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Contact: Janis Smith (202) 874-5770
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OCC Proposal Will Encourage Continuing Public
Welfare Investments By National Banks

WASHINGTON, D.C. -- In a move to simplify its procedures and encourage public welfare investments by national banks, the Office of the Comptroller of the Currency (OCC) will publish in tomorrow's Federal Register a proposal to amend its regulations governing national bank investments designed primarily to promote the public welfare, 12 C.F.R. §24, or "Part 24."

Part 24 implements 12 U.S.C. 24 (Eleventh), which authorizes national banks to make investments designed primarily to promote public welfare, including the welfare of low- and moderate-income communities and families. Eligible investments include investment in community development corporations (CDCs), community development (CD) projects, investments in national banks with a community development focus, and certain investments in low- and moderate-income housing and small businesses located in low- and moderate-income areas. The OCC is proposing to:

simplify the prior notice and self-certification requirements that currently apply to national banks' public welfare investments; expand the scope of investments that a national bank may self-certify by removing geographic restrictions; and permit eligible national banks with assets of fewer than \$250 million to self-certify any public welfare investment, not only those investments specified in the rule.

"The proposed changes will encourage continued national bank investments in community development activities, while maintaining the safety and soundness of the bank," said Jeanne Engel, the OCC's Deputy Comptroller for Community Affairs. "They also contribute to the agency's overall goal of reducing unnecessary regulatory burden."

Between 1965 and 1998, national banks and their community development partners

invested \$8.2 billion in OCC-approved community development projects, with 88 percent of the investments being made in the last five years.

"National bank investments are vital to the success of community-based efforts to develop affordable housing, foster revitalization or stabilization of low- and moderate-income areas, provide equity or debt financing for small businesses and produce or retain permanent jobs for low- and moderate-income individuals," added Engel.

The OCC is also seeking public comment on whether to modify the methods banks use to demonstrate community support or participation currently prescribed by Part 24, whether the agency could further simplify or streamline any other procedures and standards contained in the regulation, and the impact of this proposal on community banks.

Comments are due by August 10, 1999, and should be submitted to:

Communications

Division, Office of the Comptroller of the Currency, 250 E Street S.W., Washington,

D.C. 20219. They also may be sent by facsimile to (202) 874-5274, or by electronic mail

to REGS.COMMENTS@occ.treas.gov.

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The OCC charters, regulates and examines approximately 2,500 national banks and 61 federal branches and agencies of foreign banks in the United States, accounting for more than 59 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.

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