engage only in providing cash management  
16 controlled disbursement services or serving as correspondent  
17 banks, trust companies or clearing agents.

18 "Community reinvestment laws." The Community Reinvestment  
19 Act of 1977 (91 Stat. 1111, 12 U.S.C. § 2901 et seq.), and the  
20 regulations adopted by the Federal financial supervisory  
21 agencies as provided under 12 CFR Pts. 25 (relating to Community  
22 Reinvestment Act and interstate deposit production regulations),  
23 228 (relating to community reinvestment (Regulation BB)) and 345  
24 (relating to community reinvestment), as applicable to the  
25 specific type of bank.

26 "Department." The Department of Banking and Securities of  
27 the Commonwealth.

28 "Federal financial supervisory agency." The Office of the  
29 Comptroller of the Currency, the Board of Governors of the  
30 Federal Reserve System, the Federal Deposit Insurance

1 Corporation and any successor to such agencies, as applicable to  
2 the specific type of bank.

3 § 7102. Duties of banks.

4 (a) Local communities.--Each bank shall, in accordance with  
5 the provisions of community reinvestment laws and without  
6 excluding low-income neighborhoods and moderate-income  
7 neighborhoods, delineate the local community or communities that  
8 comprise the bank's entire community within this Commonwealth or  
9 delineate one or more assessment areas, as applicable, within  
10 which the department shall evaluate the bank's record of helping  
11 to meet the credit needs of the entire community. The department  
12 shall review the delineation for compliance with community  
13 reinvestment laws and this subsection in connection with an  
14 examination of the bank under section 401 of the act of May 15,  
15 1933 (P.L.565, No.111), known as the Department of Banking and  
16 Securities Code.

17 (b) Loan information.--Each bank shall collect and report  
18 loan information in accordance with the applicable requirements  
19 of community investment laws. Each bank shall file with the  
20 department a copy of each disclosure statement prepared for the  
21 bank by a Federal financial supervisory agency under community  
22 investment laws within 30 business days of receiving the  
23 statement.

24 (c) Public access.--Copies of the public section of the most  
25 recent community reinvestment performance evaluation prepared by  
26 the department under section 7105(b)(2) (relating to assessment  
27 of banks) shall be provided to the public by mail, upon request.  
28 A bank may charge a reasonable fee not to exceed the cost of  
29 copying and mailing, if applicable.

30 (d) Public file.--Each bank shall maintain a public file in

1 accordance with community reinvestment laws. Each bank shall  
2 place a copy of the public section of the bank's most recent  
3 community reinvestment performance evaluation prepared by the  
4 department under section 7105(b)(2) in the public file within 30  
5 business days of receipt from the department. The bank may also  
6 include in the public file any response to the performance  
7 evaluation. The bank shall make a copy of the public section of  
8 the performance evaluation available to the public for  
9 inspection upon request and at no cost at the bank's main office  
10 and at each of its branches in this Commonwealth. A bank that  
11 received a less than satisfactory rating during the bank's most  
12 recent examination under section 7105 shall include in its  
13 public file a description of the bank's current efforts to  
14 improve performance in helping to meet the credit needs of the  
15 entire community. The bank shall update the description  
16 quarterly.

17 (e) Strategic plan.--The department may assess a bank's  
18 record of helping to meet the credit needs of the bank's  
19 assessment areas under a strategic plan under community  
20 reinvestment laws, provided the strategic plan is filed with the  
21 department concurrently with the strategic plan's submission by  
22 the bank to a Federal financial supervisory agency for approval  
23 under community reinvestment laws, and the strategic plan is  
24 approved by the department.

25 § 7103. Duties of department.

26 The department shall assess the record of each bank in  
27 satisfying the bank's continuing and affirmative obligations to  
28 help meet the credit needs of its local communities, including  
29 low-income neighborhoods and moderate-income neighborhoods and  
30 shall provide for the consideration of the records in connection

1 with an application considered under in section 7105(c)  
2 (relating to assessment of banks).  
3 § 7104. Community reinvestment notice.  
4 (a) Public notice.--Except as provided in subsection (d),  
5 each bank shall provide, in the public lobby of each of its  
6 offices, a public notice substantially similar to the one  
7 provided in this subsection and subsection (b). Bracketed  
8 material shall be used only by a bank having more than one local  
9 community.

