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## **The Community Reinvestment Act (CRA)** ***Introducing a CRA Credit Letter Opportunity for Eligible Banks***

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### **The IOLA Fund**

For more than 40 years, the **IOLA Fund of the State of New York (IOLA Fund)** has funded free civil legal services to low-income New Yorkers so that they may obtain the basic necessities of life, such as food, housing, employment and health care – all at no expense to taxpayers.

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### **What is the CRA?** (12 U.S.C. § 2901 et seq. and/or NY Banking Law § 28-b)

The **Community Reinvestment Act (CRA)**, is both a federal and New York state law, enacted in the late 1970s, in response to redlining and lack of investment by banking institutions in poor and minority communities. The CRA is intended to encourage banks to meet the credit needs of their local communities, including low- and moderate-income neighborhoods. Banks are evaluated by federal and state regulators periodically to ensure they are complying with the CRA and serving their entire community.

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### **CRA and the IOLA Program**

The IOLA program is a vital community development partner for banks. Participation in the IOLA program can be a powerful tool to demonstrate commitment to investment in underserved communities. Banks remit interest on IOLA accounts to the IOLA Fund and pooled together, these remittances support the IOLA Fund's grant-making for **Civil Legal Aid** of low-income individuals.

**Civil Legal Aid** provides high quality legal representation, advice, and information to secure the essentials of life. This support is crucial as there is no right to counsel for civil legal problems. The most recent data shows that the civil legal aid sector in New York served over 1.1 million New Yorkers who could not otherwise afford representation.

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### **Bank Eligibility for a CRA Credit Letter**

The IOLA Fund is pleased to offer an annual CRA credit letter to qualifying banks in the IOLA program to acknowledge those banks doing the maximum to contribute to the improvement of underserved communities. To be eligible, a bank must elect:

- **The Safe Harbor Rate or Pay a Comparable Rate at or Above Safe Harbor:** The Safe Harbor Rate is the greater of 60% of the upper bound of the Federal Funds Target Rate or 1.00%, whichever is higher; **and**
- **Waive All Fees:** Banking institutions must waive all service charges and fees on IOLA accounts.