

Designated Disaster Areas and Consideration Under the Community Reinvestment Act

Overview

National banks and Federal savings associations (collectively, banks) may receive favorable consideration from the Office of the Comptroller of the Currency (OCC) under the Community Reinvestment Act (CRA) for certain loans made in communities recovering from major disasters and identified by the federal government as designated disaster areas (DDA).

What Are Designated Disaster Areas?

DDAs include areas receiving Major Disaster Declarations and administered by the Federal Emergency Management Agency (FEMA). DDAs exclude counties designated to receive only FEMA Public Assistance Emergency Work Category A (Debris Removal) or Category B (Emergency Protective Measures).

Bank-financed activities relating to disaster recovery that revitalize or stabilize DDAs for 36 months after the designation dates may receive CRA consideration by the OCC. The 36-month period may be extended in cases of demonstrable community need for revitalization and stabilization activities and to assist in long-term recovery efforts in DDAs. For additional information, including a list of DDAs, visit [FEMA's Web site](#) and consult "[A Guide to the Disaster Declaration Process and Federal Disaster Assistance.](#)"

Community Reinvestment Act

In 2005, revisions to the CRA authorized the OCC to favorably consider bank-financed activities that help revitalize or stabilize DDAs made within three years after disaster designations. A revised definition of "community development" affects banks of all sizes and includes activities that specifically benefit DDAs. The CRA revisions are published in the Federal Register, Interagency Questions and Answers Regarding Community Reinvestment Act, (Interagency Q and A), March 11, 2010. (See .12(g)(4)-1 through .12(g)(4)(ii)-2.)

What Activities Are Considered?

Generally, the OCC considers an activity to revitalize or stabilize a DDA if the activity is related to disaster recovery and helps to attract new or retain existing businesses or residents. An activity is presumed to revitalize or stabilize the DDA if the activity is consistent with a bona fide government revitalization, stabilization, or disaster recovery plan. The OCC gives greater weight to activities that are most responsive to the needs of communities, particularly low- and moderate-income individuals and neighborhoods.

The [Interagency Q and A](#) provides additional detail and examples of activities that would receive positive consideration.

Geographic Flexibility

The OCC evaluates CRA performance primarily in the context of how CRA-related activities help meet the credit and community-development needs in the bank's assessment area. Activities in the broader statewide or regional area that includes the bank's assessment area and that have a purpose, mandate, or function that includes serving the assessment area are also considered. CRA-related activities that occur in the broader statewide or regional area that includes the bank's assessment area, but that do not benefit the assessment area may receive positive consideration if the bank has been responsive to community development needs in its assessment area.

In certain circumstances determined by the OCC and other regulatory agencies, examiners may use additional flexibility when evaluating the geographic aspect of CRA-related activities in DDAs. Bankers should refer questions regarding specific activities to their supervisory office.

OCC Bulletin 2012-8, "[Community Reinvestment Act Consideration for Gulf Coast Disaster Area Activities](#)" announced that the OCC will continue to provide CRA consideration for community development loans, investments, and services that revitalize or stabilize those areas through December 31, 2014.

Public Welfare Investment Authority

The 2005 CRA revisions modified the definition of "community development" to make bank activities aimed at revitalizing or stabilizing DDAs eligible for CRA consideration. Under 12 CFR 24, banks may make public welfare investments for certain community development activities that help to revitalize or stabilize DDAs. Federal savings associations may make similar public welfare investments under 12 CFR 160.36. The 2008 Housing and Economic Recovery Act reaffirmed this 2005 definition.

[Federal savings associations](#) may make public welfare investments under specific authorities that are described on the OCC's Public Welfare Investments Web Resource Directory.

For further information, see the [Community Developments Investments Fact Sheet on "Public Welfare Investments."](#)

Small Business Administration

The U.S. Small Business Administration (SBA) offers direct loan products specifically designed to help households and businesses recover from declared disasters.

The SBA's disaster loan products include

- Loans for homeowners and renters up to \$40,000 to repair or replace clothing, furniture, cars, and appliances damaged or destroyed in disasters. Homeowners may apply for loans of up to \$200,000 to repair or replace primary residences.
- Physical Disaster Loans of up to \$2 million are available to help businesses repair or replace property damaged by declared disasters.
- Economic Injury Disaster Loans of up to \$2 million are available to meet necessary financial obligations, such as working capital and other expenses the businesses could have paid if the disasters had not occurred.

Further information on the SBA's disaster loan products is available on the [SBA's Web site](#).

OCC Resources

The OCC's [Community Developments "Gulf Coast Redevelopment: Pathways to Recovery,"](#) fall 2008, highlights the strategies banks pursued in support of recovery efforts in the Gulf Coast after hurricanes Katrina, Rita, and Wilma. The strategies may still be relevant for banks interested in supporting recovery efforts following designated disasters.

For information on public welfare investments see OCC [Public Welfare Investment Web Resource Directory](#).

For more information on how banks can support disaster recovery efforts, contact the [OCC's District Community Affairs Officers](#).