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Remarks by

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More than a hundred years ago, the poet Robert Browning wrote that mankind's reach should exceed its grasp. That simple, eloquent thought captures an important aspect of America's greatness. The reach that exceeds our grasp challenges us to new heights. The determination to go beyond what seems possible fuels countless entrepreneurs and growing ventures. Our restless desire to continually create something new, something better makes our economy thrive and propels our nation and our society forward.

In short, it is that reach -- when combined with energy and opportunity -- that has caused so many American Dreams to become realities. This nation, its cities, its forms of government and commerce all stand as legacies to the fact that where hope, energy and opportunity reside, great things can be accomplished.

But as we all know, hope and opportunity are too often scarce resources in many American inner cities. We have all seen the forgotten neighborhoods. We all know that our alabaster cities are too often dimmed by human tears. Many of us have walked the abandoned streets of blighted communities. There is a tragedy about such places. A tragedy because we as a nation have allowed dreams to be denied and opportunities to be extinguished. No nation can prosper -- indeed no nation can be long secure -- when any citizen or any part of a community is effectively denied the real chance of a decent future. America -- built as it is on great dreams, great promise, and the greatness that come from reaching beyond its grasp -- cannot deny any one or any community the opportunity to create a decent life and a better future.

We must work together to change this and restore hope in these communities. Fortunately, the work of restoration has begun. There are, today, Americans and American institutions making the reach to create a more hopeful nation ... leaders who not only care, but who are prepared to act. These men and women have rolled up their sleeves and invested a great deal of sweat equity to provide their fellow citizens with a meaningful piece of the American dream.

We are here today with some of those leaders: John Bryant, the men and women of Operation Hope and the community and business leaders who share their vision. In my book, you are genuine American heroes -- local heroes -- for what you are doing to offer renewed hope, energy and opportunity for the city of Los Angeles.

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. I know there are those who feel that bureaucrats and bankers do not always do enough, and certainly, there is a lot more work for us to do. But I think it is useful to focus some attention on what has been accomplished since the first time I visited Los Angeles as a public servant.

In the last three years, we have seen a dramatic increase in lending and investments by banks to low- and moderate-income areas. I think the most dramatic evidence of the progress we've witnessed is found in the Home Mortgage Disclosure Act (HMDA) data. Between 1993 and 1994 alone, there was a 27 percent increase in conventional home purchase loans to low-income households nationwide. Loans to African-American families around the country rose 55 percent, and mortgages to Hispanic families jumped 42 percent during those years -- that's particularly striking at a time when the market as a whole was growing at about 18 percent. Most recent data show that this improvement continued through 1995 for African-American and Hispanic mortgage applicants.

The numbers for Los Angeles also speak volumes. Since 1992, \$20 billion of home purchase loans were made to minority families in the greater Los Angeles area. I'm proud to say that our national banks in this area contributed significantly to that success by increasing mortgage lending to Hispanic borrowers nearly 200 percent during that time period. Further, home

mortgage lending to area African-Americans -- by all financial institutions -- has increased 85 percent since 1992 -- nearly three times the rate of the market as a whole.

Moreover, it's important to note that in the last three years the annual rate of home mortgage lending to low-and moderate-income families in Los Angeles has more than doubled. Put another way, the increased rate of home mortgage lending to low- and moderate-income families in Los Angeles since 1993 has meant that there are 12,200 families in homes today throughout this city that would not have been without this increased level of bank activity.

In addition to improved HMDA results, national bank investments in community development corporations and CDC projects has quadrupled in less than four years. Here in California, national banks have contributed to and leveraged over \$1 billion in community development and public welfare investment since 1992. 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 CRA was enacted in 1997.

These are impressive, important numbers, and all of us who are concerned about the fate of our children and the future of our cities can take pride in the progress these statistics represent.

I applaud the commitment the banking industry has made to reach beyond its grasp to serve previously underserved communities and families.

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. Achieving that objective has required work on a number of fronts.

At President Clinton's direction, the OCC led a two-year effort to revise the Community Reinvestment Act (CRA) rule and shift the emphasis from process and paperwork to focusing more on bank performance. Through an open administrative process that included six public hearings across the country, including meetings here in Los Angeles, testimony from more than 300 witnesses and 7,000 comment letters from bankers and community groups, the goal

was achieved -- a new CRA regulation that is proving more effective in meeting community credit needs while significantly reducing burdens for banks.

Among the new directions taken by the reformed CRA is an increased focus on banking services as an adjunct to credit. The new CRA service test offers greater opportunities for banks -- directly or in partnership with community groups such as Operation Hope -- to provide broad-based community development services. For example, under today's CRA, banks receive service credit for activities such as lending executives to affordable housing organizations, offering school savings programs, making grants to foundations that teach at-risk youths entrepreneurial business skills, or providing technical expertise to nonprofit organizations devoted to health services. This is a tribute to the fact that keeping a community economically vibrant requires a variety of approaches.

In addition to our drive to revise CRA and make it a more comprehensive vehicle for community reinvestment, in April of 1993, the OCC shifted the focus of our fair lending examination procedures away from comparing loan files with bank lending policy to determining -- through comparative file analysis -- whether a bank's home loan application process produces similar outcomes for minority and non-minority applicants with similar qualifications. Since that change, we have conducted over 3,000 fair lending examinations. We have made 23 referrals and notifications to the Department of Justice and the Department of Housing and Urban Development of violations of fair lending laws. In the previous history of fair lending laws -- a quarter of a century -- the OCC had made but a single referral. And that referral was inspired, not because of an examination, but as the result of an advertisement.

