



Rebuilding the Gulf Coast: How Banks Can Help

The OCC developed this fact sheet to assist national banks seeking to address the financial needs in communities affected by the recent Gulf Coast hurricanes. This fact sheet includes programs, resources, and opportunities available to banks – or to which banks may refer customers – and sources for further information.

Community Reinvestment Act

Under recent revisions to the CRA, the OCC will favorably consider activities that revitalize or stabilize designated disaster areas. A revised definition of “community development,” which affects banks of all sizes, now includes activities that will benefit specifically designated disaster areas. These revisions to the CRA are contained in Questions and Answers published March 10, 2006 in the Federal Register. (Specifically, see § ____.12(g)(4)-1 through § ____.12(g)(4)(ii)-2). <http://www.occ.treas.gov/fr/fedregister/71fr12424.pdf>

Additionally, the OCC issued guidance on February 9, 2006 in Bulletin 2006-6, which permits national banks outside of the Gulf Coast to receive positive CRA consideration for activities that help to revitalize and stabilize designated disaster areas, as long as they have adequately addressed the credit needs of their local communities.

For additional information, please see: <http://www.occ.treas.gov/ftp/bulletin/2006-6.doc>

Part 24 Investment Authority

As previously referenced, the 2005 revisions to the CRA modified the definition of "community

development" to make bank activities aimed at revitalizing or stabilizing designated disaster areas eligible for CRA consideration. As a result, a national bank may make an investment under 12 CFR Part 24 for certain community development activities that help to revitalize or stabilize a designated disaster area.

For further information on Part 24 investments, please consult the following link <http://www.occ.treas.gov/cdd/commonpart24.htm#DDA>

Small Business Administration

The U.S. Small Business Administration initiated a Gulf Opportunity Pilot Loan (GO Loan) Program to expedite small business financing in communities severely impacted by Hurricanes Katrina and Rita. Under this unique initiative, the SBA provides its full guaranty and streamlined and centralized loan processing to banks and other qualified lending partners that agree to make expedited SBA 7(a) loans available to small businesses located in those disaster areas.

Further information on the GO Loan program can be accessed on the SBA's Website. <http://www.sba.gov/financing/goloans/>

Additional information on the SBA's federal disaster assistance programs for affected homes and businesses can be found at the following link: http://www.sba.gov/disaster_recov/hurricanes

GO Zone Tax Incentives

The "Gulf Opportunity Zone Act of 2005," (GO Zone legislation) provides tax incentives to assist recovery and rebuilding in areas affected

by Hurricanes Katrina, Rita, and Wilma. GO Zone legislation creates a special class of tax-exempt private activity bonds, called GO Zone Bonds. These bonds will be used to pay for acquisition, construction, and renovation of commercial and residential real property, as well as public utility infrastructure.

For additional information on GO Zone tax-exempt private activity bonds, please contact the appropriate state economic development authority.

Louisiana:

<http://www.treasury.state.la.us/>

Mississippi:

<http://www.mississippi.org/content.aspx?url=/page/gulfzone>

Alabama:

<http://finance.alabama.gov/content/GOZone.aspx>

Further information Go Zone tax incentives can be reviewed at the following link;

<http://www.gozoneonline.com>

New Markets Tax Credits in GO Zone

Funding for New Markets Tax Credits (NMTCs) has been increased by an additional \$300 million in 2005 and 2006 and by an additional \$400 million in 2007 for community development entities (CDEs) operating in the GO Zone. Banks can receive a 39 percent tax credit over seven years for investments in qualified CDEs that provide capital to businesses in low-income communities.

Further information on NMTCs in the GO Zone can be viewed at the following link (Louisiana):

http://gozoneguide.com/story_13.html

Further information on NMTCs can be found at the following OCC websites:

<http://www.occ.treas.gov/cdd/index.html> and

<http://www.occ.treas.gov/cdd/InsightsNMTc.pdf>

Additional information on NMTCs can also be found at:

<http://www.newmarketstaxcredits.com>

Further information on CDEs that received a NMTc allocation to make investments in the GO Zone can be viewed at the following link.

<http://cdfifund.gov/awardees/db/index.asp>

Further information on investing in CDEs can be accessed at the following link:

http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5

Low-Income Housing Tax Credits

The GO Zone legislation allows states to allocate additional housing tax credit amounts in 2006 through 2008. Banks investing in LIHTCs will benefit from increased tax credit allocations in the States of Louisiana, Mississippi, Alabama, Texas, and Florida for Years 2006 through 2008.

For additional information on GO Zone low-income housing tax credits, please contact the appropriate state housing finance agency in the eligible states.

