

Press Releases

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OTS 04-33 - OTS to Propose Additional CRA Measures to Assist Natural Disaster Areas and Underserved Rural Communities

Office of Thrift Supervision

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OTS To Propose Additional CRA Measures To Assist Natural Disaster Areas And Underserved Rural Communities

WASHINGTON -- The Office of Thrift Supervision (OTS) announced today its intent to issue a request for comment on a proposal to modify the definition of "community development" in its Community Reinvestment Act (CRA) regulations to assist areas affected by natural disasters and to encourage lending, investments and services in underserved rural communities.

OTS will seek comment on modifying the definition of "community development" in order to encourage thrifts to participate in activities to revitalize and stabilize areas affected by natural disasters or other major community or regional disruptions. The recent devastation in Florida from Hurricane Charley underscores the importance of encouraging institutions to assist in community rebuilding efforts after a natural disaster or other major disruption. As highlighted in OTS News Release OTS 04-33 in the aftermath of Hurricane Charley, OTS policy takes into account a thrift's disaster relief efforts -- including economic stabilization and revitalization activities -- when evaluating the institution's CRA performance. OTS's proposal would formalize this policy in the agency's CRA regulations.

The proposal also seeks comment on a similar change to promote thrifts' community development lending, investments and services in currently underserved non-metropolitan areas, with a particular focus on balancing these activities to include efforts in rural areas. Competition for scarce CRA loans and investments in metropolitan areas not only disadvantages small institutions that cannot compete for quality CRA loans and investments, but also results in a predominantly urban CRA focus that the law was never intended to produce. Expanding the definition of "community development" would encourage thrifts to focus CRA activities beyond traditionally served metropolitan markets and thereby promote the extension of community development activities -- by large and small thrifts -- to revitalize and stabilize currently underserved and overlooked rural communities.

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of

other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at www.ots.treas.gov.