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

May 27, 2020 (updated March 8, 2021, to add questions 14–18)

Community Reinvestment Act (CRA) Consideration for Activities in Response to the Coronavirus Pandemic Frequently Asked Questions (FAQs)[1]

Question 1: Are COVID-19 affected states and jurisdictions considered CRA designated disaster areas?

Response 1: The agencies believe that the Coronavirus Disease (COVID-19) national emergency raises unique needs for revitalization and stabilization activities that differ from those typically undertaken in response to natural disasters or other emergencies. The Federal Emergency Management Agency (FEMA) has issued major disaster declarations that include assistance for emergency protective measures (Public Assistance Category B) for all 50 states, the District of Columbia, and certain U.S. territories in connection with COVID-19. Areas identified for Category B assistance are not normally considered designated disaster areas under CRA because of the temporary nature of the activities covered under this category of assistance. However, the agencies believe that it is appropriate to recognize such COVID-19 designated disaster areas due to the circumstances of this national pandemic; therefore, the agencies will grant consideration for activities that revitalize or stabilize these areas by protecting public health and safety,[2] particularly for low- or moderate-income individuals, low- or moderate-income geographies, or distressed or underserved nonmetropolitan middle-income geographies. Examples of qualified activities include loans, investments, or community development services that support:

- Emergency medical care, including medical facility services and supplies, temporary medical facilities, and enhanced medical/hospital capacity;
- Purchase and distribution of personal protective equipment;
- Provision of emergency food supplies; or

[1] For OCC supervised banks, these FAQs apply to activities conducted prior to October 1, 2020. The OCC will issue additional guidance regarding the application of its June 2020 CRA rule to activities conducted on or after October 1, 2020. Also refer to the Qualifying Activities criteria in 12 CFR 25.04.
[2] https://www.fema.gov/news-release/2020/03/19/coronavirus-covid-19-pandemic-eligible-emergency-protective-measures

- Assistance to state, tribal, territorial, or local governments for emergency management and to support communications of general health and safety information to the public.

Question 2: How long will the agencies grant consideration for activities that revitalize or stabilize COVID-19 designated disaster areas?

Response 2: The March 19, 2020, Joint Statement[3] indicates that it is effective through the six-month period after the national emergency declaration is lifted, unless extended by the agencies. With specific reference to COVID-19 related revitalization and stabilization activities needed to help protect public health and safety during the health emergency, as FEMA has issued the major disaster declarations described in the Response to Question 1 the agencies believe that a time period of six months after any particular disaster declaration is lifted is an appropriate time period for consideration of such activities.

Question 3: How will activities undertaken in response to COVID-19 that are responsive to community needs be considered in CRA examinations?

Response 3: In light of the declaration of a national emergency, and consistent with the Joint Statement, the agencies are clarifying that banks will receive favorable CRA consideration for community development activities that are responsive to community needs and conducted in response to COVID-19. Qualifying activities include those that support community services targeted to low- or moderate-income individuals, economic development by meeting the "size" and "purpose" tests, affordable housing for low- or moderate-income individuals or families, or that help to revitalize or stabilize low- or moderate-income geographies or distressed or underserved nonmetropolitan middle-income geographies. As described in the Response to Question 1, qualifying activities also include those that help to stabilize COVID-19 designated disaster areas by protecting public health and safety, particularly for low- or moderate-income individuals or geographies.

Question 4: Can a bank receive consideration for activities related to the COVID-19 emergency and that are conducted on a nationwide basis?

Response 4: The COVID-19 emergency has had a significant health and economic impact that extends beyond many banks' assessment areas. Banks that are responsive to community development needs and opportunities in their assessment areas will receive favorable consideration for community

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[3] https://www.federalreserve.gov/supervisionreg/caletters/CA%2020-4%20Attachment.pdf; https://www.fdic.gov/news/news/financial/2020/fil20019a.pdf; https://occ.gov/news-issuances/bulletins/2020/bulletin-2020-19.html

development activities located in a broader statewide or regional area that includes the banks' CRA assessment area(s). Banks that are responsive to needs and opportunities in the broader statewide or regional areas that include bank assessment areas may also receive consideration for activities outside those broader statewide or regional areas provided that those activities help to revitalize or stabilize COVID-19 designated disaster areas by protecting public health and safety as described in the Response to Question 1. Activities that benefit low- or moderate-income individuals or geographies, distressed or underserved nonmetropolitan middle-income geographies, or small businesses and small farms will be considered particularly responsive.

