

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

March 13, 2006

**BANKING SUPERVISION AND REGULATION:
FINAL COMMUNITY REINVESTMENT
GUIDANCE**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Banking Agencies Issue Final Community Reinvestment Guidance (OP-1240)

The federal banking agencies announced final guidance implementing the recent changes to their Community Reinvestment Act (CRA) regulations. The guidance clarifies, among other things, the availability of CRA consideration for bank activities that revitalize or stabilize designated disaster areas.

The guidance indicates that a bank's loans, investments, and services in support of disaster recovery that help to attract new, or retain existing, businesses or residents to a designated disaster area will receive CRA "community development" consideration for a 36-month period following designation of the area. The guidance allows for extensions of this period in unusual cases, and the agencies plan to substantially extend the time periods in the Gulf Coast areas hit by hurricanes Rita and Katrina.

The guidance also addresses the availability of CRA "community development" consideration for bank activities that revitalize or stabilize underserved or distressed middle-income rural areas. The other major issue it addresses is implementation of the new community development test for banks with assets between \$250 million and \$1 billion.

The guidance, which takes the form of questions and answers, was proposed for public comment on November 10, 2005. Some of the questions and answers have been revised from the proposal to reflect suggestions from commenters.

The guidance is being issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. The guidance implements changes to the agencies' CRA regulations that took effect on September 1, 2005. The guidance is effective on March 10, 2006. The Federal Register notice is attached.

CRA directs the agencies to assess an insured depository institution's record of meeting the credit needs of its entire community, and to consider that record when acting on certain applications for branches, office relocations, mergers, consolidations and other corporate activities.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the final guidance, please contact our Banking Supervision and Regulation Department at 415) 974-3028.

FEDERAL RESERVE BANK OF SAN FRANCISCO

[Attachment: Docket OP-1240](#)