

Public Welfare Investment Filings on e-Corp

This fact sheet describes the processes for national banks to follow when submitting filings to the Community Affairs Department of the Office of the Comptroller of the Currency regarding their public welfare investments, using National BankNet and related application, “e-Corp – Public Welfare Investments.” Currently, these processes apply only to national banks.

Background

National banks may make public welfare investments that are designed primarily to promote the public welfare, as specified in 12 USC 24([Eleventh](#)) and its implementing regulation, [12 CFR 24](#). A bank’s investment under 12 CFR 24 must be designed primarily to promote the public welfare, such as by providing housing, services, or jobs.

Specifically, a national bank or national bank subsidiary may make an investment directly or indirectly if the investment primarily benefits low- and moderate-income (LMI) individuals, LMI areas, or other areas targeted by a governmental entity for redevelopment, or the investment would receive consideration as a “qualified investment” under 12 CFR 25.23 of the [Community Reinvestment Act](#).

The Regulation 12 CFR 24 allows national banks to make investments not otherwise expressly permitted under the National Bank Act. Banks

have used the public welfare investment authority to develop and own affordable housing and other commercial and industrial real estate developments, provide equity for small business start-ups and expansions, and revitalize or stabilize government-designated development areas. Further, 12 CFR 24 requires a bank to limit its liability with regard to those investments, and states that a bank’s aggregate investments under this authority cannot exceed 15 percent of its capital and surplus.

12 CFR 24 Processes

The Regulation, under 12 CFR 24.5, requires banks to notify the OCC through one of three processes, which will be summarized below:

- After-the-Fact Notification
- Prior Approval Request
- Request to File After the Fact Notices

Generally, a bank completes the CD-1- National Bank Community Development (Part 24) Investments form (CD-1 form) to provide information about its public welfare investments to the Community Affairs Department of the OCC. The CD-1 form allows the bank to provide information about its community development investments — for both the after-the-fact and prior approval procedures.

Currently, for the third process, the bank provides a letter to the Community Affairs Department of the OCC that describes its request to file after-the-fact notices.

After-the-Fact Notification

Banks eligible to provide after-the-fact notifications may make public welfare investments without prior OCC approval. However, they should notify the OCC within 10 days of making the investment. Generally, for the after-the-fact notification process, a bank's aggregate public welfare investments cannot exceed 5 percent of its capital and surplus. The requirements for after-the-fact notifications are described in 12 CFR 24.5(a).

For the after-the-fact notification process, a bank's investment must meet the tests for qualifying public welfare investments (12 CFR 24.3) and investment limits (12 CFR 24.4 [b]). In addition, the activities undertaken by the bank's investment should be consistent with the examples of qualifying public welfare investments found at 12 CFR 24.6.

Prior Approval

Generally, a bank must seek prior OCC approval if either the bank does not meet the criteria to be considered an eligible bank or if the proposed public welfare investment does not meet the requirements for providing an after-the-fact notice. Further, the prior approval process is required if

- The bank's aggregate public welfare investments and outstanding commitments, including the proposed investment, exceed 5 percent of its capital and surplus (unless special permission has been granted by the OCC).
- The investment will involve activities associated with properties carried on the bank's books as "other real estate owned."
- The OCC determines in published guidance that the investment is inappropriate for submission through the after-the-fact notice process. This information is maintained on the [OCC's Web site](#).

The OCC, generally, will notify a bank of the agency's decision in writing within 30 days after receiving the request. It may extend the review period by notifying the bank.

Request to File After-the-Fact Notices

If a bank is at least adequately capitalized and has a composite rating of at least three (3), with improving trends, it may send a letter to the OCC requesting authorization to provide an after-the-fact notification. With that special written permission, the bank may provide after-the-fact notifications to the OCC.

In addition, a bank whose aggregate public welfare investments exceed 5 percent of its capital and surplus may seek OCC permission to provide after-the-fact notifications up to an amount not exceeding 15 percent of capital and surplus.

Using National BankNet – e-Corp Public Welfare Investments

Banks have the option to submit their CD-1 form to the Community Affairs department of the OCC via National BankNet.

National BankNet, is a secure, limited-access Web site for financial institutions regulated by the OCC. National BankNet is an information portal that provides special OCC communications about "hot banking topics," banking tools, forms and applications, and banking resources. It also acts as a vehicle for banks to deliver accurate, timely, confidential data to the OCC on a secure platform that ensures both information security and data integrity.

e-Corp Public Welfare Investments is one of the tools located on National BankNet. After accessing BankNet, the bank should click on the "Forms and Applications" tab on the top bar. On the "Forms and Applications" page, the bank can click on "e-Corp - Public Welfare Investments" to access the CD-1 form and electronically complete and submit either an after-the-fact notice or prior approval

request to the Community Affairs Department of the OCC.

The CD-1 form on e-Corp – Public Welfare Investments allows a bank to draft, save, and submit its after-the-fact notices and prior approval requests. Banks have the ability to develop and then return to saved drafts. The bank can submit the entire application, including attachments, and then sign and certify the application electronically.

The CD-1 form on e-Corp – Public Welfare Investments provides a detailed “help” function that assists the bank to complete the data fields on the form. In addition, the CD-1 form enables the bank user to click on statutory and regulatory text, as well as OCC policies and resources that are associated with individual data fields.

Once the OCC receives the CD-1 form through e-Corp – Public Welfare Investments, the system will send an automatic receipt to the bank representative about the submission. E-Corp – Public Welfare Investments also will automatically send the bank’s CD-1 form to the Community Affairs Department.