10 COMMUNITY REINVESTMENT NOTICE

11 Community reinvestment requires the evaluation of our  
12 performance in helping to meet the credit needs of this  
13 community, and to take this evaluation into account when the  
14 Pennsylvania Department of Banking and Securities decides on  
15 certain applications submitted by us.

16 Your involvement is encouraged.

17 You should know that:

18 You may obtain our current Community Reinvestment Statement  
19 for this community in this office. (Current Community  
20 Reinvestment Statements for other communities served by us  
21 are available at our main office, located at:

22 .....)

23 You may send signed, written comments about our Community  
24 Reinvestment Statement or our performance in helping to meet  
25 community credit needs to (title and address of bank  
26 official) and to the Pennsylvania Department of Banking and  
27 Securities (address). Your letter, together with any  
28 responses by us, may be made public.

29 You may look at a file of all signed, written comments  
30 received by us within the past two years, any response we

1 have made to the comments and all Community Reinvestment  
2 Statements in effect during the past two years at our office  
3 located at (address). You also may look at the file about  
4 this community at (name and address of designated office).  
5 You may ask to look at any comments received by the  
6 Department of Banking and Securities.

7 (b) Subsidiaries.--If the bank is a subsidiary of a holding  
8 company, the following provision shall be included in the  
9 community reinvestment notice required under subsection (a):

10 We are a subsidiary of (name of holding company), a  
11 (bank/savings and loan) holding company. You may request  
12 from the (Federal Reserve Bank) of (address) an  
13 announcement of applications covered by the community  
14 reinvestment statement filed by holding companies.

15 (c) Most recent evaluations.--Except as provided in  
16 subsection (d) (2), within 30 business days of receiving its most  
17 recent community reinvestment performance evaluation prepared by  
18 the department or a Federal financial supervisory agency, each  
19 bank shall add the following provision to the community  
20 reinvestment notice required under subsection (a):

21 You may obtain the public section of our most recent  
22 community reinvestment performance evaluation at (name  
23 and address of main office and designated community  
24 office).

25 (d) Additional notice.--

26 (1) On and after July 1, 2020, in addition to the public  
27 notice required under community reinvestment laws, each bank  
28 shall provide in the public lobby of its main office and each  
29 of its branches in this Commonwealth a public notice  
30 substantially similar to the following:

1 COMMONWEALTH OF PENNSYLVANIA

2 COMMUNITY REINVESTMENT NOTICE

3 The Pennsylvania Department of Banking and Securities  
4 evaluates our record of helping to meet the credit needs of  
5 this community. The Department of Banking and Securities also  
6 takes this record into account when deciding on certain  
7 applications submitted by us.

8 Your involvement is encouraged.

9 In addition to the information that you are entitled to  
10 receive under the Federal Community Reinvestment Act, as  
11 listed in the "Community Reinvestment Act Notice" posted in  
12 this lobby, you may review today the public section of our  
13 most recent community reinvestment performance evaluation  
14 prepared by the Pennsylvania Department of Banking and  
15 Securities.

16 You may send written comments about our performance in  
17 helping to meet community credit needs to the Pennsylvania  
18 Department of Banking and Securities (address). Your letter,  
19 together with any response by us, will be considered by the  
20 Department of Banking and Securities in evaluating our  
21 community reinvestment performance and may be made public.

22 You may ask to look at any comments received by the  
23 Department of Banking and Securities.

24 (2) Notwithstanding the provisions of subsections (a),  
25 (b) and (c), prior to July 1, 2020, a bank may use the form  
26 of public notice provided under paragraph (1) in lieu of the  
27 form of public notice provided under subsections (a), (b) and  
28 (c), if the use is consistent with the form of public notice  
29 required to be used by the bank under community reinvestment  
30 laws.

1 (e) Combination of notices.--The information, statements,  
2 evaluations and notices required under this section and section  
3 7102(e) (relating to duties of banks) may be combined with or  
4 attached to the information, statements, evaluations and notices  
5 required under community reinvestment laws.

6 § 7105. Assessment of banks.

7 (a) Factors.--The department shall assess the record of the  
8 performance of the bank in helping to meet the credit needs of  
9 the bank's entire community, including low-income neighborhoods  
10 and moderate-income neighborhoods. The department shall assess  
11 the community reinvestment performance of a bank utilizing the  
12 applicable methodology provided in community reinvestment laws.  
13 In addition, the department shall consider the following in  
14 assessing a bank's record of performance:

15 (1) The bank's record of offering escrow accounts for  
16 purposes of paying property taxes.

