

**Remarks by**  
**Thomas J. Curry**  
**Comptroller of the Currency**  
**Before the**  
**National Association of Affordable Housing Lenders**  
**Policy and Practice Conference**  
**December 1, 2016**

Good morning. It's a pleasure to speak again at the National Association of Affordable Housing Lenders Conference about the importance of Community Reinvestment Act (CRA) performance and compliance and our work at the Office of the Comptroller of the Currency (OCC) to sharpen our focus on CRA supervision and compliance.

Since I last addressed this conference, you have had a big change at the top of your organization. I want to congratulate Buzz Roberts for becoming NAAHL's not-so-new President and CEO and recognize the great job he's doing addressing affordable housing policy in a substantive and thoughtful manner. At the OCC, we value this working relationship, which proves itself year after year.

I also want to acknowledge the efforts of several NAAHL members who provided articles and background for a recent OCC publication on small multifamily housing.<sup>1</sup> The OCC also appreciates the thoughtful feedback that your members have provided in recent years as the federal banking agencies worked to revise and update our CRA guidance.

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<sup>1</sup> See News Release 2015-71. "OCC Newsletter Focuses on Financing Small Multifamily Rental Properties." May 19, 2015 (<https://occ.gov/news-issuances/news-releases/2015/nr-occ-2015-71.html>).

CRA performance and compliance are critical aspects of the business of banking. Banks that integrate CRA performance and compliance into their core business operations and commit the dedicated leadership, staff, and resources necessary to produce strong performance in these areas are best positioned to succeed and grow over the long term.

As part of their obligations under the CRA, financial institutions have made meaningful investments in community development initiatives including affordable housing across the nation. In 2015, CRA community development lending totaled \$87 billion, up from nearly \$75 billion in 2014. Since 1995, Low Income Housing Tax Credit (LIHTC) investments alone have created over 2 million affordable housing units, averaging 107,000 units each year from 1995 through 2014. These numbers are more than mere statistics—they represent shelter for families who may otherwise not be able to afford decent housing on their own, and they are hard evidence of how financial institutions can foster affordable housing availability.

Your bank's performance related to CRA and fair lending is integral to its overall reputation and success, and your role within your organization can help your institution maintain a strong compliance culture.

CRA performance can affect your bank's ability to grow through merger or acquisition, which in turn can have a fundamental impact on your bank's business goals. The OCC considers CRA performance of both the acquiring bank and the target bank when evaluating corporate applications. And, when the OCC performs a convenience and needs analysis as part of the corporate application process, the OCC evaluates the banks' description of how the resulting financial institution will serve the community.

The impact of having an insufficient compliance program or subpar CRA performance can be *very* significant. For instance, the OCC recently downgraded a bank's CRA rating, and as

a consequence, the bank withdrew applications for two acquisitions, and postponed those acquisitions until late next year to have sufficient time to address shortfalls in its CRA program.

Also, the OCC recently placed conditions on the approval of several corporate filings after reviewing the applications, related information, and public comments. As one of the conditions, the OCC directed the applicants to submit CRA plans to address specific concerns. When a bank develops its CRA plan, the OCC expects the bank to seek public input and involve the communities they will serve to identify opportunities and address stakeholder concerns.

The OCC also expects these CRA plans to include an in-depth analysis of community credit needs and to reflect a thoughtful, measurable strategy for addressing those needs. In instances where the OCC has found initial plans insufficient, the OCC has directed the bank to revise its CRA plan before we would approve the corporate application. Conditions for approval of corporate applications, such as CRA plans, become enforceable requirements, and the OCC will be carefully evaluating how well banks meet the obligations set forth in their approved plans.

As someone who has spent more than three decades overseeing all sizes and types of financial institutions, I also know it's just as critical for regulators to dedicate resources to compliance and CRA as it is for financial institutions to do so. That's why in March, I announced the establishment of a new executive level function at the OCC committed entirely to this important aspect of our mission. The new department, named "Compliance and Community Affairs," is headed by Senior Deputy Comptroller Grovetta Gardineer—a familiar face to many of you.

