



PART 24 QUICK REFERENCE GUIDE
National Bank Part 24 Community Development Investments
 12 USC 24 (Eleventh) and 12 CFR 24¹

Part 24 Requirements

Primarily Promote the Public Welfare	Investment Limits	Procedures
<ul style="list-style-type: none"> • Investment primarily benefits low- and moderate-persons (\leq 80% area median income) • Investment primarily benefits low- and moderate-areas (\leq 80% area median income) • Investment primarily benefits areas targeted for redevelopment by a government entity • Investment is a “qualified investment,” under 12 CFR 25.23, for purposes of the Community Reinvestment Act 	<ul style="list-style-type: none"> • After-the-fact notice is permitted for an eligible bank with total Part 24 investments of less than 5% of its capital and surplus. Prior OCC approval is required for a bank with aggregate Part 24 investments in excess of 5%, and up to 10%, of its capital and surplus. • A bank's aggregate Part 24 investments and aggregate commitments may not exceed 10% of its capital and surplus. • An investment must not expose a bank to unlimited liability. 	<ul style="list-style-type: none"> • After-the-fact notice of public welfare investments – An eligible bank may make an investment that meets the requirements for primarily promoting the public welfare and investment limits and notify the OCC within 10 working days after it makes the investment. • Investment requiring prior OCC approval – A bank not meeting the requirements for the after-the fact notification process may submit a proposal requesting OCC approval prior to making the public welfare investment. • CD-1 Form – National banks must submit the completed CD-1 Form for Processing National Bank Community Development (Part 24) Investments to provide an after-the-fact notice or to request prior approval of a public welfare investment to the Director, Community Development Division, Office of the Comptroller of the Currency, Washington, DC 20219. The CD-1 Form can be found at http://www.occ.treas.gov/cdd/CD-1.doc

For more information, please contact the OCC's Community Development Division at (202) 874-4930

¹ This guide reflects the revised final regulation on Community and Economic Development Entities, Community Development Projects, and other Public Welfare Investments under 12 CFR Part 24, which was published in the Federal Register on _____ 2003 and became effective on _____ 2003.

Application of the Part 24 Investment Authority

Examples of Part 24 Investments	Typical CEDE Structures	Examples of How Banks Invest in CEDE Structures
<p>CD investments must meet the requirements for primarily promoting the public welfare and investment limits. Activities undertaken by the community and economic development entity (CEDE) or CD project, in which the bank invests, must primarily benefit LMI persons, LMI areas, or other areas targeted for redevelopment by a government entity or would receive consideration under the Community Reinvestment Act (12 CFR 25.23) as a “qualified investment.” Investments meeting these standards can include those that provide:</p> <p>Affordable housing activities, including</p> <ul style="list-style-type: none"> • Finance, acquire, develop, rehabilitate, manage, sell, or rent affordable housing for LMI persons • Develop and operate an assisted living facility for the elderly • Develop and operate a special needs project, such as transition housing for the homeless • Qualify for federal low-income housing tax credits • Qualify for federal historic rehabilitation tax credits <p>Economic development and job creation investments, including</p> <ul style="list-style-type: none"> • Provide equity and loan financing for small businesses or small farms located in LMI or 	<ul style="list-style-type: none"> • Bank CDC subsidiary • Multibank or multi-investor CDC • Limited partnership • Limited liability company (LLC) • Community development financial institution (CDFI) • Community development entity (CDE) • CD loan fund or lending consortia • CD real estate investment trust (REIT) • CD focus bank • CD venture capital funds • Business development companies • National and regional real estate funds • CD closed-end mutual funds • Non-diversified, closed-end investment funds 	<ul style="list-style-type: none"> • Equity investments for the purchase of stock or membership shares • Equity investments for limited partner or member interests • Equity-equivalent or debt investments, such as loans or lines of credit²

² Lending activities that are expressly authorized under provisions of banking law other than 12 USC 24 (Eleventh) may be undertaken without regard to the provisions of 12 CFR 24.

<p>government-targeted areas</p> <ul style="list-style-type: none"> • Produce or retain permanent jobs for LMI persons • Develop and operate a commercial or industrial property located in a LMI or government-targeted area, or that is occupied by a small business that produces jobs for LMI persons • Develop and operate a business incubator located in a LMI or government-targeted area, or that is occupied by a small business that produces jobs for LMI persons • Form and operate an agricultural cooperative located in a LMI or government-targeted area, or that produces jobs for LMI persons <p>Investments in community and economic development entities</p> <ul style="list-style-type: none"> • Form a CD focus bank • Form a CDFI that is certified by the U.S. Dept. of Treasury CDFI Fund • Forms a CDE that is eligible to receive new markets tax credits <p>Other public welfare investments</p> <ul style="list-style-type: none"> • Provide credit counseling and job training for LMI persons • Provide technical assistance services for nonprofit CD organizations in LMI areas • Provide technical assistance services for small businesses or small farms located in LMI or government-targeted areas • Develop and operate a medical or mental health facility for LMI persons • Develop and operate a community service facility for LMI persons 		
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