17 (2) Efforts of the bank to work with delinquent  
18 residential mortgage customers who are unemployed or  
19 underemployed to facilitate a resolution of the delinquency.

20 (3) The fair housing efforts of the bank in  
21 collaboration with State and local agencies.

22 (4) The bank's record relating to abusive practices that  
23 result in the loss of affordable housing.

24 (5) Written comments received by the department.

25 (b) Community reinvestment performance evaluation.--

26 (1) Upon the conclusion of the assessment required under  
27 subsection (a), the department shall prepare a written  
28 evaluation of the bank's record of meeting the credit needs  
29 of the bank's entire community, including low-income  
30 neighborhoods and moderate-income neighborhoods. Each



1 community reinvestment performance evaluation prepared under  
2 this subsection shall have a public section and a  
3 confidential section.

4 (2) The public section of the performance evaluation  
5 shall:

6 (i) State the department's assessment of the  
7 community reinvestment performance of the bank utilizing  
8 the applicable methodology provided under community  
9 reinvestment laws.

10 (ii) Discuss the facts supporting the assessment.

11 (iii) Contain the bank's rating and a statement  
12 describing the basis for the rating. The rating shall be  
13 one of the following:

14 (A) outstanding record of meeting community  
15 credit needs;

16 (B) high satisfactory record of meeting  
17 community credit needs;

18 (C) low satisfactory record of meeting community  
19 credit needs;

20 (D) needs to improve record of meeting community  
21 credit needs; or

22 (E) substantial noncompliance in meeting  
23 community credit needs.

24 (3) The department shall provide a copy of the public  
25 portion of the performance evaluation to the bank upon  
26 completion of the evaluation.

27 (4) The confidential section of the performance  
28 evaluation shall contain all references that identify any  
29 customer of the bank, any employee or officer of the bank or  
30 any person that has provided information in confidence to the

1 department or to any Federal financial supervisory agency.  
2 The confidential section shall also contain any statements  
3 obtained or made by the department in the course of an  
4 examination which, in the judgment of the department, are too  
5 sensitive or speculative in nature to disclose to the bank or  
6 the public. The confidential section may be disclosed, in  
7 whole or in part, to the bank if the department determines  
8 that the disclosure will promote the objectives of this  
9 chapter, except that no disclosure shall identify a person  
10 that has provided information in confidence to the department  
11 or to any Federal financial supervisory agency.

12 (c) Consideration of applications.--In considering an  
13 application for the establishment of a branch or other facility  
14 with the ability to accept deposits, the relocation of the main  
15 office or a branch office or a merger or consolidation with or  
16 the acquisition of assets or stock or assumption of liabilities  
17 of another bank, the department shall consider, but not be  
18 limited to considering, the bank's record of performance. A  
19 bank's record of performance in helping to meet the credit needs  
20 of the bank's community may be the basis for denying or  
21 conditioning such an application.

22 (d) Rules and regulations.--The department may promulgate  
23 rules and regulations necessary to implement this section.

24 § 7106. Lists of banks by department.

25 The department shall annually prepare and submit to the State  
26 Treasurer a list of banks which have received a rating of low  
27 satisfactory or lower in connection with the community  
28 reinvestment performance evaluation prepared by the department  
29 under section 7105 (relating to assessment of banks) or by a  
30 Federal financial supervisory agency pursuant to community

1 reinvestment laws, whichever evaluation is made available most  
2 recently. No bank included on the list may receive deposits from  
3 the State Treasurer. In preparing the list, the department may  
4 rely on information received from a Federal financial  
5 supervisory agency.

6 § 7107. Transaction approval.

7 (a) Compliance requirement.--

8 (1) The department may not grant any approval under the  
9 act of November 30, 1965 (P.L.847, No.356), known as the  
10 Banking Code of 1965, unless the department finds that:

11 (i) Based on the most recent applicable performance  
12 evaluation and any related information required by the  
13 department, the entity has a record of compliance with  
14 the requirements of community reinvestment laws, this  
15 chapter, to the extent applicable, and applicable  
16 consumer protection laws.