Her new unit brings together policy, supervision, and outreach for consumer compliance, CRA, fair lending, Bank Secrecy Act, and anti-money laundering under one umbrella. The unit

has three divisions. Compliance Risk is responsible for developing policy, examination procedures, and training for examiners, and is led by Deputy Comptroller Donna Murphy. Compliance Supervision, led by Deputy Comptroller Beverly Cole, will apply OCC's integrated and risk-based approach to bank supervision and work closely with safety and soundness supervision to implement comprehensive strategies for compliance examinations. Community Affairs, led by Deputy Comptroller Barry Wides, supports banks' community development efforts, by highlighting opportunities, and providing outreach to bankers and community-focused organizations.

By restructuring our CRA and fair lending resources, we are making our priorities and policies clearer internally and externally. This more cohesive approach also facilitates our communication with stakeholders and makes coordinating with fellow regulators more efficient and effective.

One of the top priorities for Compliance and Community Affairs is to improve the OCC's CRA performance evaluation process. All three areas of CCA— Compliance Supervision, Compliance Risk, and Community Affairs—have important roles in this project. The combined CCA team has already made great strides in working through the agency's existing backlog of CRA performance evaluations, many of which had been delayed for far too long, and we expect to issue most of those older evaluations by the end of the year. And, CCA has already taken steps to update and modernize our CRA policies and procedures, in order to ensure that reviews going forward are completed and published in a more timely fashion.

The CCA team also is providing support to local examiners through training, risk analytics, examination tools, and quality assurance. For example, we worked hard with the other banking agencies to cohost a training webinar on November 1 to explain the changes in the

*Interagency Questions and Answers Regarding Community Reinvestment* issued in July.<sup>2</sup> More than 500 examiners participated in that training. And, just a few days ago, more than 3,000 industry, consumer, and community representatives participated in a webinar that provided additional information and answered questions from these important groups.

The OCC and other federal agencies recognize we have more work to do to implement the latest CRA guidance and address important remaining issues. We are reviewing examination procedures and practices to identify policy and process improvements. We are developing new exam tools to support more rigorous performance evaluations and promote more transparency in the written CRA performance evaluations. We are also working to develop more nuanced understanding of banks' performance within the context of their unique business operations. These improvements should help provide your bank with clear direction on how to meet its goals for performance under the CRA.

The changes that the OCC is making to improve our supervision of compliance and CRA, are intended to keep up with the rapid pace of change occurring in the financial world today. These changes are reshaping what financial products and services look like, how they are delivered to consumers, and who the financial services competitors are. Many of these changes are driven by technology developments that are reinventing how loans are made and bank account services are accessed.

These changes hold great promise for increasing financial inclusion, empowering families and businesses with greater control of their finances, and making bank operations safer and more efficient. To fulfil this promise, we must carefully consider the innovation occurring within national banks and federal savings associations and that simultaneously are occurring

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<sup>2</sup> See News Release 2016-82, "Agencies Release Final Revisions to *Interagency Questions and Answers Regarding Community Reinvestment*" July 15, 2016 (<https://occ.gov/news-issuances/news-releases/2016/nr-ia-2016-82.html>).

outside the banking system. Compliance plays a very important part in that process. At the OCC, we are working to ensure 21<sup>st</sup> century banks have 21<sup>st</sup> century supervision.

In closing, I want to thank Buzz again for having me here. Events like these are important opportunities to interact with one another and to interact with regulators outside of the “supervisory” experience. To that end, I know some of the OCC’s Compliance and Community Affairs staff are here. I hope you will take the chance to introduce yourselves or catch up with acquaintances you already have. I also want to thank you for the work you do promoting affordable housing—what a difference you make in people’s lives across the country. Now, I would be pleased to answer questions.