Question 5: Are bank loans made under the Paycheck Protection Program (PPP) eligible for CRA consideration? For PPP loans that are eligible community development loans, what is the appropriate community development purpose?

Response 5: Generally, loans, including PPP loans, in amounts of $1 million or less to for-profit businesses, or to nonprofit organizations that are secured by nonfarm, nonresidential real estate, are reported and considered as small business loans under the applicable retail lending test. PPP loans will be considered particularly responsive if made to small businesses with gross annual revenues of $1 million or less or to businesses located in low-or moderate-income geographies or distressed or underserved nonmetropolitan middle-income geographies. Participation in such loan programs could also receive consideration as innovative or flexible lending practices.

PPP loans in amounts greater than $1 million may be considered as community development loans if they also have a primary purpose of community development as defined under the CRA. Generally, loans to small businesses with gross annual revenues $1 million or less that create or retain jobs for low- or moderate-income individuals or in low- or moderate-income geographies, or that otherwise meet the economic development "size" and "purpose" tests, qualify as community development loans. Such loans may also qualify if they help to revitalize or stabilize low- or moderate-income geographies or distressed or underserved nonmetropolitan middle-income geographies.

Question 6: How should PPP loans be reported on Call Reports?

Response 6: PPP loans are Small Business Administration (SBA) 7(a) loans. Banks should follow Call Report requirements for reporting PPP loans based on the loan type, amount, and collateral, as applicable.

Question 7: For PPP loans reported as small business loans (Type 01), with loan amounts of $1 million or less, made to an existing bank customer, should a bank report revenue on the CRA loan register based on what it had previously gathered about that business? For a new PPP borrower, which has an unknown revenue, may banks use a revenue estimate and report it as having gross annual revenues of "1" (gross annual revenues of $1 million or less) or must they use a CRA revenue code of "3" (unknown/not used in credit decision).

Response 7: Generally, a bank should rely on and report the gross annual revenues that it considered in making its credit decision. Loans for which the bank did not collect revenue information may not be included when evaluating a bank's performance in lending to businesses and farms with gross annual revenues of $1 million or less unless the small business or small farm provides supplemental information or the bank has another source demonstrating the borrower's revenue, such as information on existing customers. Banks that have access to an applicant's gross annual revenue information may, but are not required to, report that information. When evaluating CRA performance, the agencies will take into account the unique circumstances affecting borrowers and banks resulting from the COVID-19 emergency and will not penalize a bank for making a large volume of loans for which gross annual revenue information is not available. The agencies will also take into account a bank's good faith efforts demonstrably designed to support low- and moderate-income individuals and small businesses and small farms and its efforts to comply with applicable consumer protection laws.

Question 8: How will PPP loans be considered when evaluating the borrower and geographic distribution of loans and the distribution of loans inside and outside of bank assessment areas?

Response 8: PPP loans in amounts of $1 million or less will be considered when evaluating a bank's performance under the applicable retail lending test. This includes the evaluation of performance based on the distribution of loans inside and outside of its assessment areas, by business size based on gross annual revenues, and across geographies of different income levels. The agencies understand that this current environment presents unique challenges. Therefore, although performance may appear to be negatively affected, for example by a high level of out-of-assessment area lending, examiners will consider the information in context and evaluate it accordingly. That said, banks should continue to seek to meet the credit needs of their communities if making a significant amount of loans outside of their assessment areas.

Additionally, an examiner's review of the borrower distribution of retail lending is typically focused on activities within a bank's assessment area(s). However, as noted in Q&A __.22(b)(2) & (3)—4,[4] a bank may receive consideration for retail loans to low- or moderate-income

[4] *See* Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506 (July 25, 2016).

individuals, small businesses, or small farms outside of their assessment area(s), provided that they have adequately addressed the needs of borrowers within their assessment area(s).

Question 9: Are bank loans made under the Main Street Lending Program eligible for CRA consideration?

Response 9: A bank may receive CRA consideration for Main Street Lending Program loans that meet relevant CRA requirements. Specifically, small business loans, including Main Street Lending Program loans, in amounts of $1 million or less to for-profit businesses, or to nonprofit organizations that are secured by nonfarm, nonresidential real estate, are reported and considered as small business loans under the applicable CRA retail lending test. Main Street Lending Program loans will be considered particularly responsive if made to small businesses with gross annual revenues under $1 million or to businesses located in low-or moderate-income geographies or distressed or underserved nonmetropolitan middle-income geographies. Such loan programs could also receive consideration as innovative or flexible lending practices.

