



Federal Deposit Insurance

Corporation

550 17th Street NW, Washington, DC 20429-9990

Financial Institution Letter

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## COMMUNITY REINVESTMENT ACT (CRA) CONSIDERATION FOR GULF COAST DISASTER AREA ACTIVITIES

**Summary:** The areas designated major disaster areas by the Federal Emergency Management Agency (FEMA) in 2005 following Hurricanes Katrina and Rita continue to be so designated and to demonstrate significant revitalization and recovery needs. To continue to support community development, the FDIC, along with the other federal banking agencies, is extending CRA consideration for community development loans, investments, and services that help revitalize or stabilize those disaster areas through 2014.

**Statement of Applicability to Institutions Under \$1 Billion in Total Assets:** This Financial Institution Letter (FIL) applies to all FDIC-supervised banks and savings associations.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

**Suggested Routing:**

Chief Executive Officer  
CRA Officer  
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**Related Topics:**

Community Reinvestment Act  
Part 345 of the FDIC Regulations  
Interagency Questions and Answers  
Regarding Community Reinvestment

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**Note:**

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**Highlights:**

- The federal banking agencies, including the FDIC, encourage continued support for disaster-recovery activities in the areas devastated by Hurricanes Katrina and Rita. The agencies will continue to provide CRA consideration for community development loans, investments, and services that help revitalize or stabilize those areas through 2014.
- The FEMA designation of Hurricanes Katrina and Rita disaster areas continues to remain in effect. Coverage information is available at <http://www.fema.gov/news/disasters.fema?year=2005>.
- Consistent with earlier 2005 and 2008 guidance, significant consideration will be given to activities that benefit low- and moderate-income individuals or areas, including activities aimed at benefiting displaced individuals.
- Given the impact of these disasters, banks may receive CRA consideration for activities that help to revitalize or stabilize these designated areas, even if the activities are outside their assessment areas (or the broader statewide or regional areas), if they have adequately met assessment area CRA-related needs.
- The Interagency Questions and Answers regarding Community Reinvestment at 75 FR 11647 § 12(g)(4)(ii)-1 dated March 11, 2010, further explain how banks may receive consideration for qualified activities in a major disaster area, generally for 36 months after designation. They indicate that the federal banking agencies may extend the time period.

**Purpose:** The federal banking agencies (agencies) have extended the time period for CRA consideration for activities that support the revitalization and recovery of the areas devastated by Hurricanes Katrina and Rita.

**Background:** Under the CRA regulations, institutions may receive consideration for activities that meet the definition of "community development."<sup>1</sup> This definition includes loans, investments, and services that help to revitalize or stabilize designated disaster areas. The Interagency Questions and Answers Regarding Community Reinvestment further explain that banks may receive consideration for qualified activities in a major disaster area for 36 months following the date of designation by the federal government. 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 36-month time period may be extended by the agencies.<sup>2</sup>

Parts of the Gulf Coast were originally declared major disaster areas by FEMA following Hurricanes Katrina and Rita in 2005.<sup>3</sup> The agencies began providing CRA consideration for activities in these disaster areas for a period of 36 months from the dates of the major disaster designations. When the initial 36-month timeframe expired in 2008, the agencies determined there was ongoing, demonstrable community need as a result of the unprecedented damage caused by the hurricanes in 2005 to housing, business, and public infrastructure in the Gulf Coast area. This need warranted an extension of CRA consideration of community development activities to assist long-term recovery efforts in the affected areas. The 2008 extension was supported by the continued designation by FEMA of areas affected by Hurricanes Katrina and Rita as active disaster areas.

**Agency CRA Consideration:** The agencies have determined that ongoing, demonstrable community need as a result of the damage caused by the hurricanes remains in the designated areas. This ongoing need is supported by the continued designation by FEMA of the affected areas as active disaster areas. As a result, the FDIC is extending the period during which banks can receive consideration as part of CRA evaluations for disaster recovery-related revitalization or stabilization activities in the affected Gulf Coast areas for approximately another three years, through December 31, 2014.

Consistent with the original 2005 and subsequent 2008 guidance, the agencies will continue to consider community development loans, investments, and services that revitalize or stabilize those areas and to give significant weight to activities that benefit low- and moderate-income individuals or areas, including activities aimed at benefiting displaced individuals across the country.

Given the magnitude of these disasters and their impact on the country, a bank may receive CRA consideration for community development activities that help to revitalize or stabilize the designated disaster areas, even if these activities are outside its assessment area(s), or the broader statewide or regional areas. However, the bank must have otherwise adequately met the CRA-related needs of its local communities.

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<sup>1</sup> 12 CFR §\_\_\_\_.12(g)

<sup>2</sup> Interagency Questions and Answers Regarding Community Reinvestment at 75 FR 11647 §\_\_\_\_.12(g)(4)(ii)-1 dated March 11, 2010

<sup>3</sup> <http://www.fema.gov/news/disasters.fema?year=2005>