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Remarks by

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Today, we've had the opportunity to see first-hand how Detroit's empowerment zone and its financial institutions are revitalizing this historic city and offering new opportunities for your citizens and communities. Everyone who calls Detroit home can be proud of the efforts that are underway in places like Parkside Homes and Virginia Park. It's been an absolute delight to talk to new urban homeowners and hear how excited they are to see their dream of homeownership become a reality ... to learn about the homeownership counseling services that the Church of the Messiah is making available ... and now to help open this renovated warehouse space for Detroit Discount Distributors, which is bringing jobs, excitement and -- I'm sure -- great food to the people of Detroit.

We saw on this tour both the possibilities and the challenges. Much work remains to be done, but we now know how it must be addressed. We must work together in strong public-private partnerships -- bankers, government, community groups, business owners, residents and community leaders -- to revitalize neighborhoods and make Detroit's renaissance real for all of its citizens. I know that the members of the zone's banking consortium have the same sense of pride a new homeowner feels. They have the thrill of accomplishment that comes when tough problems are tackled in partnership with others who share a common hope. It's a tribute to the members of this consortium -- Michigan National Bank, First Federal of Michigan, First of America, First Independence National Bank of Detroit, Comerica, the First Nationwide, and Standard Federal -- that of all designated empowerment zones, Detroit has the most active formal participation of private banks and thrift than any other designated empowerment zone. Your stellar consortium has made a \$1 billion commitment to lend in the Detroit empowerment zone over the next ten years. Your commitment means you are bringing \$100 million annually to this area -- an investment that will reap untold benefits for the 100,000 citizens who live here and the 9,000 businesses that serve them.

As Comptroller, I also have to say that I take pride in what the Office of the Comptroller of the Currency (OCC), its people and the national banks we supervise have been doing to lead in this important area. In the last three years, we have seen a dramatic increase in lending and investments by banks to low- and

moderate-income areas and areas designated by government for redevelopment. Here in Michigan, home purchase loans to minority households increased 125 percent from 1992 to 1995 -- more than double the rate for the market as a whole. The number of loans made in the state's low- and moderate-income census tracts also outpaced the rest of the market by a similar rate. These figures demonstrate the progress made in ensuring fair lending and eliminating discriminatory practices from credit decisions.

In addition, since 1993, national banks and their community partners have made over \$3 billion of investments in community development corporations and CD projects across the country. This money is geared primarily to providing housing, services and jobs for low and moderate income people and to provide equity and special debt for small businesses. And when we look to the future, we have seen a huge increase in loan commitments. For example, in the last three years the commitment has been \$100 billion. This figure represents 70 percent of all commitments made since the Community Reinvestment Act was enacted in 1979.

When I became Comptroller of the Currency in April of 1993, I set four priorities for the Office to pursue, one of which was to work closely with the industry and community leaders to ensure that all creditworthy Americans had fair and equal access to credit. Our work has taken many forms, from revising the Community Reinvestment Act rule to make it more effective and less burdensome, to improving the quality and quantity of our fair lending examinations, to hiring community development specialists -- assigned to each of our OCC district offices -- to work with the industry and community leaders to foster greater cooperation and results. Earlier this year, we hosted a conference in Washington to focus attention on the profitable business opportunities that community redevelopment represents for all of us. And as we prepare to cut the ribbon on this sparkling facility, I should also note that the new CRA's emphasis on small business lending -- along with its support of Small Business Administration programs -- encourages the type of investment we see here this morning and is an example of how sensible regulation can help stimulate community redevelopment in Detroit and throughout the United States.

Today, I'm pleased to announce another step we're taking to support banks and their communities. Today, we're making it easier for national banks to use their community development investment authority to help improve the quality of life in economically distressed neighborhoods. We have submitted for publication to the Federal Register our revised Community Development Investment regulation. Part 24, as the rule is called, is the OCC's regulation governing national banks' investments designated primarily to promote the public welfare. The revision to Part 24 will enhance banks' authority to make investments in the public welfare, promote partnerships between banks and the communities they serve and reduce burden on banks.

The cornerstone of Part 24 is the requirement that all investments made under this rule benefit low- and moderate-income individuals, low- and moderate-income areas, or areas that have

been designated for redevelopment by local, tribal, state or federal government. Part 24 expressly authorizes investments in Federal Enterprise Communities and Federal Empowerment Zones. By doing this, the OCC sends a strong signal to the over 2,800 banks we supervise that targeted redevelopment is good policy and good business.

We hope to see even more of the innovative approaches already being developed and put in place in empowerment zones and empowerment communities throughout the midwest and across the country. First National Bank of Chicago, for example, has a \$100,000 pilot program to provide downpayment grants of up to \$1500 to qualified homebuyers in their city's empowerment zone. This initiative -- part of the bank's \$240 million commitment to lend to consumers and businesses in the Chicago empowerment zone, will make it possible for between 75 and 100 families to buy a house. Along the shores of another Great Lake, eight banks in Cleveland are working with the Small Business Administration to promote small business lending in Cleveland's empowerment zone. Down the road from Cleveland, five banks in Akron have each offered \$1 million to promote the SBA's low-doc loan program and provide financing to over 90 businesses in that city's empowerment community this first year alone. And in Wilmington, Delaware's empowerment community, businesses located in that designated area or those companies that hire residents of the empowerment community can receive below-market rate loans made possible by a new tax-exempt bond financing program a local bank is underwriting. The revised Part 24 will give others greater incentive to follow these kind of leads.

While we've made Part 24 more flexible for banks, we've also retained a component that we believe is absolutely vital -- the requirement for community support for and participation in bank community development investments. The rule encourages a variety of community partnerships such as:

- Community representation on community development corporation boards of directors
- The establishment of community advisory boards for banks' community development activities
- The formation of formal business relationships with community-based organizations

I want to stress that Part 24 is not just another bureaucratic maze that we're requiring banks to negotiate or paperwork that produces eye-strain, headaches and frustration for all involved. No, the OCC listens when banks and community groups tell us they need simplified, streamlined rules. When published, the text of the rule will occupy less than three pages in the Federal Register.

In those three pages, we have provided banks two very clear options for dealing with our agency. The first option, available for most banks and most investments, is called "self-certification," which we've allowed for the

past two years, but are now expanding this concept even more. Self-certification eliminates the time-consuming application processes banks had previously confronted. The new streamlined process permits a bank to work closely -- and with flexibility -- with its community partners, making direct commitments to structure needed financing for affordable housing, small business loans, micro-enterprise lending and many other critical activities that are essential to underserved communities. The bank is required to simply notify us 10 days after making the investment, describing the investment and certifying that it complies with the requirements we've set forth.

The second option applies to banks and investments that are not eligible for self-certifications. Under this process, a bank need only submit to the OCC a letter -- much like the one used for self-certification -- prior to making an investment. Unless notified otherwise by the OCC within 30 days, the bank may proceed with the investment.

These simple regulatory options reflect my belief that banks and their community partners are in the best position to determine what approaches make best sense for the places in which they live, work and do business. We're going to make sure that Part 24 is part of the solution in communities like the ones we visited today.

I'm confident that the type of reinvestment and revitalization we saw today and celebrate with this ribbon-cutting will continue to make cities like Detroit better places to raise a family and realize the American Dream of continued achievement. You're achieving great things here in this empowerment zone -- here and throughout the metropolitan community. Your efforts, while never easy and never without struggle, are crucial to this city's and this country's future. And with each success -- with each new home, new business opened and new job created -- you are demonstrating that people who care and come together can make a profound difference.

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