Louisiana:

<http://www.lhfa.state.la.us/>

Mississippi:

<http://www.mshomecorp.com/>

Alabama:

<http://www.ahfa.com/>

Texas:

<http://www.tdhca.state.tx.us/>

Florida:

<http://www.floridahousing.org/home/developers>

Further information on LIHTCs can be accessed at the following OCC web pages:

<http://www.occ.treas.gov/cdd/pt24toppage.htm#low>

<http://www.occ.treas.gov/cdd/Spring06/index.htm>

HUD Community Development Block Grants

HUD announced on January 25, 2006 the allocation of \$11.5 billion in disaster funding for the five states impacted by the hurricanes. CDBG funds are traditionally used for affordable housing, economic development, and public facilities. Banks are often asked to provide senior debt on projects funded by the CDBG program.

Further information can be viewed at the following link.

<http://www.hud.gov/news/katrina05response.cfm>

Lending, Investing, and Service Opportunities

- **Enterprise Corporation of the Delta/HOPE Community Credit Union**
This partnership has developed investment opportunities to help fund small business recovery loans, nonprofit recovery loans, and to provide food, clothing, and shelter for those displaced by the hurricanes in Louisiana and Mississippi.
<http://www.ecd.org/>
- **CRA Fund Advisors**
CRA Fund Advisors has established a \$100 million Gulf Coast Community Investment initiative to assist rebuilding and reconstruction of hurricane-affected areas.
http://www.crafund.com/documents/CRAFund_Gulf_Coast_Investment_Initiative.pdf
- **Enterprise Community Partners, Inc.**
The Enterprise Community Partners, Inc. (Enterprise) and the Local Initiatives Support Corporation (LISC) have partnered to form a Community Recovery Fund to provide permanent affordable homes for working poor and low-income people in Louisiana, Mississippi, and Alabama. Enterprise and LISC are seeking philanthropic partners to support staff costs and provide pass-through grants to community partners.
<http://www.enterprisecommunity.org/>
- **Gulf Coast Rebuilding Challenge**
The Gulf Coast Rebuilding Challenge is a collaborative effort that aims to raise \$1 billion in corporate deposits to provide liquidity for community banks financing reconstruction efforts in hurricane-damaged areas along the Gulf Coast. Organized by Promontory Interfinancial Network, the program, which will divide up corporate deposits into increments of less than \$100,000 to ensure Federal Deposit Insurance Corporation (FDIC) protection, will help approximately 300 community banks continue lending to homeowners and business owners seeking to rebuild in the storm-affected areas.

Participating banks must have less than \$500 million in assets and be located in areas affected by the storms as designated by the Gulf Opportunity Zone Act. Currently, 37 banks in the Gulf Coast area are members of the network and the implementation fee will be waived to entice the 300 or so other banks to join. Through Certificate of Deposit Account Registry Service (CDARS), the community bank places the funds in FDIC-insured certificates of deposit issued by multiple banks. The community bank receives matching deposits from other banks, making the full amount available for Gulf-area lending. As deposits grow, the Challenge will create a highly flexible source of liquidity for rebuilding the Gulf Coast. <http://www.gulfchallenge.org/>

State Hurricane Disaster Recovery Programs

- **Louisiana Recovery Authority**
information can be found at the following link.
<http://www.lra.louisiana.gov>
- **Mississippi Development Authority**
information can be found at:
<http://www.mississippi.org/>
- **Alabama Department of Economic and Community Affairs** information can be found at:
<http://adeca.alabama.gov/Community%20Development%20Block%20Gr/default.aspx>

CDFI Fund Waiver for Hurricane-Affected Areas

Under Treasury's BEA Program, CDFIs may now receive credit for financial assistance or qualified activities provided to CDFI partners that are FDIC-insured depository institutions or holding companies whose principal place of business is located in a county for which FEMA has issued a "major disaster" declaration.

A list of eligible counties may be found on the FEMA website:

<http://www.fema.gov/news/disasters.fema>

Further information can be reviewed at:

http://www.cdfifund.gov/what_we_do/2006BEAchanges.asp

OCC Resources

The OCC's District Community Affairs Officers are available to banks requiring further information. Contact information can be obtained at: www.occ.treas.gov/cdd/commfoc.htm

The OCC's hurricane-specific website can be accessed at: <http://www.occ.treas.gov/hurricane.htm>

Responses to Frequently Asked Questions:

- OCC:
<http://www.occ.gov/HurricaneQA.htm#top>
- SBA:
http://www.sba.gov/disaster_recov/DisasterRecovery.pdf
- US Department of Agriculture Rural Development:
<http://www.rurdev.usda.gov/rd/disasters/MFHKatrinaGuidance.pdf>