

Disaster Relief and the Community Reinvestment Act

Scope of Discussion

- What is a “Major Disaster Area”?
- Can I get CRA credit for helping my community through a disaster?
- What type of activities are considered qualified?
- Are there any other resources available?

Interagency Questions and Answers Regarding Community Reinvestment

- ***§ .1112(g)(4)(ii)-1: What is a “designated disaster area” and how long does it last?***

A “designated disaster area” is a major disaster area designated by the Federal Government. Such disaster designations include, in particular, Major Disaster Declarations administered by the Federal Emergency Management Agency (FEMA) (<http://www.fema.gov>), but excludes counties designated to receive only FEMA Public Assistance Emergency Work Category A (Debris Removal) and/or Category B (Emergency Protective Measures).

Interagency Questions and Answers Regarding Community Reinvestment (cont.)

Examiners will consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the date of designation. Where there is a demonstrable community need to extend the period for recognizing revitalization or stabilization activities in a particular disaster area to assist in long-term recovery efforts, this time period may be extended.

(The agencies have extended this 3 year period twice for Hurricanes Katrina and Rita.)

Interagency Questions and Answers Regarding Community Reinvestment (cont.)

- ***§11.12(g)(4)(ii)-2 : What activities are considered to “revitalize or stabilize” a designated disaster area, and how are those activities considered?***

The Agencies generally will consider an activity to revitalize or stabilize a designated disaster area if it helps to attract new, or retain existing, businesses or residents and is related to disaster recovery.

An activity will be presumed to revitalize or stabilize the area if the activity is consistent with a bona fide government revitalization or stabilization plan or disaster recovery plan.

The Agencies generally will consider all activities relating to disaster recovery that revitalize or stabilize a designated disaster area, but will give greater weight to those activities that are most responsive to community needs, including the needs of low- or moderate-income individuals or neighborhoods.

Interagency Questions and Answers Regarding Community Reinvestment (cont.)

Qualifying activities may include, for example:

- Providing financing to help retain businesses in the area that employs local residents, including low- and moderate-income individuals;
- Providing financing to attract a major new employer that will create long-term job opportunities, including for low- and moderate-income individuals;
- Providing financing or other assistance for essential community-wide infrastructure, community services, and rebuilding needs;
- Activities that provide housing, financial assistance, and services to individuals in designated disaster areas and to individuals who have been displaced from those areas, including low- and moderate-income individuals.

Activities to Consider

Prudent efforts by depository institutions to meet customers' cash and financial needs generally will not be subject to examiner criticism. When consistent with safe and-sound banking practices, these efforts may include:

- Waiving ATM fees for customers and non-customers
- Increasing ATM daily cash withdrawal limits
- Waiving overdraft fees
- Waiving early withdrawal penalties on time deposits
- Waiving availability restrictions on insurance checks
- Easing restrictions on cashing out-of-state and non-customer checks
- Easing credit card limits and credit terms for new loans
- Allowing loan customers to defer or skip some payments
- Waiving late fees for credit card and other loan balances
- Delaying the submission of delinquency notices to the credit bureaus

Designated Disaster Area

FEMA defines a "designated disaster area" as a major disaster area.

For CRA credit, major disaster designations exclude counties designated to receive only FEMA Public Assistance Emergency Work- Categories A and B, meant to aid in less severe cases.

- Category A = debris removal
- Category B = emergency protective measures

Designated Disaster Area

- Consider bank activities in designated disaster areas for a period of 36 months following the date of designation.
- Can extend for exceptional situations, such as those areas affected by Hurricane Katrina.
- All activities related to disaster recovery that revitalize or stabilize the area.
- Greater weight for activities most responsive to community needs, including LMI individuals or geographies.

Designated Disaster Area

As long as an institution has adequately served its community development needs within its local community, it can receive consideration for disaster recovery efforts outside its assessment area but within a larger statewide or regional area that includes its assessment area.

FEMA Disaster Declarations

To search for current disaster declarations, go to:
[fema.gov/disasters](https://www.fema.gov/disasters)

3 Words To The Wise...

- Document
- Document
- Document

Recent FDIC Financial Institution Letters

- *FIL 20-2013 Guidance to Help Financial Institutions and Facilitate Recovery in areas of Oklahoma Affected by Severe Storms and Tornadoes*
- *FIL 19-2013 Guidance to Help Financial Institutions and Facilitate Recovery in areas of Illinois Affected By Severe Storms, Straight Line winds, and Flooding*
- *FIL 61 2012 Regulatory Relief – Meeting the Financial Needs of Customers Affected By Hurricane Irene*
- *FIL 47-2012 Regulatory Relief – Meeting the Financial Needs of Customers Affected by Hurricane Sandy and Its Aftermath*

Recent FDIC Financial Institution Letters (cont.)

- *FIL 37 2012 Regulatory Relief – Meeting the Financial Needs of Customers Affected By Hurricane Isaac*
- *FIL 9 2012 Community Reinvestment Act (CRA) Consideration for Gulf Coast Disaster Area Activities (updated in*

Other Agencies

- OCC Bulletin (February 2012)
Community Reinvestment Act Consideration For Gulf Coast Disaster Area Activities – Extension of Deadline
- OCC Fact Sheet (October 2012)
Designated Disaster Areas and Consideration Under the Community Reinvestment Act
- FRB – Division of Consumer and Community Affairs Letter (October 1, 2008)
Extension of CRA Consideration Period for Community Development Activities in Hurricanes Rita and Katrina Disaster Areas for an Additional 36 Months

Other Agencies (cont.)

- Federal Reserve Bank of Minneapolis (see Community & Education website page)
The Community Reinvestment Act and Disaster Recovery
- Federal Reserve Bank of Minneapolis (September 2006. Community & Education website page)
Disaster recovery for low-income people: Lessons from the Grand Forks flood