While there may remain incidents like these that require our diligence, today, we see a changing picture. From a national perspective, bankers are making aggressive, progressive strides to expand their markets and serve their communities responsibly. And the OCC is working with them, because beyond our supervisory responsibilities, we have an important role to play as a resource by offering community development expertise and providing forums for discussion and information sharing.

To increase the OCC's support for the industry's community development initiatives, we now

have community development specialists in each of our district offices. These specialists serve as a resource for bankers and their community partners as they strive to implement profitable community development lending and investment programs. Our OCC staff has conducted over 200 specific outreach meetings across the country to seek ways the OCC can better serve community development and consumer groups, and I meet monthly with consumer, small business and community development professionals. Incidentally, I'll be leaving here in a few minutes to attend an OCC luncheon with community development specialists from throughout Southern California. And earlier this year, we hosted a conference in Washington that brought together bankers and community leaders from across the United States to talk about the profitable market opportunities community development lending represents.

In addition to face-to-face communications, the OCC is employing information technology to share knowledge and advance community development activity. We have brought more CRA material to the World Wide Web than any other agency or organization. I'd encourage you to visit our Web site at: www.occ.treas.gov. This link gives bankers and community development experts access to our latest legal interpretations relating to CRA, so they can get a clear sense of the unique, creative ways institutions are meeting their CRA obligations. Further, the Web site offers users the opportunity to download the latest CRA evaluations, allowing interested groups and individuals to search by institution or by state to see when banks in their community have been assessed and how well they performed.

That is what we're doing in Washington and throughout the OCC to improve the way we supervise banks and communicate with the banking industry and the public. But it is out here -- in the trenches and through yeoman efforts by business, local government and concerned citizens -- where the really exciting work is being done.

On our bus tour today, we've seen what greater cooperation at the local level can yield. What a difference a few years make! The buses that took us through the surrounding neighborhood passed by sights that I wouldn't have believed possible three short years ago when I last visited this area. From our bus windows in the fall of 1993 we saw scores of problems left in

the wake of rioting that opened wounds some thought could never be healed. It was a

sobering tour, and the challenges before this city and its leaders were obvious and unenviable.

The challenges were such that I would think that even an energetic optimist like John Bryant

had to have been asking himself, "Is there really any hope here?"

But hope was there ... hope that gave rise to solutions ... hope that attracted over a billion

dollars of corporate investment to an inner city that citizens and businesses were determined

to rebuild ... hope that brings the \$1 million dollars of Small Business Administration Loans

for minority-owned businesses, which we presented today. On this bus trip through South

Central, yes, we still felt the weight of all there is to be done, and, yes, we recognized that we

are by no means at the promised land. But we were also able to clap our hands and celebrate

the results of your shared commitment to South Central's future. Hope is indeed here today.

We should take the time to pat ourselves on the back and think about how far we've come in

community development. It's deserved. But we must not break our arms in the process.

Because we still have hard work to do, and we must now set our sights on the tasks ahead.

Today, it is clear to all of us who care about revitalization in places like South Central Los

Angeles that continued progress depends upon strong local partnerships and continuous

process improvement -- partnerships focusing on the nuts and bolts of mortgage lending and

community development.

I'm talking about the day-to-day attention to the fundamentals -- refining and perfecting, for

example, the process by which the banking industry underwrites loans and services the

obligation throughout the life of the loan . . . the process of managing properties and

providing families and businesses effective counseling . . . the process of strengthening

existing partnerships, adapting to changing realities, and embracing new cooperative

strategies. All of this is necessary to move the community development market fully into the

mainstream and help today's new customers establish relationships with their financial

services providers that can last a lifetime.

That is what makes this new banking center so exciting. It brings two of the concepts shaping

the future of financial services everywhere -- relationship banking and technology -- into the

inner city. The Operation Hope Banking Center can be a model for how to reach out to

underserved communities and put the benefits of technological advances within their grasp.

John Bryant, Operation Hope, and the dozens of financial institutions involved in this

undertaking are pioneers who share a strong commitment to ensure that access to financial

services is preserved in an era of banking industry consolidation and electronic commerce.

You've created a high-tech, one-stop shop for financial services, where men and women can

come to do everything from paying utility bills to receiving credit counseling, to exploring

entrepreneurial franchise opportunities.

A center like this demonstrates that the inner city need not be swept away by the currents of

change running through the financial services industry. Rather, these forces can provide

expanded opportunity and hope to those who already have relationships with banks as well as

to the thousands of unbanked individuals who are not currently served by the banking

industry. In recent years, we've devoted considerable energies to reaching out to banking's

underserved. The next frontier for all of us will be to find ways to reach the unserved -- those

who have no relationship with a financial institution, no way of building a solid credit history,

no place to cash a check without incurring an expense, no help in preparing for their future.

We can and must bring them into a banking system that is continually evolving and

increasingly capable of finding new ways to serve all of our citizens better. It is within our reach.

Doing that will be a challenge, of course. But we not only have the responsibility to do so, we

have a base to build on. We have shown that it is possible to dramatically increase financial

services business in low- and moderate-income areas. We have seen banks do this business --

not as a handout, a charity or an obligation -- but as a real profitmaking endeavor. We have

seen that dedication, energy and partnerships among dedicated citizens like John Bryant,

bankers and public servants do, indeed, make a difference. We have seen that there are

reasons to hope -- that we Americans will never stop reaching beyond our grasp.

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