

Working Together for Sustainable Economic Recovery



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Message From Deputy Comptroller Barry Wides

Recent conditions underscore the need for coordinated efforts to ensure that the economic recovery and our country's future economic growth can be sustained. One important goal is to create a future that includes profitable private sector investment, fair access to credit and banking services, and vibrant community economic development partnerships.

In fiscal year (FY) 2011, the Office of the Comptroller of the Currency's (OCC) Community Affairs Department and our counterparts at other federal financial regulatory agencies worked to tackle these challenges and opportunities. Together, we engaged in a series of forums and roundtables around the country with policymakers, financial institutions, and community leaders on such topics as small business lending and community reinvestment.

As illustrated in the accompanying chart, Community Affairs staff undertook a variety of activities, including publishing resource materials and providing technical assistance to support our national banks and federal savings associations (collectively, banks) and their supervisory and examination teams.

At the national level, Community Affairs' Headquarters staff consulted with national banks making public welfare investments in 643 projects totaling more than \$6.5 billion (see page 19). Headquarters staff produced and released numerous publications on the OCC's Web and intranet sites and supported the Acting Comptroller of the Currency

and senior OCC staff members in preparing and delivering speeches, public comments, and testimony related to community reinvestment and financial reform.

Community Affairs participated in the interagency effort to review the Community Reinvestment Act (CRA). Public hearings on modernizing the CRA were held in the summer of 2010, and the agencies have since reviewed more than 1,000 comment letters from the public. In late 2010 and through 2011, an interagency working group met to discuss issues voiced by the public and develop ways to address concerns raised by community organizations and banks. Senior agency management reviewed the working group's proposals. The agencies continue to review the recommendations.

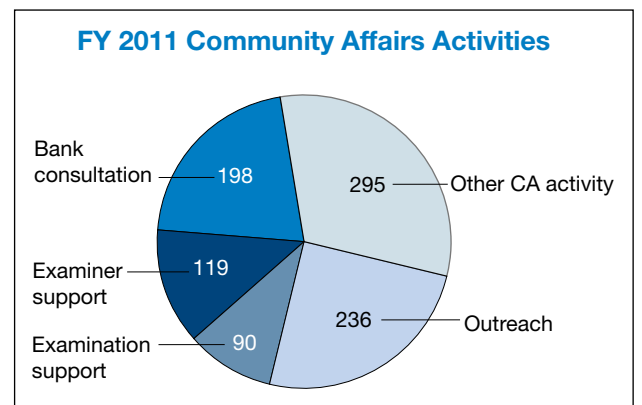
In coordination with Community Affairs' District Community Affairs Officers (DCAO) and OCC field staff, Headquarters staff ensured that all banks transitioning from small bank to intermediate small bank received special offers to help them prepare for their next CRA exams. Community Affairs' Headquarters staff and DCAOs also participated in meetings across the country focused on small business and Native American financing and credit needs and took part in foreclosure mitigation sessions held with lenders and troubled borrowers.

DCAOs conducted about 200 bank consultations, supported 120 bank



examinations, and organized 115 banker roundtables and professional meetings. District supervisory staff joined DCAOs at regional outreach meetings attended by community developers, advocates, and financial intermediaries.

Community Affairs welcomed five professionals from the Office of Thrift Supervision as part of that agency's integration with the OCC. A current roster of Community Affairs' district and Headquarters staff is on the back cover. We hope you find this *Year in Review* useful. For more information, visit www.occ.gov/communityaffairs. We look forward to hearing from you.



Note: Activities listed by number of instances that activity was provided. Other CA activity includes conferences/meetings, publications, research, projects, testimony/speeches.

Community Affairs Publications Help Banks Take the Lead in Community Development

Economic changes have had a significant impact on the country's banks and the products and services they provide to their communities. Community Affairs, a department within the OCC, supports the agency's mission by supporting bank efforts to provide community development financing and retail services to underserved areas and individuals.

Community Affairs uses a variety of methods to support community reinvestment by banks: industry outreach, field support, and print and electronic publications targeted to industry players and stakeholders. Community Affairs publications reach nearly 20,000 subscribers, including banks, state and local governments, community development organizations, trade associations, developers, and investors.

Community Affairs publications address policies and regulations related to affordable housing and economic development and highlight national and local efforts to expand credit markets and

stabilize communities. They cover such topics as federal tax credit programs; affordable housing; small business lending; rural economic development and housing; Native American banking; and the unbanked and underbanked.

Community Developments Fact Sheets offer short summaries of programs and products. *Community Developments Insights* offer more-detailed discussions of hot topics and best practices. In FY 2011, we completed five *Community Developments* newsletters and *Insights* reports covering these topics:

Small Business Jobs Act of 2010: This newsletter explores three main features of the act and describes the programs, provisions, and requirements.

Export loan guarantees: This report highlights two federal loan guarantee programs that help lenders and business borrowers finance the export of goods and services. The U.S. Small Business Administration's Export Working Capital Program and the Export-Import Bank of the United States' Working Capital Guarantee Program work in a complementary fashion to guarantee loans made by commercial lenders to qualified exporters.

Solar tax credits: This newsletter highlights the innovative investments that national banks have made in solar energy-producing facilities using their public welfare investment authority.

Charter school facilities: This



Community Affairs publications highlight bank efforts to expand credit markets and stabilize communities. The OCC's Web site includes most of these publications. Please visit <http://occ.gov/topics/community-affairs/publications/index-ca-publications.html#other>.

newsletter addresses federal, state, and local resources for financing charter school facilities and includes case studies of financing structures provided by banks.

Public welfare investments: This newsletter highlights community development investing in public welfare investments, compares the public welfare investment authority with the Community Reinvestment Act, and explains the public welfare investment submission process and documentation requirements.

On the OCC's Web site, at www.occ.gov/communityaffairs, we maintain more than two dozen *Fact Sheets* and *Resource Directories* as well as links to other publications. Our Web site also includes our bimonthly newsletter, *Financial Literacy Update*, which lists forthcoming events, initiatives, and resources offered by the OCC, other government agencies, and financial literacy providers.

