**Section 185.250 Community Development Test for Wholesale or Limited Purpose Credit Unions**

a) Scope of test. The Secretary assesses a wholesale or limited purpose credit union's record of helping to meet the credit needs of its assessment field under the community development test through its community development lending, qualified investments, or community development services.

b) Designation as a wholesale or limited purpose credit union. In order to receive a designation as a wholesale or limited purpose credit union, a credit union shall file a request, in writing, with the Secretary, at least six months prior to the proposed effective date of the designation. If the Secretary approves the designation, it remains in effect until the credit union requests revocation of the designation or until one year after the Secretary notifies the credit union that the Secretary has revoked the designation on the Secretary's own initiative.

c) Performance criteria. The Secretary evaluates the community development performance of a wholesale or limited purpose credit union considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:

1) the number and amount of community development loans (including originations and initial purchases of loans and other community development loan data provided by the credit union, such as data on loans outstanding, commitments, and letters of credit), qualified investments, or community development services;

2) the use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors; and

3) the credit union's responsiveness to credit and community development needs.

d) Indirect activities. At a credit union's option, the Secretary will consider in its community development performance assessment:

1) qualified investments or community development services provided by an affiliate of the credit union, if the investments or services are not claimed by any other institution; and

2) community development lending by affiliates, consortia and third parties, subject to the requirements and limitations in Sections 185.220(c) and (d).

e) Benefit to assessment field.

1) Benefit inside assessment field. The Secretary considers all qualified investments, community development loans, and community development services that benefit areas within the credit union's assessment field

2) Benefit outside assessment field. The Secretary considers the qualified investments, community development loans, and community development services that indirectly benefit the credit union's assessment field, if the credit union has adequately addressed the direct needs of its assessment field.

f) Community development performance rating. The Secretary rates a credit union's community development performance as provided in 185.APPENDIX A (Ratings).