



Comptroller of the Currency
Administrator of National Banks

Community Developments

Fall 2001

Community Affairs OnLine News Articles

Compliance Corner: Investing in Indian Country

By Kathy Swisstack, *Assistant Deputy Comptroller-Compliance, Western District,
Office of the Comptroller of the Currency*



The Red Lake Band of Chippewa Indians owns this manufacturing facility which builds single family homes that are rented to tribal members under the Low Income Housing Tax Credit program. These tax credits have been syndicated in the Raymond James Indian Tax Credit Fund I.

Federal financial regulators have made changes to the inter-agency questions and answers on CRA that may benefit community development initiatives in Indian country. Banks that are adequately addressing the community development needs in their own assessment areas may now receive CRA consideration for community development activities which benefit low- and moderate-income individuals or geographies somewhere in the broader statewide or regional area that includes their assessment area, even if those activities will not benefit the institution's own assessment area. (These changes are described in more detail in the Supplementary Information section of the revised Interagency Questions and Answers Regarding Community Reinvestment, published in the July 12, 2001

Federal Register on page 36620 - www.occ.treas.gov <http://www.ffiec.gov/cra/qnadoc.htm>).

How could this change benefit tribal initiatives in your state? Let's say your bank is located in Milwaukee and your assessment area is the Milwaukee metropolitan area and you would like to invest in the development of affordable housing for low-income individuals living on an Indian reservation, in northern Wisconsin, outside your assessment area. Your institution could still receive CRA consideration for participating even though the development will not directly benefit your assessment area. Two factors need to be considered.

First, the entity must engage in community development activities as defined in CRA regulations. Community development activities are those that are designed for the express purpose of revitalizing or stabilizing low- or moderate-income areas, providing affordable housing for, or community services targeted to, low- or moderate-income persons, or promoting economic development by financing small businesses or farms. So the hypothetical Indian country project would qualify.

The second factor, which also must be considered, is whether your institution has adequately addressed the community development investment needs within your assessment area. To determine whether your efforts are adequate, examiners will consider the performance context in which your bank operates. That involves weighing local needs, the existing volume of community development investments available for purchase, competition for those investments, as well as your bank's expertise

and resources to develop investment opportunities. Assuming examiners conclude that your bank has adequately addressed the community development needs within your assessment area, investments outside of your assessment area would be considered.

The Raymond James Indian Tax Credit Fund I is an example of the type of community development investments banks have made in Indian country (see electronic article “Tax Credits Help Ease Severe Indian Country Housing Problem” in this issue). This investment was made under the investment authority granted to national banks under 12 USC 24, which allows banks to make equity and special debt investments in community development projects mainly benefiting low- and moderate income areas or individuals or areas targeted for redevelopment by local, state, federal, or tribal government. The Indian tax credit fund, along with more than 130 other national bank community development investments, were summarized in the recently-released 2000 directory of “National Bank Community Development Investments.” The directory may be downloaded from the Community Affairs page of the OCC’s website and then choosing “Publications and Resources” or by calling the Community Development Division at (202) 874-4930.

You can learn more about other investment or lending partnership opportunities with Native American community development entities by visiting the Native American Banking Resource Directory on OCC’s Web site. This page also contains a description of the activities of Native American community development financial institutions that have received funding from the Treasury Department’s CDFI Fund. First Nations Development Institute also maintains a listing of Native American community development corporations on its Web site at http://www.firstnations.org/narc/tribal_financial_instituti.htm.