17 (ii) Except as otherwise provided in this  
18 subsection, if the entity, and, in the case of an  
19 approval, the bank or any subsidiary bank of the holding  
20 company, received any overall rating other than an  
21 assigned rating of high satisfactory or higher on its  
22 most recent applicable community reinvestment performance  
23 evaluation, the resulting entity will provide adequate  
24 services to meet the banking needs of all community  
25 residents, including low-income residents and moderate-  
26 income residents, to the extent permitted by its charter,  
27 in accordance with the strategic plan submitted by the  
28 applicant to the department in a form and containing the  
29 information as the department may require or, if  
30 acceptable to the department, in accordance with an

1 approved strategic plan prepared under community  
2 reinvestment laws that is submitted by the applicant to  
3 the department.

4 (2) Upon receiving the strategic plan, the department  
5 shall make the plan available for public inspection and  
6 comment at the department. The department shall transmit  
7 notice of the plan's submission and availability for  
8 inspection to the Legislative Reference Bureau for  
9 publication in the Pennsylvania Bulletin and provide for  
10 public comments. With the concurrence of the department, the  
11 applicant shall publish, in the form of a legal advertisement  
12 in a newspaper of general circulation, notice of the plan's  
13 submission and availability for public inspection and  
14 comment. The notice shall state that the inspection and  
15 comment period will last for a period of 30 days from the  
16 date of publication. The department shall not make the  
17 finding until the expiration of the 30-day period.

18 (3) In making the finding, the department shall, unless  
19 clearly inapplicable, consider, among other factors, whether  
20 the plan:

21 (i) identifies specific unmet credit and consumer  
22 banking needs in the local community;

23 (ii) specifies how credit and consumer banking needs  
24 will be satisfied;

25 (iii) provides for sufficient distribution of  
26 banking services among branches or satellite devices, or  
27 both, located in low-income neighborhoods;

28 (iv) contains adequate assurances that banking  
29 services will be offered on a nondiscriminatory basis;

30 and

1           (v) demonstrates a commitment to extend credit for  
2           housing, small business and consumer purposes in low-  
3           income neighborhoods.

4           (4) The submission of the plan shall not be required in  
5           the case of an approval under the Banking Code of 1965, if  
6           the department requires the filing of the information in lieu  
7           of a plan. If the department determines that an applicant is  
8           an eligible entity, the department may exempt the applicant  
9           from the requirement that the applicant file a plan or  
10           require the information in lieu of a plan.

11           (5) The department shall not approve the transaction if  
12           the transaction would result in a monopoly or would be in  
13           furtherance of any combination or conspiracy to monopolize or  
14           attempt to monopolize the business of banking in this  
15           Commonwealth, or if the department determines that the effect  
16           of the proposed transaction may be to substantially lessen  
17           competition, would tend to create a monopoly or would be in  
18           restraint of trade, unless the department finds that the  
19           anticompetitive effects of the proposed transaction are  
20           clearly outweighed in the public interest by the probable  
21           effect of the transaction in meeting the convenience and  
22           needs of the community to be served.

23           (b) Determination by department.--

24           (1) The department shall not make a determination  
25           stating that the department does not disapprove an offer,  
26           invitation, request, agreement or acquisition unless the  
27           department finds that:

28           (i) Based on the most recent applicable performance  
29           evaluation and any related information required by the  
30           department, the acquiring person, if the person is a

1 bank, and the acquiring person's subsidiaries, if the  
2 person is a holding company, has a record of compliance  
3 with the requirements of community reinvestment laws,  
4 this chapter, to the extent applicable, and applicable  
5 consumer protection laws.

6 (ii) Except as otherwise provided in this  
7 subsection, if the bank or any banking subsidiary of the  
8 holding company referred to in the acquisition statement  
9 received any overall rating other than an assigned rating  
10 of high satisfactory or higher on its most recent  
11 applicable community reinvestment performance evaluation,  
12 the bank or banking subsidiary shall provide adequate  
13 services to meet the banking needs of all community  
14 residents, including low-income residents and moderate-  
15 income residents, to the extent permitted by its charter  
16 or charters.

17 (2) If the acquiring person is not an individual, or if  
18 the acquiring person is an individual who would be the  
19 beneficial owner of 25% or more of any class of voting  
20 securities of the bank or holding company referred to in the  
21 acquisition statement, the finding as to the adequacy of  
22 services to be provided shall be based on a plan submitted by  
23 the acquiring person to the department, in a form and  
24 containing the information as the department may require, or,  
25 if acceptable to the department, in accordance with an  
26 approved strategic plan prepared under community reinvestment  
27 laws, or the relevant portion thereof, that is submitted by  
28 the acquiring person to the department.

