developed the information needed to provide this "assessment context."

The 1994 proposal also modified the rating process from the 1993 proposal. For large retail institutions, in calculating the assigned rating, the revised proposal would have given primacy to lending performance, but an institution's performance on the service and investment tests also would have been reflected in the assigned rating. The rating process for small institutions similarly would have given primacy to lending performance, and would have provided guidance on how the agencies would have considered service and investment performance. For all institutions, evidence of discriminatory

or other illegal credit practices would have adversely affected the evaluation of an institution's performance. In addition, an appendix to the 1994 proposal included rating profiles to guide the assessments.

The 1994 proposal revised and clarified other important features of the 1993 proposal. It provided more detail as to how the proposed strategic plan option would operate in practice. Wholesale and limited purpose institutions were made subject to a community development test, which would have incorporated both community development lending and community development services in addition to qualified investments. Also,

the agencies revised the definition of service area to include the local areas around an institution's deposit facilities in which it has significant lending activity and all other areas equally distant from such facilities.

Overview of Comments on the 1994 Proposal

Collectively, the agencies received over 7,200 comment letters on the 1994 proposal. The agencies received comment letters from individuals, representatives of bank and thrift institutions, consumer and community groups, members of Congress, state, local, and tribal governments, and others, as shown in the following table.

TABLE OF COMMENTS RECEIVED

Agency	Letters from banks, thrifts and their trade associations	Letters from consumer and community groups	Letters from government entities	Letters from others	Total
OCC	669	839	39	672	2,219
	607	832	12	482	1,933
	1,007	788	32	237	2,064
	261	623	24	173	1,081

The agencies reviewed and considered all of these comments in writing the final rule. The section-bysection analysis of the final rule discusses these comments in greater detail. As a general matter, the vast majority of commenters expressed support for the agencies' goal of developing more objective, performance-based assessment standards that minimize burden while stimulating improved performance. Many commenters believed that, under the existing CRA regulations, the agencies focus too closely on documentation of CRA performance and too little on actual performance. Some commenters felt the present documentation requirements are overly burdensome. Many commenters also supported the agencies' goal of ensuring consistency and evenhandedness among the agencies in CRA evaluations, without including specific criteria that might be viewed as allocating credit to specific borrowers. Commenters supported enhanced CRA examiner training to increase consistency. Although most commenters generally supported the agencies' goals in amending their CRA regulations, many expressed concern over certain aspects of the 1994 proposal.

The Final Rule

Review of Comments on the 1994 Proposal and Responses

The final rule retains, to a significant extent, the principles and structure underlying the 1993 and 1994 proposals, but makes important changes to some details in order to respond to concerns raised in the comment letters and further agency consideration. The following discussion describes by topic the ways in which the agencies addressed commenters' concerns. The discussion also describes important technical modifications included in the final rule.

Enforcement Authority

The agencies have removed two provisions found in both the 1993 and 1994 proposals that engendered considerable comment. These provisions were the community reinvestment obligation, which stated that banks and thrifts have a specific affirmative obligation to help meet the credit needs of their communities, and the enforcement provision, which provided for penalties against banks and thrifts with "substantial noncompliance" ratings using the agencies' general enforcement powers under 12 U.S.C. 1818. Substantial comment was received both in favor of, and in opposition to, these provisions. Based on further analysis of their

statutory authority, the agencies have removed these provisions.

Consistent with the statute, the final rule provides that an institution's CRA rating reflects its record of helping to meet the credit needs of its entire community. The agencies will take into account an institution's record when evaluating various types of applications, such as applications for branches, office relocations, mergers, consolidations, and purchase and assumption transactions, and may deny or condition an application on the basis of the institution's record.

Scope

The scope of the final rule does not differ appreciably from the scope of the current CRA regulations or the 1993 and 1994 proposals. The agencies historically have excluded from CRA coverage certain special purpose institutions, such as banker's banks, that are not organized to grant credit to the public in the ordinary course of business. These institutions continue to be treated as special purpose banks in the final rule and are excluded from coverage. Several commenters were concerned that the definition of banker's bank in the 1994 proposal may not have conformed with that found in 12 U.S.C. 24 (Seventh), as modified by the Interstate Banking Efficiency Act of 1994 (IBEA). Therefore, the final rule references the definition of "banker's