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## Northern California Counties Declared Major Disaster Areas – Potential for CRA CD Credit

On October 10, 2017, President Trump declared the following California counties as major disaster areas as a result of wildfires in these counties:

- Butte
- Lake
- Mendocino
- Napa
- Nevada
- Sonoma
- Yuba

On the same day, FEMA posted a major disaster declaration of the California wildfires on its website, [www.fema.gov/disaster/4344](http://www.fema.gov/disaster/4344).

As a result of the declaration, financial institution may have the opportunity to receive positive consideration under the Community Reinvestment Act (CRA) for loans, investments and services that serve to revitalize or stabilize these designated disaster areas. The commentary to the definition of community development under the CRA regulations provides that an activity will be considered to revitalize or stabilize a designated disaster area if it helps to retain existing businesses or residents or attracts new businesses or residents and is consistent with a recovery plan in the designated disaster area. \_\_\_12(g)(4)(ii)-4. For example, loans to small businesses that have suffered disaster-related cash flow problems or that need funds for rebuilding facilities or for working capital to recover from the adverse impact of the wildfires would qualify as an activity that would stabilize the designated disaster area. Another example might be allowing existing small business borrowers to defer payments on their loans for a specified time period, say for 90 days.

Examiners are to consider community development activities that revitalize or stabilize designated disaster areas that occur inside an institution's assessment area or a statewide or regional area that includes the institution's assessment area. However, even if a designated disaster area is not within an institution's assessment area, the institution could still get credit so long as it has been responsive to the community development needs and opportunities of its own assessment area (or areas). Note also that examiners will consider activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the date of designation, so until at least October 10, 2018. The agencies have at times in the past extended the 36-month limitation to support the recovery of designated disaster areas.

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