29 (3) Upon receiving the plan, the department shall make  
30 the plan available for public inspection and comment at the

1 department's office. The department shall transmit notice of  
2 the plan's submission and the availability for inspection to  
3 the Legislative Reference Bureau for publication in the  
4 Pennsylvania Bulletin and provide for public comment. With  
5 the concurrence of the department, the acquiring person shall  
6 publish, in the form of a legal advertisement in a newspaper  
7 of general circulation, notice of the plan's submission and  
8 availability for public inspection and comment. The notice  
9 shall state that the inspection and comment period will last  
10 for a period of 30 days from the date of publication. The  
11 department shall not make a finding until the expiration of  
12 the 30-day period.

13 (4) (i) In making the finding, the department shall  
14 consider, among other factors, whether the plan:

15 (A) identifies specific unmet credit and  
16 consumer banking needs in the local community;

17 (B) specifies how the credit and consumer  
18 banking needs will be satisfied;

19 (C) provides for sufficient distribution of  
20 banking services among branches or satellite devices,  
21 or both, located in low-income neighborhoods;

22 (D) contains adequate assurances that banking  
23 services will be offered on a nondiscriminatory  
24 basis; and

25 (E) demonstrates a commitment to extend credit  
26 for housing, small business and consumer purposes in  
27 low-income neighborhoods.

28 (ii) The department may exempt an acquiring person  
29 from the requirement that the acquiring person file a  
30 plan if the department determines that the bank or

1 banking subsidiary referred to in the acquisition  
2 statement is an eligible entity.

3 (5) If the acquiring person is an individual who would  
4 be the beneficial owner of less than 25% of all classes of  
5 voting securities of the bank or holding company referred to  
6 in the acquisition statement, the department shall make the  
7 finding as to adequacy of services to be provided based on  
8 the commitment of the acquiring person to use the acquiring  
9 person's best efforts to cause the bank or banking  
10 subsidiaries of the holding company to provide the services.  
11 The department shall not make a determination stating that  
12 the department does not disapprove the offer, invitation,  
13 request, agreement or acquisition if the offer, invitation,  
14 request, agreement or acquisition would result in a monopoly  
15 or would be in furtherance of any combination or conspiracy  
16 to monopolize or attempt to monopolize the business of  
17 banking in this Commonwealth, or if the department should  
18 determine that the effect of the proposed offer, invitation,  
19 request, agreement or acquisition may be to substantially  
20 lessen competition, would tend to create a monopoly or would  
21 be in restraint of trade, unless the department finds that  
22 the anticompetitive effects of the proposed transaction are  
23 clearly outweighed in the public interest by the probable  
24 effect of the transaction in meeting the convenience and  
25 needs of the community to be served.

26 (c) Definitions.--As used in this section, the following  
27 words and phrases shall have the meanings given to them in this  
28 subsection unless the context clearly indicates otherwise:

29 "Eligible entity." An entity which:

30 (1) Received a composite rating of one or two under the



1 Uniform Financial Institutions Rating System as a result of  
2 its most recent safety and soundness examination.

3 (2) Received a compliance rating of one or two on its  
4 most recent compliance examination.

5 (3) Received a satisfactory or better rating on its most  
6 recent community reinvestment performance evaluation.

7 (4) Is well capitalized, as defined in 12 CFR 324.403(b)  
8 (1) (relating to capital measures and capital category  
9 definitions).

10 (5) Is not subject to a cease and desist order, consent  
11 order, prompt correction action directive, written agreement,  
12 memorandum of understanding or other administrative agreement  
13 with its primary Federal or State banking regulator.

14 (6) Is not subject to any formal or informal  
15 administrative action by its primary Federal or State banking  
16 regulator.

17 CHAPTER 72

18 COMMUNITY REINVESTMENT BY NONBANK ENTITIES

19 Sec.

20 7201. Definitions.

21 7202. Community reinvestment.

22 7203. Community reinvestment performance evaluation.

23 7204. Community reinvestment notice.

24 7205. Effect on certain approvals.

25 7206. Lists of nonbank entities by department.

26 § 7201. Definitions.

