

### Regulatory Background

The agencies' CRA regulations (12 C.F.R. 25.12(g), 195.12(g), 228.12(g), and 345.12(g)) provide that *inter alia*:

(g) Community development means:

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(4) Activities that revitalize or stabilize -

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(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board [of Governors of the Federal Reserve System], Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on -

(A) Rates of poverty, unemployment, and population loss; or

(B) Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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Additional background information regarding the criteria that the agencies employ to identify and designate these geographies is provided in the agencies' Interagency Questions and Answers Regarding Community Reinvestment (81 Fed. Reg. 48506, 48527-48528 (July 25, 2016)):

§ \_\_.12(g)(4)(iii) Activities That Revitalize or Stabilize Distressed or Underserved Nonmetropolitan Middle-Income Geographies

§ \_\_.12(g)(4)(iii)—1: *What criteria are used to identify distressed or underserved nonmetropolitan, middle-income geographies?*

A1. Eligible nonmetropolitan middle-income geographies are those designated by the Agencies as being in distress or that could have difficulty meeting essential community needs (underserved). A particular geography could be designated as both distressed and underserved. As defined in 12 CFR \_\_.12(k), a geography is a census tract delineated by the U.S. Bureau of the Census.

A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) An unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of five percent or more over the five-year period preceding the most recent census.

A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs. The Agencies will use as the basis for these designations the "urban influence codes," numbered "7," "10," "11," and "12," maintained by the Economic Research Service of the U.S. Department of Agriculture.

The Agencies publish data source information along with the list of eligible nonmetropolitan census tracts on the Federal Financial Institutions Examination Council (FFIEC) Web site (<http://www.ffiec.gov>).

§ \_\_.12(g)(4)(iii)—2: *How often will the Agencies update the list of designated distressed and underserved nonmetropolitan middle-income geographies?*

A2. The Agencies will review and update the list annually. The list is published on the FFIEC Web site (<http://www.ffiec.gov>).

To the extent that changes to the designated census tracts occur, the Agencies have determined to adopt a one-year "lag period." This lag period will be in effect for the 12 months immediately following the date when a census tract that was designated as distressed or underserved is removed from the designated list. Revitalization or stabilization activities undertaken during the lag period will receive consideration as community development activities if they would have been considered to have a primary purpose of community development if the census tract in which they were located were still designated as distressed or underserved.