

**SUBJECT: CRA CONSIDERATION FOR COMMUNITY DEVELOPMENT  
ACTIVITIES IN THE U.S. VIRGIN ISLANDS AND PUERTO RICO FOLLOWING  
HURRICANE MARIA**

Financial institutions have inquired concerning the availability of Community Reinvestment Act (CRA) consideration for bank activities that help revitalize or stabilize the U.S. Virgin Islands and Puerto Rico, which were designated as major disaster areas by the President due to Hurricane Maria<sup>1</sup> (the "Hurricane"). Specifically, financial institutions have asked whether their community development activities assisting these islands are eligible for CRA consideration even though they are outside the institution's assessment area(s). The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board of Governors (FRB) and the Office of the Comptroller of the Currency (OCC) (collectively, the "Agencies"), are issuing this statement to clarify that a financial institution located outside these disaster areas will receive consideration for community development activities that revitalize or stabilize these areas, as long as the institution has been responsive to the community development needs and opportunities of its assessment area(s).

The CRA regulations encourage financial institutions to help meet the credit and community development needs of their local communities. The regulations give CRA consideration to banks' community development activities, which are loans, investments, or services with a primary purpose of community development. The term "community development" and the loans, services, and investments that qualify as community development activities are defined in the CRA regulations.<sup>2</sup> The definition of "community development" includes activities that revitalize or stabilize designated disaster areas.<sup>3</sup>

A financial institution's CRA performance is evaluated primarily on the basis of how it helps to meet the credit and community development needs of its local community, or assessment area(s). The CRA regulations and the Interagency Questions and Answers Regarding Community Reinvestment (Q&As),<sup>4</sup> which describe how the Agencies implement CRA, recognize that a bank may be able to meet community development needs of its assessment area(s) through activities that benefit a broader statewide or regional area that includes the bank's assessment areas(s), even when the benefit to the assessment area(s) is not direct or immediate. Moreover, if an institution has been responsive to the needs of its assessment area(s), then it will receive consideration for a community development activity in the broader statewide or regional area that includes the bank's assessment area(s) regardless of

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<sup>1</sup> [U.S. Virgin Islands Hurricane Maria \(DR 4340\)](#) and [Puerto Rico Hurricane Maria \(DR 4339\)](#), respectively.

<sup>2</sup> 12 CFR 25.12 (OCC specific to national banks); 12 CFR 195.12 (OCC and FDIC specific to savings associations); 12 CFR 228.12 (FRB specific to state member banks); 12 CFR 345.12 (FDIC specific to state nonmember banks).

<sup>3</sup> 12 CFR 25.12(g)(4)(ii); 12 CFR 195.12(g)(4)(ii); 12 CFR 228.12(g)(4)(ii); 12 CFR 345.12(g)(4)(ii).

<sup>4</sup> [81 FR 48506 \(July 25, 2016\)](#).

whether the activity benefits the assessment area.<sup>5</sup> A “regional area” may be an intrastate or multistate area that includes the financial institution’s assessment area(s) that typically has some geographic, demographic, or economic interdependencies.<sup>6</sup> Under these rules and interpretations, a financial institution will receive consideration for activities that help to revitalize or stabilize a designated disaster area that includes one or more of the bank’s delineated assessment areas.

In the limited and specific case of Hurricane Maria, the Hurricane caused widespread devastation in areas that are not connected to the mainland but have had economic impact and other effects that may extend to other parts of the nation. Therefore, the Agencies have determined that it is appropriate to give favorable consideration to community development activities that help to revitalize or stabilize these disaster areas by financial institutions located anywhere in the nation, provided that they have been responsive to the community development needs and opportunities of their own assessment area(s). Such activities may include assistance to people displaced by the Hurricane, including evacuees relocated to other states.

Consideration for activities that assist the disaster areas or affected individuals will be given regardless of the median income of the census tract or the personal income of the individual. However, the Agencies may give greater weight to activities that are most responsive to community needs, including the needs of low- and-moderate-income areas and individuals.<sup>7</sup>

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<sup>5</sup> Q&A § \_\_.12(h)-6, 81 FR 48529 (July 25, 2016).

<sup>6</sup> Q&A § \_\_.12(h)-7, 81 FR 48430 (July 25, 2016).

<sup>7</sup> Q&A § \_\_.12(g)(4)(ii) 2, 81 FR 48427 (July 25, 2016).