Main Street Lending Program loans in amounts of greater than $1 million may be considered as community development loans if they also have a primary purpose of community development as defined under CRA. Generally, loans to small businesses with gross annual revenues of less than $1 million that create or retain jobs for low- or moderate-income individuals or in low- or moderate-income geographies, or that otherwise meet the economic development "size" and "purpose" tests, qualify as community development loans. Such loans may also qualify if they help to revitalize or stabilize low- or moderate-income geographies or distressed or underserved nonmetropolitan middle-income geographies.

Question 10: The Joint Statement did not include a reference to affordable housing. Will examiners consider bank activities that help to maintain affordable housing for low- or moderate-income individuals, including homeowners or renters, as responsive to community needs during the COVID-19 emergency?

Response 10: Yes. Community development under CRA includes activities that promote affordable housing, including single-family and multifamily rental housing, for low- or moderate-income individuals or families. Activities that promote housing stability for low- or moderate-income renters who are experiencing financial hardship due to COVID-19 are considered particularly responsive to the unique challenges presented by the COVID-19 emergency. These activities include loan forbearance, reduced payments, loan modifications, or restructuring debt for residential rental property owners who in turn agree to offer rent relief to and suspend evictions for low- or moderate-income renters.[5] In addition, investments in or grants to intermediary organizations that provide housing support for low- or moderate-income individuals are considered responsive to community needs.

Additionally, as the Joint Statement indicates, activities that promote stability for low- or moderate-income homeowners who are experiencing financial hardship due to COVID-19 are also considered particularly responsive to the unique challenges presented by the COVID-19 emergency. These activities include loan forbearance or loan modifications for low- or moderate-income homeowners. These activities will receive favorable consideration when retail lending is evaluated.[6]

All activities must be undertaken in a manner consistent with safe and sound banking practices and applicable consumer protection laws.

Question 11: Will job loss or loss of income due to the COVID-19 emergency be considered when determining whether an individual or family is considered to be low- or moderate-income?

Response 11: CRA encourages activities that benefit low- or moderate-income individuals and families. This includes individuals and families who have recently become low- or moderate-income due to lost jobs, decreased hours, or furloughs that will reduce income due to the COVID-19 emergency.

Question 12: What retail banking service activities will be considered particularly responsive to the needs of low- and moderate-income individuals due to the COVID-19 emergency?

Response 12: As the Joint Statement explains, the agencies encourage banks to work with affected individuals and communities, particularly those that are low- or moderate-income. Examples of services that are considered particularly responsive to the needs of low- or moderate-income individuals include cashing federal government stimulus checks at no cost to non-customers or waiving late fees and customer overdraft charges.

Question 13: The Joint Statement highlights loans, investments, and services that support access to health care for low- and moderate-income individuals and communities.

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[5] Suspension of evictions for tenants would cover instances involving non-payment of rent related to financial hardship caused by the COVID-19 emergency and instances involving evictions already in process prior to the emergency.

[6] An intermediate small bank that is not a Home Mortgage Disclosure Act reporter would have the option to submit for consideration home mortgage loans with a primary purpose of providing affordable housing for low- or moderate-income individuals as a community development activity.

Are there other community services that are particularly responsive to the needs of low- and moderate-income individuals during the COVID-19 emergency?

Response 13: Examples of community services that are responsive to the needs of low- and moderate-income individuals due to the COVID-19 emergency include but are not limited to:

- Childcare for low- or moderate-income essential workers;
- Food banks;
- Shelters or programs for individuals facing homelessness or domestic violence;
- Alcohol or drug recovery programs; or
- Utility assistance programs.

Question 14: Can banks receive CRA service test consideration for processing Paycheck Protection Program (PPP) or other pandemic-focused loan applications and related loan servicing activities? (new FAQ added March 8, 2021)

Response 14: The CRA regulatory criteria for the service test do not include loan processing and servicing activities for retail loans originated by the bank.[7] Additionally, the agencies generally consider building new lending platforms and technical assistance provided to borrowers during a loan application process to be activities that banks engage in during the normal course of doing business. Therefore, the agencies will not extend CRA Service Test consideration for PPP-related activities.

The agencies do recognize the Paycheck Protection loan program is responsive to community credit needs. Therefore, these activities will be considered under the CRA Lending Test when evaluating flexible or innovative lending programs offered by the bank.

