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OCC Proposes Amendments to Community Development Regulation

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency (OCC) is proposing to amend its Community Development regulation (12 C.F.R. Part 24) to reduce regulatory burden and inconsistencies.

"The proposed changes encourage national banks and community groups to work together by allowing them the flexibility to determine how best to structure their own partnerships in support of community development," said Comptroller Eugene A. Ludwig.

The Community Development regulation was adopted in December 1993, and authorizes national banks to make investments "designed primarily to promote the public welfare, including the welfare of low and moderate income families and communities (such as through the provision of housing, services or jobs)." According to the OCC, national banks and their community partners have invested a combined total of \$2.155 billion in community development corporations (CDCs) and community development projects in the two years since the agency adopted Part 24.

The proposed revisions preserve Part 24's community development focus but would:

- Allow national banks greater flexibility to determine if investments promote the public welfare by modifying the current public welfare test;

- Retain the requirement that the investment primarily benefit low- and moderate-income persons and families or small businesses, but make it clear that this benefit can be provided in a variety of different ways;

- Simplify Part 24's self-certification and prior approval processes by eliminating a current five-day OCC review period for investment proposals that the OCC has previously approved for another bank;

- Eliminate the regulation's list of eligible investment structures to allow bank management flexibility to determine appropriate structures for its Part 24 investments;

- Simplify and clarify Part 24 by using definitions and terms that are common to other recently adopted or revised regulations and by reorganizing and renumbering the provisions of the regulation.

The OCC reviewed the provisions of Part 24 under its Regulation Review Program.

The proposed rule will be published in the Federal Register on [December 28, 1995,] and the public comment period is for 60 days following the date of publication. Comments should be sent to OCC Communications, 250 E Street S.W., Washington, DC 20219, or faxed to (202) 874-5274. Comments may also be sent by electronic mail to regs.comments@occ.treas.gov.

[Copies of regulations published in the Federal Register are available electronically through depository library gateways and directly from the Government Printing Office. To access the proposed part 24, go to http://www.access.gpo.gov/su_docs/aces/aces140.html and enter the query "12 CFR part 24". Be sure to use the quotes, and to speed the process you can indicate published after 12/24/95.]

Separately, the OCC has also adopted a final rule removing the provision from Part 24 that required national banks to reinvest the proceeds of their community development investments in activities that promote public welfare. Part 24 will continue to encourage banks to make investments that promote public welfare, but will not constrain banks' use of investment proceeds nor hamper banks' ability to ensure sound operations.

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The OCC charters, regulates and examines America's approximately 3,000 national banks and 70 federal branches and agencies of foreign banks in the U.S., accounting for more than half of the nation's banking assets. Its mission is to ensure the safety and soundness of the national banking system.

Related Link:
[\[12 CFR 24\]](#)