27 The following words and phrases when used in this chapter  
28 shall have the meanings given to them in this section unless the  
29 context clearly indicates otherwise:

30 "Assessment area." One or more of the geographic areas as

1 delineated by a community credit union that:

2 (1) Consists of one or more metropolitan statistical  
3 areas or one or more contiguous political subdivisions,  
4 including, but not limited to, counties, cities or towns.

5 (2) Includes geographies in which the community credit  
6 union has its principal office, subsidiary offices and share-  
7 taking automated teller machines.

8 (3) Includes the surrounding geographies in which the  
9 community credit union originates or purchases a substantial  
10 portion of its loans.

11 "Community credit union." A Pennsylvania credit union which  
12 has \$10,000,000 or more in total assets and the membership of  
13 which is limited to persons within a well-defined community,  
14 neighborhood or rural district.

15 "Community reinvestment performance." The performance of a  
16 nonbank entity in helping to meet the credit needs of the  
17 community credit union's entire community, including low-income  
18 neighborhoods and moderate-income neighborhoods.

19 "Mortgage broker." As defined under section 6102 (relating  
20 to definitions).

21 "Mortgage lender." As defined under section 6102.

22 "Nonbank entity." A community credit union, a mortgage  
23 broker and a mortgage lender.

24 § 7202. Community reinvestment.

25 (a) General rule.--Each nonbank entity shall satisfy its  
26 continuing and affirmative obligation to help meet the credit  
27 needs of its community, including low-income neighborhoods and  
28 moderate-income neighborhoods.

29 (b) Evaluation.--Not later than January 1, 2020, each  
30 nonbank entity shall delineate one or more assessment areas

1 within which the department shall evaluate the nonbank entity's  
2 community reinvestment performance in this Commonwealth and  
3 shall file the delineations with the department. An assessment  
4 area shall consist only of whole geographies and may not reflect  
5 illegal discrimination, arbitrarily exclude low-income  
6 geographies or moderate-income geographies or extend  
7 substantially beyond a consolidated metropolitan statistical  
8 area boundary or beyond a state boundary, unless the assessment  
9 area is located in a multistate metropolitan statistical area. A  
10 nonbank entity may adjust the boundaries of its assessment areas  
11 to include only the portion of a political subdivision that it  
12 reasonably can be expected to serve. A nonbank entity shall  
13 immediately file an amendment with the department reflecting an  
14 adjustment of the boundaries of an assessment area.

15 (c) Periodic assessment.--The department shall assess  
16 periodically the community reinvestment performance of a nonbank  
17 entity. The department shall assess the community reinvestment  
18 performance of the nonbank entity based on the following:

19 (1) The nonbank entity's record of helping to meet the  
20 credit needs of its assessment area or areas through  
21 qualified investments that benefit its assessment area or  
22 areas or a broader Statewide or regional area that includes  
23 its assessment area or areas.

24 (2) The nonbank entity's record of helping to meet the  
25 credit needs of its assessment area or areas, by analyzing  
26 both the availability and effectiveness of its systems for  
27 delivering retail credit union services and the extent and  
28 innovativeness of its community development services.

29 (3) The loan-to-share ratio given the nonbank entity's  
30 size and financial condition, credit needs of the assessment

1 area or areas, other lending-related activities, considering  
2 seasonal variations, as used in 12 CFR 228.26 (relating to  
3 small bank performance standards).

4 (4) The percentage of total loans and other lending-  
5 related activities within the assessment area or areas.

6 (5) The record of lending and other lending-related  
7 activities to borrowers of different income levels and  
8 businesses and farms of different sizes.

9 (6) The geographic distribution of loans.

10 (7) The action taken in response to written complaints  
11 with respect to community reinvestment performance.

12 (8) The efforts of the nonbank entity to work with  
13 delinquent residential mortgage customers who are unemployed  
14 or underemployed to facilitate a resolution of the  
15 delinquency.

16 (9) The written comments received by the department.

17 (d) Performance evaluation.--

18 (1) Upon the completion of the assessment required under  
19 subsection (c), the department shall prepare a written  
20 evaluation of the nonbank entity's community reinvestment  
21 performance.

22 (2) (i) The performance evaluation shall:

23 (A) State the department's assessment of the  
24 community reinvestment performance of the nonbank  
25 entity.

26 (B) Provide and discuss the facts supporting the  
27 assessment.

