

## § 24.3

## 12 CFR Ch. I (1–1–02 Edition)

(2) The balance of a bank's allowance for loan and lease losses not included in the bank's Tier 2 capital, for purposes of the calculation of risk-based capital under Appendix A to 12 CFR part 3, as reported in the bank's Consolidated Report of Condition and Income as filed under 12 U.S.C. 161.

(c) *Community development corporation (CDC)* means a corporation established by one or more insured financial institutions, or by insured financial institutions and other investors, to make one or more investments that meet the requirements of § 24.3.

(d) *Community development Project (CD Project)* means a project to make an investment that meets the requirements of § 24.3.

(e) *Eligible bank* means, for purposes of § 24.5, a national bank that:

- (1) Is well capitalized;
- (2) Has a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System;
- (3) Has a Community Reinvestment Act (CRA) rating of "Outstanding" or "Satisfactory"; and
- (4) Is not subject to a cease and desist order, consent order, formal written agreement, or Prompt Corrective Action directive (*see* 12 CFR part 6, subpart B) or, if subject to any such order, agreement or directive, is informed in writing by the OCC that the bank may be treated as an "eligible bank" for purposes of this part.

(f) *Low-income and moderate-income* have the same meanings as "low-income" and "moderate-income" in 12 CFR 25.12(n).

(g) *Significant risk to the deposit insurance fund* means a substantial probability that any Federal deposit insurance fund could suffer a loss.

(h) *Small business* means a business, including a minority-owned small business, that meets the qualifications for Small Business Administration Development Company or Small Business Investment Company loan programs in 13 CFR 121.301.

(i) *Well capitalized* has the same meaning as well capitalized in 12 CFR 6.4.

### § 24.3 Public welfare investments.

A national bank may make an investment under this part if:

(a) The investment primarily benefits low- and moderate-income individuals, low- and moderate-income areas, or other areas targeted for redevelopment by local, state, tribal or Federal government (including Federal enterprise communities and Federal empowerment zones) by providing or supporting one or more of the following activities:

- (1) Affordable housing, community services, or permanent jobs for low- and moderate-income individuals;
- (2) Equity or debt financing for small businesses;
- (3) Area revitalization or stabilization; or
- (4) Other activities, services, or facilities that primarily promote the public welfare;

(b) The bank demonstrates non-bank community support for or participation in the investment. Community support or participation may be demonstrated in a variety of ways, including:

- (1) In the case of an investment in a CD entity with a board of directors, representation on the board of directors by non-bank community representatives with expertise relevant to the proposed investment;
- (2) Establishment of an advisory board for the bank's community development activities that includes non-bank community representatives with expertise relevant to the proposed investment;
- (3) Formation of a formal business relationship with a community-based organization in connection with the proposed investment;
- (4) Contractual agreements with community partners to provide services in connection with the proposed investment;
- (5) Joint ventures with local small businesses in the proposed investment; and
- (6) Financing for the proposed investment from the public sector or community development organizations or the receipt of Federal low-income housing tax credits by the project in which the investment is made (directly or through a fund that invests in such projects).

[61 FR 49660, Sept. 23, 1996, as amended at 64 FR 70990, Dec. 20, 1999]