FY 2011 Year in Review

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Community Affairs Officers Connect Banks and Examiners With Communities

Community Affairs provides direct support to national banks and OCC examiners. This support includes bank consultations and outreach on Community Reinvestment Act (CRA) and community development questions; facilitating examinations and community contacts; and providing examiners with information and services beyond the exam. Community Affairs reaches out to local communities through its publications, listening sessions, CRA training for nonbankers, and community development conferences and workshops.

Bank Consultations and Outreach

Consultations are a key service that Community Affairs' District Community Affairs Officers (DCAO) provide to banks. DCAOs frequently suggest ways for bankers to develop their CRA strategies, identify community partners, and use community development tools.

Consultations are offered after DCAOs receive requests from OCC Examiners-in-Charge, Portfolio Managers, and Assistant Deputy Comptrollers. Banks also initiate consultations by directly contacting their DCAOs or other OCC supervisory team members.

In particular, we offer to conduct consultations within one year of banks transitioning from small to intermediate small or from intermediate small to large bank CRA status. Once transitioning banks have been identified, DCAOs



District Community Affairs Officers Norma Polanco-Boyd (left) and Vonda Eanes confer before delivering a CRA training workshop.

work with OCC field offices to coordinate these consultations.

The offers to conduct consultations are tailored to the needs of each bank. These discussions are designed to help identify opportunities, strategies, and resources to support banks' CRA performance. The bank consultation process focuses on such areas as CRA-qualified lending, investment, service activities, identification of potential partnerships, and CRA exam preparation.

While helping lenders gain greater understanding of their CRA obligations, consultations also support institutions seeking to become leaders in serving their communities' needs. Institutions with strong CRA performance records have used these consultations to maintain their high CRA ratings and facilitate the CRA examination process.

DCAOs also arrange seminars, conferences, roundtables, and workshops to help bankers identify and pursue community development opportunities.

In 2011, Community Affairs held 38 banker roundtable discussions in 22 locations. The meetings were convened by the OCC and its federal bank regulatory partners, nonprofit organizations, and community financial institutions and were hosted by local and state banking groups. Topics included lending and the Small Business Jobs Act of 2010, growing economies in Indian Country, housing preservation, and reclaiming vacant properties.

Workshops for bank directors, CRA officers, and compliance risk managers were held across the country. These customized events focused on specific elements of the CRA, compliance regulations, and bank operations.

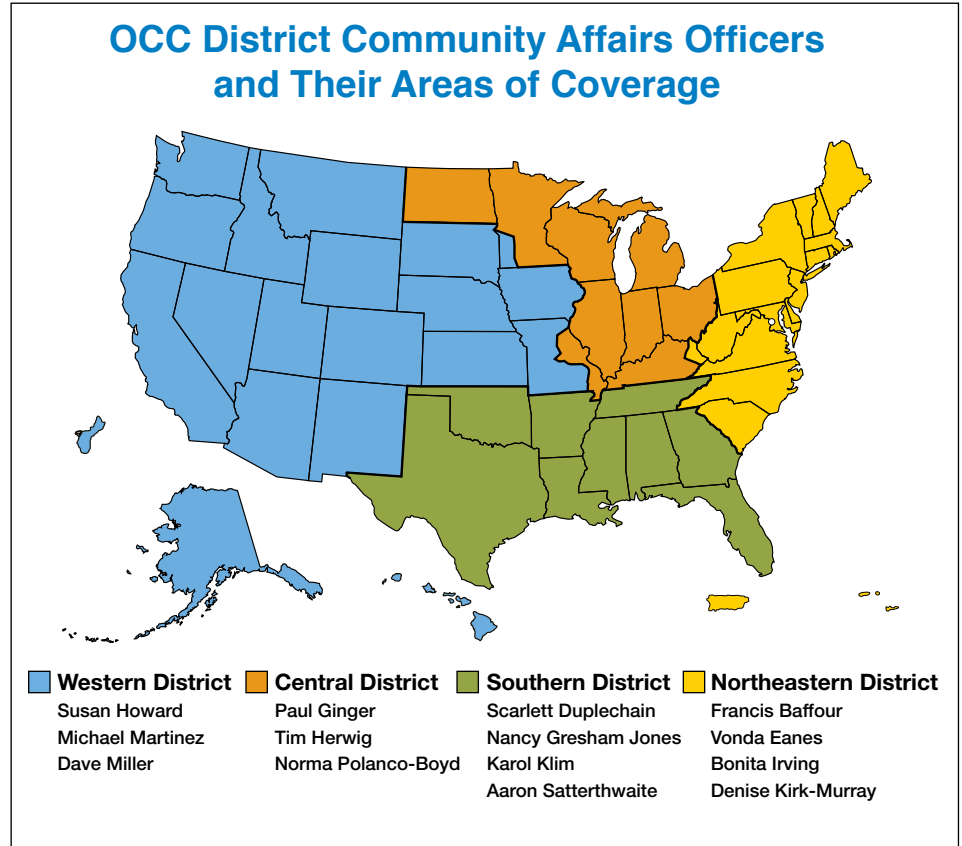
Examiner and Examination Support

DCAOs assist the OCC’s district and field offices in many ways, from examiner and examination support to updates on “CRA Hot Topics” to training and workshops. All DCAOs support the OCC’s bank supervision by helping in CRA and data integrity reviews; conducting community contact meetings and providing information on community development needs and opportunities; and offering insight and context to public evaluations.

One of our most recent initiatives provided a CRA refresher course for OCC bank examiners and new information for pre-commissioned examiners. The presentation covered both technical information on the exam process and community development information.

DCAOs—some of whom are OCC examiners—developed the presentation, which was vetted by OCC Compliance Policy and Compliance Lead Experts. Similar presentations are offered throughout the country.

DCAOs are often asked by the OCC’s field offices to help plan



and execute horizontal bank CRA reviews. Horizontal reviews help bank examiners understand how well their banks are performing under CRA and following requisite regulations. Simultaneous reviews of multiple banks using the same criteria and time frame have proven to be efficient ways to analyze and

communicate findings and best practices to field offices, examiners, and bankers.

