
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 498 Session of
2023

INTRODUCED BY HUGHES, KEARNEY, HAYWOOD, SANTARSIERO, FONTANA,
COSTA, CAPPELLETTI, TARTAGLIONE, BREWSTER, KANE, MILLER AND
STREET, MARCH 14, 2023

REFERRED TO BANKING AND INSURANCE, MARCH 14, 2023

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.

- 1 7103. Duties of department.
2 7104. Community reinvestment notice.
3 7105. Assessment of banks.
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6 § 7101. Definitions.

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

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

20 "Community reinvestment laws." The provisions of 12 U.S.C.
21 Ch. 30 (relating to community reinvestment), and the regulations
22 adopted by the Federal financial supervisory agencies as
23 provided under 12 CFR Pts. 25 (relating to community
24 reinvestment act and interstate deposit production regulations),
25 228 (relating to community reinvestment (regulation BB)) and 345
26 (relating to community reinvestment), as applicable to the
27 specific type of bank.

28 "Department." The Department of Banking and Securities of
29 the Commonwealth.

30 "Federal financial supervisory agency." The Office of the

1 Comptroller of the Currency, the Board of Governors of the
2 Federal Reserve System, the Federal Deposit Insurance
3 Corporation and any successor to such agencies, as applicable to
4 the specific type of bank.

5 § 7102. Duties of banks.

6 (a) Local communities.--Each bank shall, in accordance with
7 the provisions of community reinvestment laws and without
8 excluding low-income neighborhoods and moderate-income
9 neighborhoods, delineate the local community or communities that
10 comprise the bank's entire community within this Commonwealth or
11 delineate one or more assessment areas, as applicable, within
12 which the department shall evaluate the bank's record of helping
13 to meet the credit needs of the entire community. The department
14 shall review the delineation for compliance with community
15 reinvestment laws and this subsection in connection with an
16 examination of the bank under section 401 of the act of May 15,
17 1933 (P.L.565, No.111), known as the Department of Banking and
18 Securities Code.

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

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

1 copying and mailing, if applicable.

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

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

27 § 7103. Duties of department.

28 The department shall assess the record of each bank in
29 satisfying the bank's continuing and affirmative obligations to
30 help meet the credit needs of the bank's local communities,

1 including low-income neighborhoods and moderate-income
2 neighborhoods and shall provide for the consideration of the
3 records in connection with an application considered under
4 section 7105(c) (relating to assessment of banks).

5 § 7104. Community reinvestment notice.

6 (a) Public notice.--Except as provided in subsection (d),
7 each bank shall provide, in the public lobby of each of its
8 offices, a public notice substantially similar to the one
9 provided in this subsection and subsection (b). Bracketed
10 material shall be used only by a bank having more than one local
11 community.

12 COMMUNITY REINVESTMENT NOTICE

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

18 Your involvement is encouraged.

19 You should know that:

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

24)

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

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

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

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

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

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

27 (d) Additional notice.--

28 (1) On and after July 1, 2023, in addition to the public
29 notice required under community reinvestment laws, each bank
30 shall provide in the public lobby of its main office and each

1 of its branches in this Commonwealth a public notice
2 substantially similar to the following:

3 COMMONWEALTH OF PENNSYLVANIA

4 COMMUNITY REINVESTMENT NOTICE

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

10 Your involvement is encouraged.

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

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

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

26 (2) Notwithstanding the provisions of subsections (a),
27 (b) and (c), prior to July 1, 2023, a bank may use the form
28 of public notice provided under paragraph (1) in lieu of the
29 form of public notice provided under subsections (a), (b) and
30 (c), if the use is consistent with the form of public notice

1 required to be used by the bank under community reinvestment
2 laws.

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

8 § 7105. Assessment of banks.

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

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

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

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

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

26 (5) Written comments received by the department.

27 (b) Community reinvestment performance evaluation.--

28 (1) Upon the conclusion of the assessment required under
29 subsection (a), the department shall prepare a written
30 evaluation of the bank's record of meeting the credit needs

1 of the bank's entire community, including low-income
2 neighborhoods and moderate-income neighborhoods. Each
3 community reinvestment performance evaluation prepared under
4 this subsection shall have a public section and a
5 confidential section.

