



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2000-75

FOR IMMEDIATE RELEASE
September 22, 2000

Contact: Sam Eskenazi
(202) 874-5770

OCC Proposes Pilot Program Adjusting Certain Lending Limits For Many Community National Banks

WASHINGTON -- The Office of the Comptroller of the Currency announced today a proposal to implement a pilot program that would provide well-capitalized and well-managed national banks additional flexibility to make residential and small business loans.

The proposed rule would allow eligible national banks in states with higher lending limits than the national standard to extend loans in amounts up to an additional 10 percent of capital and surplus to a single borrower for qualified residential real estate or small business loans. The residential exception would apply to 1-4 family residential real estate loans secured by residential real estate. A \$10 million cap would also be placed on the total amount of additional lending that a bank could make under either of the new exceptions.

In addition, the total amount of loans made using these lending limit exceptions cannot exceed 100 percent of a bank's capital and surplus. Banks must apply to the OCC to obtain approval to use these exceptions. In order to qualify, a bank must be well capitalized and well managed and a majority of the bank's board must set the terms and conditions for the bank's use of these exceptions.

"This is an issue of fairness for community banks," said Comptroller of the Currency John D. Hawke, Jr. "At the same time, we are taking steps to assure that this new flexibility will be used in a safe and sound manner."

The OCC stated that if the proposal were adopted as a final rule, the agency would evaluate national banks' experience with the new exceptions over an initial three-year pilot period and then determine whether to retain, modify or rescind the exceptions.

Today's proposal is in response to comments received from the banking industry and others following a May 1999 OCC request for ideas on this subject. The proposed rule appeared in today's *Federal Register*. Comments are due November 21.

###

The OCC charters, regulates and examines approximately 2,400 national banks and 58 federal branches of foreign banks in the U.S., accounting for more than 57 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.