Community Outreach

Most of Community Affairs’ national initiatives, from financial literacy to small business lending, extend to the community level through publications and conferences. DCAOs convene community listening sessions, schedule nonprofit developer tours, and participate in workshops targeted to local community needs and opportunities. These sessions cover such important topics as affordable housing preservation, tax credits and investments, and foreclosure prevention and mitigation. In 2011, Community Affairs offered a new course, “CRA for Nonbankers,” and rolled out a series of CRA listening sessions that built on regional outreach sessions held throughout the country.



At a workshop in Salt Lake City, Utah, Claudia O’Grady, Vice President of the Utah Housing Corporation, discusses the rewards of utilizing low-income housing tax credits.

Western District Snapshot



Community Bank Reaps Large Rewards After OCC Consultation

A consultation with a Western District Community Affairs Officer (DCAO) turned out to be worthwhile for a community bank in Kansas.

In the spring of 2011, DCAO Michael Martinez offered an on-site consultation on the Community Reinvestment Act (CRA) to that bank. He discussed opportunities under the Small Business Lending Fund (SBLF) Program, which is

part of the Small Business Jobs Act of 2010. The SBLF is a dedicated investment fund that encourages small-business lending by providing capital to qualified community banks and community development loan funds with assets of less than \$10 billion. The bank was awarded \$16.4 million under the program.

Through the SBLF, participating Main Street lenders and small businesses can work together to

create jobs and promote economic growth in local communities.

“That funding will be used along with existing bank resources to provide small business financing throughout the bank’s CRA service area,” said Martinez. “These funds should have a positive impact on the local economy, which has been experiencing slow but steady growth.”

Successful ‘CRA 101’ Workshops Organized for Community Development Leaders

On March 2, 2011, more than 60 representatives from community-based organizations, nonprofit groups, and local governments met in Fresno, Calif., for a daylong workshop teaching participants the basics of the Community Reinvestment Act (CRA). The workshop grew out of District Community Affairs Officers meetings with a community coalition from California’s Central Valley about the CRA and its impact on low- and moderate-income communities.

The coalition came together to provide training for member organizations as well as all local

organizations with an interest in the CRA. A Community Affairs team representing the OCC, the Federal Reserve Bank of San Francisco, and the Federal Deposit Insurance Corporation presented the training segments using materials from workshops offered to bankers and examiners.

The workshop covered four topics: “CRA Basics and the Exam Process”; “Performance Context and Defining Community Development”; “CRA Strategy”; and the “CRA Tool Kit.” Breakout groups worked on a case study, and participants had time to network and ask questions.

“The workshop’s goal was to educate community development leaders and equip them to work more successfully with financial institutions and their CRA investments, loans, and services,” said DCAO Susan Howard.

Because of strong response, the OCC held three additional workshops, in Las Vegas, Nev., Phoenix, Ariz., and Sacramento, Calif. Future sessions are planned for fiscal year 2012 and are available to all interested groups. Information about where these workshops will be held is on the OCC’s Community Affairs page at www.occ.gov/communityaffairs.

CRA Listening Sessions Focus on Community Development Challenges

Successful regional outreach during 2010 spurred District Community Affairs Officers to convene a new series of Community Reinvestment Act (CRA) listening sessions, with nonprofit and community-based organizations and local governments invited to discuss how national banks respond to local financial service needs.

The initial meeting held in Phoenix, Ariz., in February 2011 was sponsored by the OCC, the Federal Reserve Bank of San Francisco, and the Federal Deposit Insurance Corporation. The agencies held five more listening sessions in Arizona, California, Nevada, and Utah. Similar meetings were held in Massachusetts and Connecticut.

The sessions generated valuable information to be shared with bankers and examination staff as part of the CRA examination process. Affordable housing and economic development were among the topics.

Housing was the focus for sessions held in Phoenix, Tucson, Ariz., and Las Vegas, Nev., because of the heavy toll of the foreclosure crisis there. In Los Angeles, Calif., a similar discussion extended to small business credit issues and access to loans. The Salt Lake City, Utah, discussions brought up the need for resources to support community-based organizations and social service providers, and the session in Ventura County, Calif., focused on the challenges of generating community development investments and grants.

The information gathered at each session was shared with local bankers at debriefing sessions, usually held as part of the area's next CRA banker roundtable. The



Panelists discuss local economic development challenges at an outreach event held in San Francisco, Calif. From left, Albert Dixon, San Francisco Small Business Development Center; Jose Corona, Inner City Advisors; Carmen Herrera, El Pajaro Community Development Corporation; Emily Gasner, Working Solutions; Michael McPherson, Business Assistance Center; and Darlene Crane, Alliance for Community Development.

information also was shared with CRA examination staff at each of the financial regulatory agencies.

Positive responses from bankers and examination staff prompted additional sessions in Northern California and the Northwest, and there are plans to hold sessions in other areas of the country.

Horizontal Reviews Are a Hallmark of Good Collaboration

District Community Affairs Officers (DCAO) serve an important role: obtaining feedback from community development organizations and public agencies on how well banks are meeting community credit needs under the Community Reinvestment Act (CRA).

DCAO Michael Martinez participated in a CRA exam that involved a horizontal review of four

banks supervised by the Kansas City, Kan., field office. Martinez reached out to community contacts for each of the four community banks to help bank examiners understand how well these banks were following the intent and requirements of CRA regulations.

The contacts provided vital information on the individual needs of the communities these banks serve. The contacts also

discussed positive contributions and community relationships cultivated by the banks.

National Bank Examiner Kim Ford, an expert in horizontal review planning and execution, said, "It is becoming harder to identify contacts that are willing to discuss with us the credit needs and opportunities for community development. The DCAO has the expertise to make this a much more efficient process."

Southern District Snapshot



Alabama Gets Strategies to Boost Neighborhood Stabilization

District Community Affairs Officer Scarlett Duplechain offered strategies to stabilize neighborhoods at the National Community Reinvestment Coalition Regional Conference in Birmingham, Ala., in June 2011.