6 (2) The public section of the performance evaluation
7 shall:

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

12 (ii) Discuss the facts supporting the assessment.

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

16 (A) outstanding record of meeting community
17 credit needs;

18 (B) high satisfactory record of meeting
19 community credit needs;

20 (C) low satisfactory record of meeting community
21 credit needs;

22 (D) needs to improve record of meeting community
23 credit needs; or

24 (E) substantial noncompliance in meeting
25 community credit needs.

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

29 (4) The confidential section of the performance
30 evaluation shall contain all references that identify any

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

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

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

26 § 7106. Lists of banks by department.

27 The department shall annually prepare and submit to the State
28 Treasurer a list of banks which have received a rating of low
29 satisfactory or lower in connection with the community
30 reinvestment performance evaluation prepared by the department

1 under section 7105 (relating to assessment of banks) or by a
2 Federal financial supervisory agency pursuant to community
3 reinvestment laws, whichever evaluation is made available most
4 recently. No bank included on the list may receive deposits from
5 the State Treasurer. In preparing the list, the department may
6 rely on information received from a Federal financial
7 supervisory agency.

8 § 7107. Transaction approval.

9 (a) Compliance requirement.--

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

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

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

1 information as the department may require or, if
2 acceptable to the department, in accordance with an
3 approved strategic plan prepared under community
4 reinvestment laws that is submitted by the applicant to
5 the department.

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

21 (3) In making the finding, the department shall, unless
22 clearly inapplicable, consider, among other factors, whether
23 the plan:

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

26 (ii) specifies how credit and consumer banking needs
27 will be satisfied;

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

1 (iv) contains adequate assurances that banking
2 services will be offered on a nondiscriminatory basis;
3 and

4 (v) demonstrates a commitment to extend credit for
5 housing, small business and consumer purposes in low-
6 income neighborhoods.

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

14 (5) The department shall not approve the transaction if
15 the transaction would result in a monopoly or would be in
16 furtherance of any combination or conspiracy to monopolize or
17 attempt to monopolize the business of banking in this
18 Commonwealth, or if the department determines that the effect
19 of the proposed transaction may be to substantially lessen
20 competition, would tend to create a monopoly or would be in
21 restraint of trade, unless the department finds that the
22 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 (b) Determination by department.--

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

1 (i) Based on the most recent applicable performance
2 evaluation and any related information required by the
3 department, the acquiring person, if the person is a
4 bank, and the acquiring person's subsidiaries, if the
5 person is a holding company, has a record of compliance
6 with the requirements of community reinvestment laws,
7 this chapter, to the extent applicable, and applicable
8 consumer protection laws.

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

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

1 the acquiring person to the department.

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

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

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

20 (B) specifies how the credit and consumer
21 banking needs will be satisfied;

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

25 (D) contains adequate assurances that banking
26 services will be offered on a nondiscriminatory
27 basis; and

28 (E) demonstrates a commitment to extend credit
29 for housing, small business and consumer purposes in
30 low-income neighborhoods.

1 (ii) The department may exempt an acquiring person
2 from the requirement that the acquiring person file a
3 plan if the department determines that the bank or
4 banking subsidiary referred to in the acquisition
5 statement is an eligible entity.

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

29 (c) Definitions.--As used in this section, the following
30 words and phrases shall have the meanings given to them in this

1 subsection unless the context clearly indicates otherwise:

2 "Eligible entity." An entity which:

3 (1) Received a composite rating of one or two under the
4 Uniform Financial Institutions Rating System as a result of
5 the entity's most recent safety and soundness examination.

6 (2) Received a compliance rating of one or two on the
7 entity's most recent compliance examination.

8 (3) Received a satisfactory or better rating on the
9 entity's most recent community reinvestment performance
10 evaluation.

