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OCC Adopts Final Changes to Public Welfare  
Investment Rule

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency (OCC) today announced the adoption of a final rule amending 12 C.F.R. Part 24, the agency's regulation governing national bank investments designed primarily to promote the public welfare. The new rule, which was published in yesterday's Federal Register, takes effect on January 19, 2000.

"The changes we've adopted will encourage continued national bank investments in community development activities because they reduce unnecessary regulatory burden to banks, while potentially expanding their investment options," said Jeanne Engel, the OCC's Deputy Comptroller for Community Affairs.

"In addition, these changes make the rule more consistent with regulations that apply to state chartered banks," Engel added.

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 changes adopted by the OCC include:

Expanding the scope of public welfare investments activities which national banks may self-certify;

Recategorizing the list of investments eligible for self-certification as examples of qualifying public welfare investments;

Removing the geographic benefit information requirement in self-certification letters and investment proposals;

Removing the geographic restrictions for self-certified investments so that national banks can

use the self-certification process to make eligible public welfare investments in any area;

Adding the receipt of Federal low-income housing tax credits by the project in which the investment is made as an additional item on the regulation's list of ways that a national bank may demonstrate community support or participation for its public welfare;

Eliminating the requirement that a bank demonstrate that it is not reasonably practicable to obtain other private market financing in order to qualify as a public welfare investment;

Revising the former list of investments eligible for self-certification, which now provides examples of permissible public welfare investments, to: (1) provide that projects receiving low-income housing tax credits need not include non-profit participation, and (2) include investments in community development financial institutions, as defined in 12 U.S.C. § 4702(5); and,

Clarifying that if a national bank wants to make loans or investments designed to promote the public welfare that are authorized under provisions of the banking laws other than paragraph 11 of section 24, it may do so without regard to the provisions Part 24.

Between 1965 and the present, national banks and their community development partners invested \$9.9 billion in OCC-approved community development projects, with almost half of the investments being made since Jan. 1, 1993.

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The OCC charters, regulates and examines approximately 2,400 national banks and 59 federal branches and agencies of foreign banks in the United States, accounting for 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.