The statewide “Moving Alabama Forward” conference focused on using private investments and lending to support neighborhoods and small businesses. Participants heard about the strategies, tools, and resources that financial institutions use to increase investments in their communities.

A diverse group of community reinvestment and fair lending advocates attended the conference. On a panel moderated by Dory Rand, president of Chicago’s nonprofit Woodstock Institute,

Duplechain discussed common community stabilization needs and resources and the regulatory environment. She commented, “These sessions help regulators gain and share useful information with practitioners.”

Separately, during a town hall meeting, Duplechain highlighted the OCC’s efforts to communicate industry best practices through bank and community outreach sessions. She cited the Community Reinvestment Act (CRA) training for nonbankers at the U.S. Department of Housing



District Community Affairs Officer Scarlett Duplechain (right) reviews disaster recovery plans with FEMA representatives during a Bankers Roundtable in Birmingham, Ala.

and Urban Development’s statewide conference in Hattiesburg, Miss., adding, “Based on your interest, we will look into offering additional CRA training for nonbankers throughout the Southern District.”

Spearheading Change in Atlanta’s Affordable Housing Market

In June 2011, District Community Affairs Officer Karol Klim led a community event to highlight issues surrounding capital access and barriers to creating and maintaining affordable housing in Atlanta, Ga. Atlanta’s downtown has one of the highest foreclosure rates in the nation, and affordable homeownership and rental opportunities remain hampered.

The event was co-sponsored by the OCC and the other federal banking regulators and brought together more than 50 representatives from area banks, nonprofit organizations, regulatory agencies, and industry. Participants identified four major goals: increase access to capital, develop an Atlanta financial literacy and education strategy, use local media to increase awareness and influence public policy, and create

a concise resource for data and information on Atlanta’s affordable housing.

Before adjourning, participants signed up for one of four task teams. Each team agreed to take on actionable items to maintain the event’s momentum. The teams continue to work on plans to combat the tide of foreclosures and revitalize the Atlanta real estate market.

Florida's Small Businesses Receive Financial Advice

At an August 2011 forum, small businesses in Florida got a look at financial resources available to help them through the economic downturn and recovery.

The small business forum was sponsored by the OCC, the Federal Deposit Insurance Corporation, the Federal Reserve Bank of Atlanta, and the Gulf Coast Small Business Development Center. The forum provided an overview of the U.S. Small Business Administration (SBA) and its rural development programs and the small business resources available in Glades, Charlotte, Lee, Collier, and Hendry counties.

OCC economist Linda Hayes gave an overview of the national and state economic outlook. She said that the economic recovery would come slowly to Florida. Speakers discussed credit needs, the state of



District Community Affairs Officer Karol Klim (left) exchanges information with Zach Brewer (center), Coastal Securities, and Vincent Muratore (right), Zions Bank, at a small business forum in Fort Myers, Fla.

the local economy, and financial institutions that provide small business financing.

Participants said that while the local economy still lags, some positive

signs, such as residential sales, are emerging. This forum introduced a new topic, secondary markets for SBA loans, with presentations by a large national bank and a SBA 504 lender.

Community Affairs Builds Rapport With Intermediate Small Bank

For District Community Affairs Officer (DCAO) Scarlett Duplechain, one meeting with a community bank in Mississippi was the start of something big.

Duplechain first met with bank executives to discuss the bank's forthcoming Community Reinvestment Act (CRA) exam. She gave an overview of the OCC's CRA exam criteria for intermediate

small banks. In additional talks with the bank, Duplechain discussed tips for establishing a bank community development department and creating a small dollar loan program.

These meetings built rapport between the bank's community development staff and the OCC. "Scarlett has a wealth of community development knowledge and experience that is shared with our

bankers and examination staff," said Mike Burson, lead expert National Bank Examiner in the OCC's New Orleans, La., field office. "She has been particularly helpful to community banks in the process of transitioning from small bank to intermediate small bank CRA examination requirements."

Central District Snapshot



Chicago Tour Shows How Community Development Is Working

On February 9, 2011, Central District staff joined a tour of Chicago to see how community development is changing neighborhoods. Neighborhood Housing Services of Chicago (NHSC), one of the city's preeminent affordable housing developers, took OCC staff members, bankers, foundation representatives, and local policy-makers on the tour to show how its programs strengthen neighborhoods through housing counseling, rehabilitation, and financing.

District Community Affairs Officers (DCAO) arranged for OCC field and Headquarters staff to meet separately with NHSC staff to discuss in detail the obstacles facing low- and moderate-income communities and how the NHSC and its partners are making a difference in these neighborhoods.

Since it began in 1975, NHSC has served more than 180,000 families. NHSC's Home Ownership Preservation Initiative has become a national model for public-private cooperation on foreclosure prevention and mitigation. Through that program, nearly 10,000 homeowners have received foreclosure counseling, preventing more than 2,300 families from losing their homes.

"We try to jump on every opportunity that can bring together our staff with accomplished community development groups like NHSC," said DCAO Paul Ginger. "Providing information and insights from consumer and community development organizations to National Bank Examiners and OCC senior management is a key part of what DCAOs do. It brings



Chicago is one of many cities where nonprofit organizations are working with lenders to revitalize distressed neighborhoods like this one.

diverse perspectives into the agency and gives us a chance to explain bank supervision to our external stakeholders."

CRA Training Engages OCC Bank Examiners in Louisville

District Community Affairs Officers (DCAO) enjoy the important role they play in OCC examiner training.

DCAOs Norma Polanco-Boyd of Cleveland, Ohio, and Vonda Eanes of Charlotte, N.C., led training on the Community Reinvestment Act (CRA) at the Louisville field office on August 4, 2011. Topics included

"Reviewing the Exam Process," "Understanding the Impact of Performance Context," "Importance of Identifying Community Credit Needs," and "OCC Tools and Resources."

OCC field office staff posed questions about CRA-eligible activities, data verification, and sample sizes. DCAOs engaged

staff in an assessment area exercise to review the type of information needed to ensure an effective exam. One participant said, "This training helped me understand why it is so important to understand the various parts of the exam process and how they fit together to produce a quality CRA review."