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

14 (5) Is not subject to a cease and desist order, consent
15 order, prompt correction action directive, written agreement,
16 memorandum of understanding or other administrative agreement
17 with the entity's primary Federal or State banking regulator.

18 (6) Is not subject to any formal or informal
19 administrative action by the entity's primary Federal or
20 State banking regulator.

21 CHAPTER 72

22 COMMUNITY REINVESTMENT BY NONBANK ENTITIES

23 Sec.

24 7201. Definitions.

25 7202. Community reinvestment.

26 7203. Community reinvestment performance evaluation.

27 7204. Community reinvestment notice.

28 7205. Effect on certain approvals.

29 7206. Lists of nonbank entities by department.

30 § 7201. Definitions.

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

4 "Assessment area." One or more of the geographic areas as
5 delineated by a community credit union that:

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

9 (2) Includes geographies in which the community credit
10 union has a principal office, subsidiary offices and share-
11 taking automated teller machines.

12 (3) Includes the surrounding geographies in which the
13 community credit union originates or purchases a substantial
14 portion of loans.

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

19 "Community reinvestment performance." The performance of a
20 nonbank entity in helping to meet the credit needs of the
21 community credit union's entire community, including low-income
22 neighborhoods and moderate-income neighborhoods.

23 "Mortgage broker." As defined under section 6102 (relating
24 to definitions).

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

26 "Nonbank entity." A community credit union, a mortgage
27 broker and a mortgage lender.

28 § 7202. Community reinvestment.

29 (a) General rule.--Each nonbank entity shall satisfy its
30 continuing and affirmative obligation to help meet the credit

1 needs of its community, including low-income neighborhoods and
2 moderate-income neighborhoods.

3 (b) Evaluation.--Not later than January 1, 2023, each
4 nonbank entity shall delineate one or more assessment areas
5 within which the department shall evaluate the nonbank entity's
6 community reinvestment performance in this Commonwealth and
7 shall file the delineations with the department. An assessment
8 area shall consist only of whole geographies and may not reflect
9 illegal discrimination, arbitrarily exclude low-income
10 geographies or moderate-income geographies or extend
11 substantially beyond a consolidated metropolitan statistical
12 area boundary or beyond a state boundary, unless the assessment
13 area is located in a multistate metropolitan statistical area. A
14 nonbank entity may adjust the boundaries of the nonbank entity's
15 assessment areas to include only the portion of a political
16 subdivision that the nonbank entity reasonably can be expected
17 to serve. A nonbank entity shall immediately file an amendment
18 with the department reflecting an adjustment of the boundaries
19 of an assessment area.

20 (c) Periodic assessment.--The department shall assess
21 periodically the community reinvestment performance of a nonbank
22 entity. The department shall assess the community reinvestment
23 performance of the nonbank entity based on the following:

24 (1) The nonbank entity's record of helping to meet the
25 credit needs of the assessment area or areas through
26 qualified investments that benefit the nonbank entity's
27 assessment area or areas or a broader Statewide or regional
28 area that includes the nonbank entity's assessment area or
29 areas.

30 (2) The nonbank entity's record of helping to meet the

1 credit needs of the assessment area or areas, by analyzing
2 both the availability and effectiveness of the nonbank
3 entity's systems for delivering retail credit union services
4 and the extent and innovativeness of the nonbank entity's
5 community development services.

6 (3) The loan-to-share ratio given the nonbank entity's
7 size and financial condition, credit needs of the assessment
8 area or areas and other lending-related activities,
9 considering seasonal variations, as used in 12 CFR 228.26
10 (relating to small bank performance standards).

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

13 (5) The record of lending and other lending-related
14 activities to borrowers of different income levels and
15 businesses and farms of different sizes.

16 (6) The geographic distribution of loans.

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

19 (8) The efforts of the nonbank entity to work with
20 delinquent residential mortgage customers who are unemployed
21 or underemployed to facilitate a resolution of the
22 delinquency.

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

24 (d) Performance evaluation.--

25 (1) Upon the completion of the assessment required under
26 subsection (c), the department shall prepare a written
27 evaluation of the nonbank entity's community reinvestment
28 performance.

