

## Press Releases

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April 12, 2006

### OTS 06-019 - OTS Revises CRA Definition of Community Development; Updates CRA Questions and Answers Guidance

#### Office of Thrift Supervision

FOR RELEASE at 10:00 A.M. EST

For further information

Wednesday, April 12, 2006

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OTS 06-019

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### OTS Revises CRA Definition of Community Development; Updates CRA Questions and Answers Guidance

WASHINGTON, D.C. -- The Office of Thrift Supervision (OTS) published today in the Federal Register a Final Rule revising the definition of "community development" in its Community Reinvestment Act (CRA) regulations. At the same time, OTS also published a Notice and Request for Comment on proposed revisions to OTS's CRA guidance, currently contained in the "Interagency Questions and Answers Regarding Community Reinvestment."

OTS is revising the definition of "community development" in order to encourage savings associations to increase their community development lending, qualified investments and community development services in distressed or underserved rural areas and designated disaster areas, as well as to cover the full range of activities that should receive favorable consideration, and to reduce burden by affording savings associations greater flexibility in serving their communities.

This change will also make OTS's definition of "community development" the same as the definition adopted by the Federal Reserve Board, Comptroller of the Currency (OCC), and Federal Deposit Insurance Corporation (FDIC) in an August 2005 final rule. By including designated distressed or underserved rural areas, OTS intends to encourage more community development activities in more areas. OTS believes the CRA rule must allow for due consideration of an institution's service to areas and individuals in its community with credit needs, even if those individuals or areas are not low- or moderate-income. Designated distressed or underserved rural areas are listed on the Federal Financial Institutions Examination Council website, [www.FFIEC.gov/cra](http://www.FFIEC.gov/cra).

By including designated disaster areas in the definition, OTS is codifying a long-standing policy of encouraging savings associations to take an active role in assisting in disaster recovery efforts. Examiners will give significant weight to a savings association's revitalization activities in a disaster area that benefit low- or moderate-income individuals.

The Notice and Request for Comment to revise OTS's CRA guidance contains proposed questions and answers related to the revised definition of "community development" and other

topics as well as revisions to existing questions and answers. The proposed guidance is consistent with final guidance the other federal banking agencies recently issued.

The Final Rule is effective April 12, 2006. Comments on the revisions to the Questions and Answers Regarding Community Reinvestment are due June 12, 2006.

Community Reinvestment Act - Community Development - Final Rule (No. 2006-16) - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2006-19a.pdf>

Community Reinvestment Act; Questions and Answers Regarding Community Reinvestment - (No. 2006-17) - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2006-19b.pdf>

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).