Seminars Introduce Community Bankers to Low-Income Housing Tax Credits

Central District Community Affairs Officers (DCAO) worked with the Office of Thrift Supervision and the Great Lakes Capital Fund, a nonprofit low-income housing tax credit (LIHTC) syndicator, to co-host three workshops introducing community bankers to the basics of LIHTCs. The Federal Home Loan Banks of Chicago and Indianapolis, the Illinois Bankers Association, and the Federal Reserve Bank of Chicago cosponsored the workshops.

“Workshops like these help community bankers enter the market responsibly, while meeting important public policy objectives and producing good returns for their banks,” said DCAO Paul Ginger.

About 50 bank and federal savings association executives attended the workshops in Hammond, Ind., and Oak Brook, Ill., and at the annual meeting of the Illinois Bankers Association. The workshops discussed how these tax credits

can support the development of affordable housing and earn the bank a return on its investment.

Central District DCAOs spoke about the Community Reinvestment Act and reminded bankers of the risks that must be managed when making these investments. Officials from the state housing finance agencies and affordable housing developers explained how the tax credit program is administered. An accountant discussed how and why bankers and others choose to make investments with the help of

this program, and Federal Home Loan Bank representatives showed how to pair the tax credits with their affordable housing programs.

CRA Training Engages Bankers



Sheila Steck (front left), OCC Central District Compliance Lead, and Norma Polanco-Boyd (front right), District Community Affairs Officer, join regulators from the FDIC and St. Louis Federal Reserve to deliver CRA training to 68 small and intermediate small bank CRA officers. The day-long workshop took place in St. Louis, Mo. Pictured, from left, are the FDIC’s Terry Lee; the OCC’s Steck; the St. Louis Federal Reserve’s Anthony Ricks, Yvonne Sparks, and Glenda Wilson; the FDIC’s Jean Osborn; and the OCC’s Polanco-Boyd.

Practical Advice Leads to CRA Improvements in St. Louis

District Community Affairs Officer (DCAO) Norma Polanco-Boyd learned that a bank in St. Louis, Mo., was having challenges meeting its Community Reinvestment Act (CRA) lending objectives. After conferring with the OCC supervisory team, Polanco-Boyd and the bank’s Examiner-in-Charge met with the bank to help assess its lending patterns.

Polanco-Boyd conferred with community groups in the St. Louis

area to hear their concerns and with the bank’s new CRA manager to discuss its proposed initiatives. Polanco-Boyd provided the bank with resources on potential community partners, best practices for serving the unbanked and underbanked markets, and advice on how to cultivate relationships with community groups before opening a new branch.

The bank has since hired new community outreach bankers, one of

whom has a background in nonprofit organizations and housing, and is ready to open its new branch in a very low-income neighborhood. The CRA manager noted, “The DCAO was responsive and eager to help us identify partners and think about ways in which our bank could leverage those relationships to truly reach the underserved market in our neighborhood.”

Northeastern District Snapshot



Community Affairs Helps Good Banks Get Even Better

District Community Affairs Officer Bonita Irving consulted one-on-one with a community bank in Vermont at the bank's request. Consistently rated "outstanding" in its Community Reinvestment Act (CRA) performance, the bank wanted to improve its internal processes for tracking and documenting its community development-related activities.

Irving reviewed with bank staff the definition of community development and discussed

strategies for documenting community development activities. The staff discussed how to identify the primary purpose of the activity, who benefits, and how the activity is responsive to identified community needs.

When asked why the bank sought help even with an outstanding CRA rating, a bank representative said, "Community banking is what we do. It is in our name and how we choose to do business. Banking is changing all the time, and we need to work to

earn our customer's loyalty every day. Community reinvestment helps us do that.

"We asked for a consultation with the OCC because no matter how well we are doing, we have to strive to do it better! The consultation provided our commercial lenders with detailed information about community development loans and how to recognize and pursue them. Training is never wasted time and will always help us improve."

New Training Focuses on Why Qualitative Factors Matter

Northeastern District field offices in Roanoke, Va., and Charlotte, N.C., launched a new training program for examiners that details Community Reinvestment Act (CRA) and community development activities undertaken by banks. The course was also offered in Atlanta, Ga., Louisville, Ky., and Dallas, Texas.

District Community Affairs Officers (DCAO) Vonda Eanes and Denise Kirk-Murray developed the program, "CRA and Community Development: The Role of Qualitative Factors," with Laura

Lewis, Northeastern District Compliance Lead Expert. The program gives an overview of the CRA, its exam process, and key technical requirements.

"This program is designed to help examiners understand why qualitative factors are important and how they impact the examination process," said Eanes. "In addition to technical details, the training also explores various types of community development opportunities operating in the marketplace."

Kirk-Murray added that the training can be used as a refresher course

for an experienced examiner or as additional training for new examiners joining the agency. "It is not intended to replace existing OCC CRA training programs," she explained. "In fact, we recommend during our training that participants review other CRA programs and sign up for courses they have not taken."

DCAOs frequently lead the two-hour CRA and Community Development program during regular field office meetings. The program will be offered in other field offices based on need.

Outreach Forums Bolster Small Business Lending

Small business lending is critical to the economic recovery of many communities. To increase bank participation in small business lending programs in the Northeastern District, the OCC partnered with the Federal Deposit Insurance Corporation, the U.S. Small Business Administration (SBA), the Office of Thrift Supervision, Small Business Development Centers, and state banking agencies to conduct three banker outreach forums in Newark, N.J., and Wilmington and Newark, Del.

The Interagency Small Business Lending Forum for Bankers was developed to help bankers become more familiar with programs that can mitigate lending risks during the current economic climate. Bankers, government officials, and leaders of nonprofit organizations attended the sessions.

The U.S. Department of the Treasury's Small Business

Loan Fund was introduced, and representatives from the SBA and Small Business Development Centers gave updates on new programs and enhancements. These incentives include reduced fees, higher loan limits, refinance options, and the creation of an intermediary lending pilot.