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

30 (A) State the department's assessment of the

1 community reinvestment performance of the nonbank
2 entity.

3 (B) Provide and discuss the facts supporting the
4 assessment.

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

8 (I) outstanding record of meeting community
9 credit needs;

10 (II) high satisfactory record of meeting
11 community credit needs;

12 (III) low satisfactory record of meeting
13 community credit needs;

14 (IV) needs to improve record of meeting
15 community credit needs; or

16 (V) substantial noncompliance in meeting
17 community credit needs.

18 (ii) The department shall furnish a copy of the
19 performance evaluation to the nonbank entity upon
20 completion.

21 § 7203. Community reinvestment performance evaluation.

22 (a) Public access.--Each nonbank entity shall provide to the
23 public, by mail, upon request, copies of the most recent
24 community reinvestment performance evaluation prepared by the
25 department under section 7202 (relating to community
26 reinvestment). A community credit union may charge a reasonable
27 fee not to exceed the cost of copying and mailing, if
28 applicable.

29 (b) Public file.--Each nonbank entity shall maintain a
30 public file in which it shall place, not later than 30 business

1 days after receipt from the department, a copy of the nonbank
2 entity's most recent community reinvestment performance
3 evaluation prepared by the department under section 7202. The
4 nonbank entity may also include in the public file any response
5 to the performance evaluation that the nonbank entity makes. The
6 nonbank entity shall make a copy of the performance evaluation
7 available to the public for inspection upon request and at no
8 cost at the nonbank entity's principal office and at each of its
9 subsidiary offices in this Commonwealth. A nonbank entity that
10 receives a rating of "low satisfactory record of meeting
11 community credit needs" or lower on its most recent evaluation
12 shall include in the public file a description of the nonbank
13 entity's current efforts to improve its performance in helping
14 to meet the credit needs of the entire community. The nonbank
15 entity shall update the description quarterly until it receives
16 a "high satisfactory record of meeting community needs" or
17 better rating from the department.

18 § 7204. Community reinvestment notice.

19 Each nonbank entity shall provide in the public lobby of its
20 principal office and each of its subsidiary offices in this
21 Commonwealth a public notice substantially similar to the
22 following:

23 COMMONWEALTH OF PENNSYLVANIA

24 COMMUNITY REINVESTMENT NOTICE

25 The Pennsylvania Department of Banking and Securities
26 evaluates our record of helping to meet the credit needs of
27 this community. The Pennsylvania Department of Banking and
28 Securities may also consider this record when deciding on
29 certain applications submitted by us.

30 Your involvement is encouraged.

1 You may review today our most recent community reinvestment
2 performance evaluation prepared by the Pennsylvania
3 Department of Banking and Securities.

4 You may send written comments about our community
5 reinvestment performance to the Pennsylvania Department of
6 Banking and Securities (address). Your comments, together
7 with any response by us, will be considered by the
8 Pennsylvania Department of Banking and Securities in
9 evaluating our community reinvestment performance and may be
10 made public.

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

13 § 7205. Effect on certain approvals.

14 The following apply:

15 (1) The department may consider the community
16 reinvestment performance of a nonbank entity in connection
17 with the following:

18 (i) An approval of an amendment to the certificate
19 of incorporation under 17 Pa.C.S. (relating to credit
20 unions).

21 (ii) An approval of an expansion of the nonbank
22 entity's field of membership under 17 Pa.C.S.

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

24 (2) The department may withhold approval of or condition
25 an issuance of approval of the amendment, expansion or merger
26 under this section.

27 § 7206. Lists of nonbank entities by department.

28 The following apply:

29 (1) The department shall annually prepare and submit to
30 the State Treasurer a list of nonbank entities that the

1 department rated in a community reinvestment performance
2 evaluation prepared under section 7202 (relating to community
3 reinvestment) as follows:

4 (i) "low satisfactory record of meeting community
5 credit needs";

6 (ii) "needs to improve record of meeting community
7 credit needs"; or

8 (iii) "substantial noncompliance in meeting
9 community credit needs."

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

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