



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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Comptroller Hawke Praises Community Development Lenders

WASHINGTON -- Comptroller of the Currency John D. Hawke, Jr. said today that community development organizations, through hard work and resourcefulness, have passed a critical turning point that ensures their future success in both good economic times and bad.

“Community development activities will continue to thrive even during difficult times as long as banks and their partners work together, pooling resources and expertise in an integrated and targeted approach to the business,” he said in a speech to the National Association of Affordable Housing Lenders.

The Comptroller said there has been a philosophical shift among banks active in community development lending. Today, he said, most see community development lending as good business, rather than a legal imperative.

“Banks have increasingly found that if they structure and manage community development loans and investments, it doesn’t take years before they start paying off,” he said. “As neighborhoods stabilize, property values rise, residents begin to accumulate wealth, and they return with their business to the banks that helped them succeed. When banks invest in their communities, they’re also investing in their own future success.”

Mr. Hawke said the OCC has learned a number of important lessons about community development lending:

- An integrated approach, in which lenders offer a menu of loans, investment and service products -- carefully targeting them to designated neighborhoods -- works best.
- Comprehensive community development requires comprehensive community effort, including the involvement of local governments, community organizations, charitable and religious groups, the business community and other interested parties.
- Creativity is vital. Many banks, for example, have begun working together to share costs and spread the risk of individual projects. A recent issue of the OCC’s Community Developments newsletter highlighted a low income housing tax credit transaction in the

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Bickerdike neighborhood of Chicago that included five sources of financing. The permanent mortgage taken on by the participating bank amounted to only 2.9 percent of the total project cost.

What's most important about these success stories, Mr. Hawke said, is that they are no longer isolated cases. "They're the expression of a trend full of promise for our needy communities," he said.

The Comptroller told the community development lenders that their work is vital. "Our communities are counting on your continued commitment to a cause so vital to their well-being - and yours," he said.

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The OCC charters, regulates and examines approximately 2,200 national banks and 56 federal branches of foreign banks in the U.S., accounting for more than 55 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.

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