A panel featuring banking regulators gave attendees the chance to ask questions about small business lending. Many of the questions centered on how examiners treat small business loans in the bank examination process. The potential implications for bank Community Reinvestment Act ratings also were highlighted.



A Newark, N.J., lending forum helped commercial bankers and nonprofit organizations become more familiar with small business programs, regulations, and incentives. Participants included Maureen Tinen (center), UCEDC President, and Adam Farrah and Ellen McHenry, UCEDC staff. UCEDC is a statewide, nonprofit economic development corporation dedicated to assisting and financing small businesses and minority- and women-owned enterprises in New Jersey.

District Community Affairs Officer Denise Kirk-Murray said each session reflected the needs of the area in which the forum was held. "The bankers appreciated the opportunity to hear first-hand from the regulators," said Kirk-Murray. "This series was very well received and will continue in 2012 as additional locations are considered."

Tour Highlights Successful Affordable Housing Rehabilitation



Touring an affordable housing project in Takoma Park, Md., are, from left, Dorothy Broadman, Capital One Bank; Bonita Irving and Elsa De La Garza, OCC; and Holly Frampton, Capital One Bank.

District Community Affairs Officer Bonita Irving and Elsa De La Garza, an OCC National Bank Examiner, joined representatives from Capital One Bank to inspect an affordable housing project undergoing rehabilitation in Takoma Park, Md., an ethnically and economically diverse community outside Washington, D.C. Much of Takoma Park is easily accessible to work, schools, medical facilities, and commercial districts and is a highly sought-after community.

Like many high-demand communities, Takoma Park's increasing utility costs and rents challenge the city's plans to promote much-needed additional affordable housing projects that are

well-maintained, safe, and energy-efficient. "Lenders in communities like Takoma Park often work through local partnerships to take advantage of available incentives to rehabilitate rundown properties and create new affordable housing opportunities," says Irving.

"Projects like the one we visited often qualify for federal low-income housing tax credits and other financial incentives that make these projects financially feasible and sustainable. These types of housing projects may also receive positive CRA consideration, which is an added incentive to banks and thrifts."

Large and Midsized Banks

Collaboration and Communication Make the Difference in Large Bank Supervision

Community Affairs works closely with the OCC's large bank supervisory teams around the country, supporting large bank examination teams in their assessments of community needs and bank performance.

"We have built a strong working relationship that, in turn, will help our examination teams streamline the CRA (Community Reinvestment Act) evaluation process by having timely outreach information and community profiles," said Nanette Westrud, Large Bank Compliance Lead Expert.

Westrud and Community Affairs' Community Development Director Beth Castro worked with their OCC teams to select 37 metropolitan areas and devise a process for updating information about these areas on a regular basis. These areas are commonly serviced by most of the OCC's largest national banks and require frequent information updates.

As part of this process, District Community Affairs Officers (DCAO), aided by Headquarters staff, document and evaluate community credit needs and opportunities for banks to provide community development loans and services and qualified investments in these communities. According to Castro and Westrud,



OCC Assistant Deputy Comptroller and National Bank Examiner Sheila Van Ornum (center) joined Bob Entringer, North Dakota Department of Financial Institutions (not shown); Curtis Walz, Federal Reserve Bank of Minneapolis; and Dennis Dahl (right), Federal Deposit Insurance Corporation; on a panel of bank regulators as part of a small business workshop held in Bismarck, N.D.

needs assessments are reviewed and updated annually, providing examiners with the information they require to evaluate bank performance under CRA in light of changes over the CRA examination evaluation period.

At a team training meeting of Large Bank Compliance examiners, DCAO Vonda Eanes gave an overview of Community Affairs' role in providing examiner and examination support before and during CRA exams. In addition, Community Affairs supports bank supervision and the banks that the OCC supervises by producing publications on community development-related topics; educating bankers, communities, and examiners on CRA; and meeting with community organizations to address their

concerns and identify opportunities.

Eanes spoke with examiners about plans to work closely with former Office of Thrift Supervision staff to ensure a smooth transition into their new positions at the OCC, including cross-training on bank and thrift CRA regulations and requirements.

At that meeting, Community Affairs Lead Expert and Community Development Manager Karen Bellesi spoke about Community Affairs' oversight and management of bank public welfare investments. Bellesi explained how examiners and the public can access public welfare investment data for specific institutions on the Community Affairs Web site at www.occ.gov/communityaffairs and BankNet extranet at www.banknet.occ. More information about public welfare investments is on page 19.

Midsize and Credit Card Banks Get Help With CRA

Through its outreach efforts and customized consultations, Community Affairs helps many midsize and credit card banks with their CRA programs, saving time and enhancing the bank CRA exam process.

Each District Community Affairs Officer (DCAO) is assigned a number of midsize and credit card banks. Within each district, the OCC's midsize and special bank examination teams draw on the DCAO's CRA and community development expertise to reach out to these banks. DCAOs also respond to requests for assistance from banks.

Here are some of the ways that Community Affairs has helped:

- To prepare for an upcoming CRA exam, one federal savings association asked for guidance on documenting volunteer service activity related to its work in low-income schools. The federal savings association wanted to ensure that its activities were eligible for positive CRA consideration. The DCAO reviewed the institution's documentation of volunteer activities and discussed her findings with the Examiner-in-Charge.
- A change in a national bank's CRA personnel led the bank's new CRA officer to seek help locating community development investment opportunities. The officer believed that these



Bankers often participate in CRA roundtables and workshops like this one held in Atlanta, Ga.

opportunities were hard to find due to a lack of nonprofit capacity to manage projects. The bank officer had questions on alternative banking delivery methods. The DCAO provided the bank with the resources needed to answer the questions and help meet CRA objectives.

- At a recent CRA data integrity review, DCAOs were asked to review a report with more than 100 community development loans to determine CRA eligibility. The DCAOs identified loans that were questionable and made suggestions to the bank about the additional information needed to support the claim that these loans qualified for positive CRA consideration.
- An OCC examiner asked a DCAO to research community development investment opportunities for a bank chartered under the Competitive Equality Banking Act of 1987 (CEBA)

and whether there were any legal impediments to making such investments related to its CEBA charter. The DCAO worked with the OCC's legal team to answer those questions and provided information on potential tax credit investments.

