

## Part 24 Investments Requiring Prior OCC Approval

Most national banks make Part 24 investments by notifying the OCC within 10 days after making the investments. The after-the-fact notice process provides national banks with the flexibility to take advantage of investment opportunities within short time frames. A bank must be "eligible" to use this process (*see* Section 24.2(e)) and its investments must comply with Part 24's public welfare and investment limit requirements (*see* Sections 24.3 and 24.4).

Part 24 requires the OCC to publish investments that are inappropriate for after-the-fact notice. To date, these include:

- When a bank's investment, plus prior Part 24 investments and outstanding liabilities, total an amount in excess of 5 percent of the bank's capital and surplus. For this kind of investment, prior OCC approval is required. (Well-capitalized banks may receive OCC approval to use the after-the-fact notice process for future Part 24 investments up to 10 percent of its capital and surplus, under appropriate conditions.<sup>1</sup>)
- A bank's investment that involves other real estate owned (OREO).
- Any investment by a bank that does not meet the definition of an "eligible" bank (Section 24.2(e)).

A bank may submit to the OCC a request for prior approval of such investments. A bank may not make an investment as a general partner under Part 24, because it would expose the bank to unlimited liability. However, under Part 24, a bank may invest in its CDC subsidiary that acts as a general partner in appropriate investment activities.

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<sup>1</sup> For a bank to receive OCC approval to use this procedure for Part 24 investments up to 10 percent of its capital and surplus, the bank must

1. Make this request in writing, along with a request for prior OCC approval of a Part 24 investment;
2. Complete and submit the CD-1 form, for each subsequent investment, within 10 days after it is made.