The OCC’s Community Affairs staff will analyze and process the CD-1 form, and staff may contact the bank for additional and/or clarifying information. Once the OCC’s due diligence process has been completed, the bank will receive a formal OCC letter indicating whether the investment has been approved. For prior approval applications, the OCC, generally, will notify a bank of the agency’s decision in writing within 30 days after receiving the request, although it may extend the review period by notifying the bank.

Obtaining Access to e-National BankNet and Corp – Public Welfare Investments

National BankNet access is available only to national banks and federal savings association. To initiate access to National BankNet, a bank needs to complete a certification indicating the names of bank employees who have been authorized to serve as a BankNet Agent. The certification also

provides that the bank will institute procedures to secure and protect any nonpublic OCC information that may be maintained on or accessed from National BankNet. Such information is subject to the use and disclosure restrictions specified in 12 CFR 4.37.

A bank can obtain the National BankNet certification by phoning the OCC’s National BankNet Assistance Center at (301) 333-7093. An OCC representative will work with the bank to complete the National BankNet process. The bank will be asked to identify a person at the bank as the BankNet Agent. That person designates the roles of other bank employees regarding their use of applications in BankNet.

The OCC will ask the bank to assign different roles for bank staff using e-Corp – Public Welfare Investments. A “drafter” is someone who is permitted to fill in the data fields and attach appropriate documents to the CD-1 form. However, only the banker designated as the “signer” is authorized to certify and submit the CD-1 form on e-Corp. The “signer” commits the bank to the information contained on the CD-1 form. In some cases, a banker may draft as well as sign the application, but assignment of those roles is determined by the protocol established by each bank.

A banker who currently is responsible for submitting 12 CFR 24 applications by mail or fax should identify and discuss access to e-Corp – Public Welfare Investments with the bank’s BankNet Agent. Community Affairs staff can help a banker identify the bank’s BankNet Agent.

Accessing the CD-1 Form on National BankNet

Once the national bank has access to National BankNet, it follows these steps to access the CD-1 form:

1. Log in to [BankNet](#) with the appropriate user ID and password.

2. From the home page, click on “Forms and Applications” on the bar at the top of the page.
3. Scroll down to the center of the page and click on e-Corp – Public Welfare Investments.
4. Read the disclaimer and click “Continue.”
5. Click “New/Draft Application.”
6. Choose “Select an Application” type from the drop-down menu and click on “Continue.”
7. Identify an “Application Nickname” for the application.
8. Complete the data fields in the CD-1 form. The CD-1 form may be saved as draft until the bank is ready to submit it as final to the OCC.
9. Complete and submit the remainder of the application to the OCC. Include attachments as appropriate.

Frequently Asked Questions

If my bank uses e-Corp to submit the CD-1 form, does it also send the CD-1 form through the mail for the same public welfare investment?

A bank that submits its CD-1 form on e-Corp – Public Welfare Investments is not required to mail a print copy of the same application to the OCC.

Are there alternative mechanisms for submitting the CD-1 form?

Although e-Corp – Public Welfare Investments provides an efficient, user- friendly process for banks, the OCC does not require that national banks use the CD-1 form on e-Corp – Public Welfare Investments for 12 CFR 24 notices and applications. A bank may continue to submit a CD-1 form via mail, fax, or e-mail.

A bank may access and download a Word version of the CD-1 form from the [OCC's Web site](#).

The completed CD-1 form should be sent to:

Community Affairs Department, mailstop 9E12
Office of the Comptroller of the Currency
Washington, DC 20219

Fax: (202) 649-5726

E-mail: CommunityAffairs@occ.treas.gov

What advantages does e-Corp – Public Welfare Investments provide?

National banks that use e-Corp – Public Welfare Investments for other corporate applications tell us that the system provides several advantages. Banks find the help functions in e-Corp – Public Welfare Investments very useful, particularly having the statutory, regulatory, and OCC policies all in one place.

Banks also like the “draft” feature that enables them to develop and save the template for an investment and fill in more specifics as investment deals are finalized.

Banks that submit more than one application at a time to the OCC, especially for investments that are similar in nature, like the ability to cut and paste information and upload attachments.

Finally, banks appreciate being able to track the applications they submit to the OCC on the e-Corp system, as well as the automatic receipt of acknowledgment letters.

May the bank save a draft of the electronic application before submitting it as “final?”

Banks have the ability to save a draft version of the CD-1 form on e-Corp – Public Welfare Investments before submitting it to Community Affairs for review. Draft applications will be saved for one year from the date of the last bank edit to the application. The OCC only reviews a bank’s application after it has been submitted.

What should the bank do if locked out of the National BankNet system after three failed log-in attempts?

National BankNet requires a user to enter his or her user ID and password when entering the system. Users who are unable to log in after three failed attempts will be locked out of the National BankNet system. Contact BankNet@occ.treas.gov or phone 1-800-641-5925 to have your user ID and password reset.

For More Information

[Contact information for District Community Affairs Officers](#)

[General Information About Public Welfare Investments](#)

[Public Welfare Investments Fact Sheet](#)

[Public Welfare Investments Web Resource Directory](#)

Disclaimer

Community Developments Fact Sheets are designed to share information about programs and initiatives of interest to bankers and community development practitioners. These fact sheets differ from OCC bulletins and regulations in that they do not reflect agency policy and should not be considered definitive regulatory or supervisory guidance. Some of the information used in the preparation of this fact sheet was obtained from publicly available sources. These sources are considered reliable, but the use of this information does not constitute an endorsement of its accuracy by the OCC.