“Assisting these institutions can really make a difference in their CRA performance,” said Daphne Whistler, the OCC's Midsize Bank Compliance Lead. “DCAOs serve as a valuable resource to our CRA examination teams. They regularly assist examiners with conducting community contacts, developing performance context information, selecting full-scope assessment areas, and conducting data integrity reviews. The expertise the DCAOs bring to the table contributes to a higher-quality, more-efficient CRA examination process.”

National Initiatives

Community Affairs Plays an Important Role in Financial Literacy

For many bankers, financial literacy efforts are important components of their Community Reinvestment Act strategies. Community Affairs staff members support financial literacy and education initiatives to highlight best practices and provide opportunities for banks to engage with customers. Financial literacy efforts can help unbanked and underbanked individuals enter the financial mainstream.

Community Affairs staff served on the Financial Literacy and Education Commission and took a lead role in developing the implementation strategy for the Commission's National Strategy on Financial Literacy 2011. Community Affairs staff also participate in the commission's Financial Access, Outreach and Communications, and Research working groups.

In 2011, the OCC published several Consumer Advisories, including "Avoiding 'Card Skimming' at ATMs and Other Money Machines" and "Gift Cards: OCC Provides Tips for Consumers." Community Affairs identified opportunities to update the OCC's HelpWithMyBank.gov Web site by incorporating new consumer protections. Community Affairs also participated in such outreach events as

- Earned Income Tax Credit Day, America and Military Saves Week, National Consumer Protection Week, and Protect Your Identity Week.



Karen Bellesi (left), OCC Community Development Manager, interacts with congressional staff at the 2011 Financial Literacy Day on Capitol Hill event.



OCC Community Development Specialist Denise Murray (left) distributes financial literacy information at the National Consumer Protection Week 2011 event held in the Rayburn House Office Building on Capitol Hill.

- Financial Literacy Month events, including Financial Literacy Day on Capitol Hill, the Society for Education and Professional Development's annual conference.
- financial education and money management workshops for OCC and Congressional Black Caucus summer interns.
- coordinating the OCC's volunteer participation in two Operation HOPE "Banking on Our Future" events in the Washington, D.C., area.
- conferences on financial literacy and education, such as financial access for the underbanked and financial abuse of elders.

Giving Small Businesses a CRA Boost

Recognizing the role that small businesses play in creating jobs and boosting the economy, Community Affairs partnered with the other federal banking agencies and the U.S. Small Business Administration (SBA), the Export-Import Bank of the United States (Ex-Im Bank), and the U.S. Department of Agriculture to highlight initiatives that support small-business lending and growth.

Community Affairs published two in-depth reports, “SBA’s and Export-Import Bank’s Working Capital Loan Guarantee Programs” and “Renewing Economic Growth: Small Business Jobs Act of 2010,” to spread knowledge of new and expanded programs and resources. Community Affairs staff held banker roundtables around the country to explain how banks can participate in these programs while receiving consideration for making qualified investments under the Community Reinvestment Act.

Information sessions in Alabama, California, Delaware, Florida, Mississippi, Missouri, Montana, New Jersey, North Dakota, South Dakota, Tennessee, and Wyoming attracted large numbers of bankers, small-business service providers, and government officials. Speakers provided updates on federal incentives and gave examples of how community-based partnerships with nonprofit organizations and lenders can help small businesses meet their credit and employment needs.

Community Affairs also conducted a nationwide teleseminar to acquaint banks with new funding opportunities in exporting and the changes in regulations that make it easier for lenders to participate in SBA and economic development programs. The new regulations and funding mean lower interest rates and fees for borrowers and reduced risks for lenders.

The teleseminar focused on the Ex-Im Bank’s Working Capital Guarantee Program and the SBA’s Export Working Capital Program. Community Affairs brought experts from the Ex-Im Bank and the SBA together with the chief executive officer of a community bank to provide listeners with information on how these programs operate.

“Our goal in all of these activities is to help lenders assist small businesses and manufacturers who want to expand their operations and hire new workers,” said Community Affairs’ Ted Wartell, Director of Community Affairs Policy. “These are the types of loans and investments that help bring the economic recovery to lower-income, distressed, and underserved communities. They provide safe and sound opportunities for community-oriented lenders to lend in economically challenged markets.”

Federal Agencies Sponsor Workshops for Economic Development in Indian Country

Six workshops focused on economic development in Indian Country, defined as all land within the borders of an Indian reservation. The federal bank regulatory agencies, the U.S. Department of the Treasury’s Community Development Financial Institutions Fund, the Office of Indian Energy and Economic Development in the U.S. Department of the Interior’s Bureau of Indian Affairs, and other federal agencies sponsored the workshops.

“Tribal leaders networked with agency representatives, bankers, and practitioners during each workshop to learn how to develop effective local and regional economic development strategies,” said Bill Reeves, Community Affairs’ Manager of Community Development Lending and one of the series organizers. “By forging connections, we helped Native American businesses and tribes access the programs they need to support their communities.”

Central District Community Affairs Officers Paul Ginger and Tim Herwig attended the workshop, which was held in Lac du Flambeau, Wis. “The workshop showcased resources available to support tribal economic development and addressed possible solutions to economic barriers in Wisconsin and Minnesota Indian Country,” said Herwig, who chaired a panel at the workshop. “It was very informative.”

Financing Solar Energy System Helps Banks and Low-and Moderate-Income Families

Banks can play a key role in financing solar energy systems, as illustrated in the 2011 Community Affairs publication on this topic. Solar panel installations can lower energy costs for low- and moderate-income families in affordable housing communities. In addition, jobs to install and maintain solar panels are created.

