

Press Releases

December 15, 2010

OTS 10-051 - Agencies Expand Scope of Community Reinvestment Act Regulations to Encourage Support for HUD Neighborhood Stabilization Program Activities

Joint Release

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Office of Thrift Supervision**

Immediate Release
December 15, 2010

Washington, D.C. — The federal bank and thrift regulatory agencies today announced changes to Community Reinvestment Act (CRA) regulations to support stabilization of communities affected by high foreclosure levels.

The final rule is substantially the same as the proposal published for comment on June 24, 2010. It encourages depository institutions to support eligible development activities in areas designated under the Neighborhood Stabilization Program (NSP) administered by the U.S. Department of Housing and Urban Development (HUD).

Under the NSP, HUD has provided funds to state and local governments and nonprofit organizations for the purchase and redevelopment of abandoned and foreclosed properties. The new rule encourages depository institutions to make loans and investments, and provide services to support NSP activities in areas with HUD-approved plans.

The final rule reflects the broad support expressed by public comments for the agencies' proposal to expand existing CRA consideration for neighborhood stabilization activities. NSP-eligible activities will receive favorable consideration under the new rule if conducted within two years after the date when NSP program funds are required to be spent.

Allowing banking institutions to receive CRA consideration for NSP-eligible activities in additional NSP-targeted areas serves the purposes of the CRA and creates an opportunity to build upon government programs in areas with high rates of foreclosure and vacancy. CRA consideration is not limited to activities actually receiving NSP funds and may include other eligible activities in NSP plan areas.

The final rule is attached. It is effective 30 days from the date of its publication in the Federal Register, which is expected shortly.

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Attachment

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Related Files

- **OTS 10-051A - Final Rule - CRA consideration for NSP -**
<http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2010-51a.pdf>