28 (C) Contain the nonbank entity's rating and a  
29 statement describing the basis for the rating. The  
30 rating shall be one of the following:

1                   (I) outstanding record of meeting community  
2                   credit needs;

3                   (II) high satisfactory record of meeting  
4                   community credit needs;

5                   (III) low satisfactory record of meeting  
6                   community credit needs;

7                   (IV) needs to improve record of meeting  
8                   community credit needs; or

9                   (V) substantial noncompliance in meeting  
10                   community credit needs.

11                   (ii) The department shall furnish a copy of the  
12                   performance evaluation to the nonbank entity upon its  
13                   completion.

14 § 7203. Community reinvestment performance evaluation.

15                   (a) Public access.--Each nonbank entity shall provide to the  
16                   public, by mail, upon request copies of the most recent  
17                   community reinvestment performance evaluation prepared by the  
18                   department under section 7202 (relating to community  
19                   reinvestment). A community credit union may charge a reasonable  
20                   fee not to exceed the cost of copying and mailing, if  
21                   applicable.

22                   (b) Public file.--Each nonbank entity shall maintain a  
23                   public file in which it shall place, not later than 30 business  
24                   days after its receipt from the department, a copy of the  
25                   nonbank entity's most recent community reinvestment performance  
26                   evaluation prepared by the department under section 7202. The  
27                   nonbank entity may also include in the public file any response  
28                   to the performance evaluation that the nonbank entity makes. The  
29                   nonbank entity shall make a copy of the performance evaluation  
30                   available to the public for inspection upon request and at no

1 cost at the nonbank entity's principal office and at each of its  
2 subsidiary offices in this Commonwealth. A nonbank entity that  
3 receives a rating of "low satisfactory record of meeting  
4 community credit needs" or lower on its most recent evaluation  
5 shall include in its public file a description of its current  
6 efforts to improve its performance in helping to meet the credit  
7 needs of the entire community. The nonbank entity shall update  
8 the description quarterly until it receives a "high satisfactory  
9 record of meeting community needs" or better rating from the  
10 department.

11 § 7204. Community reinvestment notice.

12 Each nonbank entity shall provide in the public lobby of its  
13 principal office and each of its subsidiary offices in this  
14 Commonwealth a public notice substantially similar to the  
15 following:

16 COMMONWEALTH OF PENNSYLVANIA

17 COMMUNITY REINVESTMENT NOTICE

18 The Pennsylvania Department of Banking and Securities  
19 evaluates our record of helping to meet the credit needs of  
20 this community. The Pennsylvania Department of Banking and  
21 Securities may also consider this record when deciding on  
22 certain applications submitted by us.

23 Your involvement is encouraged.

24 You may review today our most recent community reinvestment  
25 performance evaluation prepared by the Pennsylvania  
26 Department of Banking and Securities.

27 You may send written comments about our community  
28 reinvestment performance to the Pennsylvania Department of  
29 Banking and Securities (address). Your comments, together  
30 with any response by us, will be considered by the

1 Pennsylvania Department of Banking and Securities in  
2 evaluating our community reinvestment performance and may be  
3 made public.

4 You may ask to look at any comments received by the  
5 Pennsylvania Department of Banking and Securities.

6 § 7205. Effect on certain approvals.

7 The following apply:

8 (1) The department may consider the community  
9 reinvestment performance of a nonbank entity in connection  
10 with the following:

11 (i) An approval of an amendment to the certificate  
12 of incorporation under 17 Pa.C.S. (relating to credit  
13 unions).

14 (ii) An approval of an expansion of its field of  
15 membership under 17 Pa.C.S.

16 (iii) An approval of a merger under 17 Pa.C.S.

17 (2) The department may withhold approval of or condition  
18 an issuance of approval of the amendment, expansion or merger  
19 under this section.

20 § 7206. Lists of nonbank entities by department.

21 The following apply:

22 (1) The department shall annually prepare and submit to  
23 the State Treasurer a list of nonbank entities that the  
24 department rated in a community reinvestment performance  
25 evaluation prepared under section 7202 (relating to community  
26 reinvestment) as follows:

27 (i) "low satisfactory record of meeting community  
28 credit needs";

29 (ii) "needs to improve record of meeting community  
30 credit needs"; or

1           (iii) "substantial noncompliance in meeting  
2           community credit needs."

3           (2) No nonbank entity included on the list may receive  
4           money under the provisions of 17 Pa.C.S. (relating to credit  
5           unions).

6           Section 2. This act shall take effect in 365 days.