Using the public welfare investment authority, which allows either debt or equity contributions, banks have teamed up with companies that install solar energy facilities to participate in transactions that are eligible for the federal energy investment tax credit (ITC). The energy ITC offers a 30 percent tax credit to owners or long-term lessees for investments in qualified renewable energy equipment. Lower financing costs are possible for these transactions because they are structured to allow tax credit benefits to flow to the financial institution. In more sophisticated “twinned transactions,” the energy ITC is used in conjunction with the new markets tax credit to lower financing costs even further.

The properties that “host” the solar electricity generating panels benefit from substantially lower energy costs. Public welfare investments have been made for solar energy installations in affordable housing developments, schools, public utilities, and commercial properties.

Institutions that meet certain criteria do not need to request prior approval to make public welfare investments. Community Affairs, however, is frequently consulted

about a solar transaction beforehand, because the determination of whether a transaction qualifies as a public welfare investment is not always apparent.

Investing in a transaction to install solar energy in an affordable housing development is a straightforward way to meet the public welfare requirements.

Another way is to document the job-generating potential of the solar energy installation. Community Affairs has reviewed cases in which a national bank provided information detailing the number and types of jobs that would result from installing and maintaining a solar energy facility. Critical factors in these reviews are whether the jobs will be filled by low- and moderate-income individuals, as well as the location of the facilities in low- and moderate-income areas or redevelopment zones.

If the primary purpose of these investments meets the definition of community development, the investments can help meet Community Reinvestment Act (CRA) objectives. Loans and investments used to construct or rehabilitate affordable housing for low- or moderate-income individuals are qualified CRA activities. A construction or rehabilitation project might also include the installation of energy-efficient heating and cooling systems or other “green” components. The inclusion of the



Volunteers from the federal bank regulatory agencies helped landscape an affordable housing development in Washington, D.C., as part of NeighborWorks Week 2011 (see article on page 19).

“green” components in a project that meets the primary purpose of community development would not affect CRA consideration.

Financial institutions are critical partners in the nation’s effort to harness renewable energy and reduce dependence on carbon-based fuels. Participating in these transactions requires specialized knowledge of tax implications, the solar energy sector, and the OCC’s regulatory requirements. The potential financial or tax benefits and the opportunity to make energy more affordable and increase energy independence, however, may spur more financial institutions to boost their participation in the growing solar energy sector.

For more information on these programs, visit the OCC’s Community Affairs Web page at www.occ.gov/communityaffairs. You’ll find information on public welfare investments in solar energy facilities, including program requirements, the opportunities and risks that these programs present, and regulatory issues applicable to lenders.

Public Welfare Authority Investments Rise Nearly 20 Percent

National banks made the most of the OCC's public welfare investment authority in fiscal year 2011. Despite tough economic times, bank investments increased almost 20 percent over fiscal year 2010.

These investments totaled \$6.551 billion for 643 projects that provided affordable housing, residential and commercial real estate development, small-business finance, and reinvestment initiatives in government-designated development areas. Many of these investments used the following tax credits: federal new markets, low-income housing, historic, and solar energy.

The public welfare investment authority enables banks to minimize risk by structuring investments that make the most of public- and private-sector resources and expertise available within their service areas. Banks also may receive positive consideration for

their public welfare investments under the Community Reinvestment Act (CRA). All national banks, regardless of size, may use the public welfare investment authority if they meet certain regulatory criteria.

The OCC's public welfare investment program, under 12 CFR 24, requires that a bank's investment be designed primarily to promote the public welfare, by providing housing, services, or jobs. A national bank or its subsidiary may make an investment directly or indirectly

- if the investment primarily benefits low- and moderate-income individuals, low- and moderate-income areas, or other areas targeted by a governmental entity for redevelopment; or
- if the investment receives consideration as a "qualified investment" under 12 CFR 25.23 of the CRA.

Further, a bank's public welfare investment must not expose it to unlimited liability.

Federal savings associations have similar, but not the same, authority for making public welfare investments. The OCC will be developing regulations that include public welfare investments for federal savings associations. In the meantime, these institutions continue following the rules and procedures that were promulgated by the Office of Thrift Supervision.

More information on national bank public welfare investments, including the process banks use to submit their information to the OCC, can be found on the OCC's Public Welfare Investments (12 CFR 24) Resource Directory Web page at www.occ.gov/pwi, or by contacting a District Community Affairs Officer or the Community Affairs staff in Washington (see staff directory on the back cover).

Calling All Hands for Community Preservation

OCC volunteers joined other federal bank regulatory agencies in June 2011 to help landscape a 15-unit condominium project in northwest Washington, D.C. The effort was part of the annual NeighborWorks Week neighborhood revitalization campaign.

The event was organized with the help of Manna, a local affiliate of NeighborWorks and owner and developer of the condominium project. Manna is one of Washington's oldest and most successful nonprofit affordable housing developers.

NeighborWorks' mission is to create opportunities for people to live in affordable homes, improve their lives, and strengthen their communities. Congress founded NeighborWorks in the 1970s. Julie L. Williams, the OCC's First Senior Deputy Comptroller and Chief Counsel, is the NeighborWorks board's Vice Chair and Chair of the Audit Committee.

The OCC works with NeighborWorks' 235 local affiliates around the country, said Ted Wartell, Director of Community Affairs Policy. "These affiliates provide OCC

examiners with local community contacts who offer valuable information about bank performance and community contexts," he said. "NeighborWorks affiliates play an important role in keeping us all informed and connected with the communities we serve."

In addition to neighborhood revitalization, NeighborWorks runs the National Foreclosure Mitigation Counseling Program, including a national hotline for complaints.

Community Affairs at Your Fingertips



Front row, from left: Bonita Irving, Kris Rengert, Juanita Page, Beth Castro, Ted Wartell, Scarlett Duplechain, Letty Shapiro, Denise Kirk-Murray, Karen Bellesi, Norma Polanco-Boyd, Denise Murray, Paul Ginger, Tim Herwig, Michael Martinez. Back row, from left: Jason Bouleris, Barry Wides, David Black, Karol Klim, Aaron Satterthwaite, Lynn Bedard, Bill Reeves, Ammar Askari, Sharon Canavan, Vonda Eanes, Hershel Lipow, Norman Hatton, Francis Baffour, and Susan Howard.

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