

CRA: An Examiner's Perspective – FAQs on COVID-19 and the Community Reinvestment Act

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By **Douglas Yarwood**

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This article is part of a series on best practices from an examiner's perspective. Although this column focuses on CRA best practices for financial institutions, the content may provide insights for community development organizations working with financial institutions in meeting credit and community development needs. As a disclaimer, this series is meant only to represent best practices; financial institutions should consider the information presented in context of the requirements or guidance of their primary regulators and the business needs of their financial institutions.



In late May, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation jointly issued [CRA Consideration for Activities in Response to the Coronavirus Frequently Asked Questions \(FAQs\)](#).

A highlight and summary from the FAQ responses are below.

The time period in which activities related to COVID-19 will be considered.

The agencies believe that a time period of six months after any particular disaster declaration is lifted is an appropriate time period for consideration of such activities.

The basis for the agencies' decision to consider Public Assistance Category B activities related to COVID-19.

The COVID-19 national emergency raises unique needs that differ from those typically undertaken in response to natural disasters or other emergencies. The Federal Emergency Management Agency (FEMA) has issued major disaster declarations that include assistance for emergency protective measures falling into category B assistance. This category is not normally considered designated disaster areas under CRA because of the temporary nature of the activities covered under this category. However, due to the circumstances of this national pandemic, there is special consideration for activities that revitalize or stabilize these areas by protecting public health and safety.

Revitalization and stabilization activities that protect public health and safety in response to COVID-19, particularly for low- or moderate-income individuals, low- or moderate-income geographies, or distressed or underserved middle-income geographies.

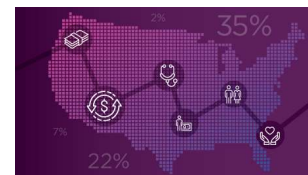
Examples of qualified activities include loans, investments or community development services that support:

- Emergency medical care;
- Purchase and distribution of personal protective equipment;
- Provision of emergency food supplies; or,
- Assistance to state, tribal, territorial, or local governments for emergency management and to support communications of general health and safety information to the public.



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COVID-19 activities benefiting a bank’s designated assessment areas and beyond.

Banks that are responsive to community development needs and opportunities in their assessment areas will receive favorable consideration for community development activities located in a broader statewide or regional area that includes the banks’ CRA assessment area. If these banks also assist in broader statewide and regional areas, they may also receive credit for those extended areas.

Consideration of Paycheck Protection Program (PPP) and Main Street Lending Program loans under the lending and community development tests.

In regard to PPP loans and the Main Street Lending Program loans, amounts greater than \$1 million may be considered as community development loans if they also have a primary purpose of community development as defined under the CRA.

Affordable housing activities, including single-family and multifamily rental housing, for low- or moderate-income individuals—especially activities promoting housing stability for low- or moderate income renters experiencing financial hardship due to COVID-19.

Community development under CRA includes activities for all of the above. These activities include loan forbearance, reduced payments, loan modifications, or relief to and suspend evictions for low- or moderate-income renters, restructuring debt for residential rental property owners who in turn agree to offer rent.

Retail and community services (particularly those responsive to the needs of low- or moderate-income individuals due to COVID-19).

The agencies encourage banks to work with affected individuals and communities; some of the services include cashing federal government stimulus checks at no cost to non-customers or waiving late fees and customer overdraft charges.

In a much broader sense, through 13 questions and responses, the FAQs address the above topics that expand upon information in the [Joint Statement](#) issued this March.

While COVID-19 is a national pandemic, it has affected communities to varying degrees based on their unique infrastructure and economies. This guidance is an important reference for banks and community development organizations working together to assist communities throughout the crisis.


ABOUT THE AUTHOR



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