Question 15: Should banks report, and should examiners give CRA consideration to, PPP loans that have been rescinded or returned under the SBA's safe harbor? (new FAQ added March 8, 2021)

Response 15: No. Banks should neither report these loans on their CRA loan register nor will examiners consider the loans in their CRA evaluations of banks during the applicable time period, as these loans ultimately had no impact on the relevant business, its employees, or its community.

Question 16: Are PPP loans over $1 million that are also in low- or moderate-income geographies or in distressed or underserved nonmetropolitan middle-income geographies automatically considered to be community development activities? (new FAQ added March 8, 2021)

[7] The retail service test criteria include the current distribution of branches, the bank's record of opening and closing branches, the availability and effectiveness of alternate systems for delivering retail banking services, and the range of services provided. See 12 CFR _. 24(d) for details.

Response 16: Yes, a PPP loan greater than $1 million in one of these geographies will be considered an eligible community development activity. Pursuant to the Interagency Questions and Answers Regarding Community Reinvestment,[8] activities that revitalize or stabilize a low- or moderate-income geography or a distressed or underserved nonmetropolitan middle-income geography help to attract new, or retain existing, jobs, businesses, or residents. The PPP was enacted and signed into law in order to support smaller businesses and retain jobs.

Question 17: Due to the economic distress caused by the COVID-19 pandemic, some banks have been: (a) waiving withdrawal penalties on certificates of deposit (CDs); (b) fulfilling early distribution requests regarding individual retirement accounts (IRAs); (c) allowing draws on home equity lines of credit (HELOCs) during the repayment periods; (d) increasing transaction limits; (e) eliminating overdraft fees; and (f) eliminating ATM fees. Will CRA community development service credit be given for these types of actions during the pandemic? How should banks document these activities and the number of customers served by them? (new FAQ added March 8, 2021)

Response 17: The *Joint Statement on CRA Consideration for Activities in Response to COVID-19* (Joint Statement) on March 19, 2020, explains that the agencies will provide favorable CRA consideration to retail banking services and retail lending activities in a bank's assessment area(s) that are responsive to the needs of low- and moderate-income individuals, small businesses, and small farms affected by the pandemic and that are consistent with safe and sound banking practices. The *Community Reinvestment Act (CRA) Consideration for Activities in Response to the Coronavirus Frequently Asked Questions (FAQs)* include additional examples of such activities.

The waiving of ATM fees, overdraft fees, and early withdrawal penalties on CDs are examples of retail services considered responsive to the needs of low- and moderate-income individuals as explained in the Joint Statement. The waiving of a bank's withdrawal fees on savings accounts is not included in the Joint Statement or the FAQs, but is another example of a responsive service. Allowing a low- or moderate-income individual to make draws from a HELOC during the repayment period could constitute a flexible lending practice. On the other hand, allowing a low- or moderate-income individual to make a withdrawal from an IRA, as allowed under the CARES Act,[9] or to draw on a HELOC during the draw period are routine banking services and, as such, are not eligible for CRA consideration.

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[8] *See* https://www.ffiec.gov/cra/qnadoc.htm.

[9] *See* Coronavirus Aid, Relief, and Economic Security Act (CARES Act), https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf.

Examiners will consider any relevant information a bank provides that demonstrates a service is responsive or tailored to the convenience and needs of its assessment area(s), particularly the convenience and needs of low- or moderate-income individuals.

Question 18: Considering the challenge of providing in-person community development services during the COVID-19 pandemic, how will such services provided virtually by bank representatives be considered for CRA purposes? (new FAQ added March 8, 2021)

Response 18: Historically, for CRA purposes, bank representatives have primarily provided community development services in-person. However, the agencies recognize that the COVID-19 pandemic has limited banks' ability to continue doing so. As an alternative to in-person services, the agencies will consider services provided virtually (e.g., Zoom, Microsoft Teams, WebEx, etc.) by bank representatives that have a primary purpose of community development and that are related to the provision of financial services. Examples of community development services provided virtually could include, but are not limited to, financial literacy programs or first-time homebuyer education sessions targeted to low- and moderate-income individuals and small business or small farm technical assistance sessions.

Community development services provided virtually are qualified individually, by each event conducted and in consideration of the assessment area(s) benefitted. Therefore, if a bank representative conducts a financial counseling session to help people affected by COVID-19 virtually for primarily low- and moderate-income individuals in a single assessment area, the bank will receive credit for one community development service for the assessment area. Of note, a community development service provided virtually that reaches multiple assessment areas should be considered at either the state or institution level. For example, if a bank representative conducts a small business technical assistance session that is virtually attended by businesses nationwide, the community development service will be considered at the institution level.