



Designated Disaster Areas and CRA

What are Designated Disaster Areas?

Designated disaster areas (DDAs) are major disaster areas that have been designated by the federal government. In particular, they include Major Disaster Declarations administered by the Federal Emergency Management Agency (FEMA), but exclude counties designated to receive only FEMA Public Assistance Emergency Work Category A (Debris Removal) and/or Category B (Emergency Protective Measures). Activities related to disaster recovery that revitalize or stabilize a DDA for 36 months following the date of designation will be considered for CRA. Where there is a demonstrable community need to extend the period for recognizing revitalization or stabilization activities in a particular DDA to assist in long-term recovery efforts, this time period may be extended.

Current and past designated disaster areas can be identified on the [FEMA website](#).

Community Reinvestment Act

According to 2005 revisions to the CRA, the OCC may favorably consider activities that revitalize or stabilize DDAs for three years following the disaster designation. A revised definition of “community development,” which affects banks of all sizes, now includes activities that will benefit specifically DDAs. These revisions to the CRA are described in Questions and Answers published March 11, 2010 in the Federal Register. (Specifically, see [§ .12\(g\)\(4\)-1 through § .12\(g\)\(4\)\(ii\)-2](#).)

What Activities Are Considered to Revitalize or Stabilize DDAs?

The OCC generally will consider an activity to revitalize or stabilize a DDA 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 OCC generally will consider all activities relating to disaster recovery that revitalize or stabilize a DDA, 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. [The 2010 CRA Questions and Answers](#) provide 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 credit and community development needs in a bank's assessment area. CRA-related activities that occur in the broader statewide or regional areas surrounding a bank's assessment area may also receive positive consideration (provided that the bank has otherwise adequately met the CRA-related needs of their assessment area).

However, in limited instances determined solely by the OCC and its sister regulatory agencies, examiners may have additional flexibility when

evaluating the geographic aspect of CRA-related activities in particular DDAs. See [OCC Bulletin 2012-8, "Community Reinvestment Act Consideration for Gulf Coast Disaster Area Activities."](#) for an example of one instance where this broader geographic guidance was provided.

CRA consideration for qualified activities benefiting a DDA outside of the bank's assessment area should be discussed in the narrative section of a bank's public performance evaluation.

Public Welfare 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 DDAs eligible for CRA consideration. As a result, a national bank may make a public welfare investment under 12 CFR Part 24 for certain community development activities that help to revitalize or stabilize a DDA. Federal savings associations may make similar public welfare investments under 12 CFR 160.36. The 2008 Housing and Economic Recovery Act (HERA) reaffirmed this 2005 definition.

For further information on public welfare investments, please consult the [Public Welfare Investment Fact Sheet](#).

Small Business Administration

The U.S. Small Business Administration has direct loan products specifically geared to help households and businesses recover from declared disasters. These "Disaster Loans" include:

- Home disaster loans are for homeowners or renters to repair damaged real estate or personal property.
- Business Physical Disaster Loans are to help businesses repair or replace property damaged by a declared disaster, and
- Economic Injury Disaster Loans (EIDLs) are working capital loans to help businesses meet ordinary and necessary

financial obligation that cannot be met as a direct result of the disaster.

Further information on the Disaster Loan program can be accessed on the [SBA's Website](#).

OCC Resources

The OCC's [fall 2008 issue of Community Developments](#) focused on strategies for banks to support recovery efforts in the Gulf Coast following the 2005 hurricanes Katrina, Rita and Wilma. Some of these strategies may be relevant for recovery efforts following other disasters.

The [OCC's District Community Affairs Officers](#) are available to banks requiring further information.