Remarks by

Barry Wides

Deputy Comptroller of Community Affairs

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Thank you, Bernell, for that kind introduction. I'd like to commend the Neighborhood Housing Services of New York for hosting the RIAC breakfast for over 20 years. This event has served as an important platform for the banking regulatory agencies to learn about and discuss community development and neighborhood stabilization initiatives. By my count, the Comptroller of the Currency, or other OCC leaders from Washington, D.C., have spoken at RIAC meetings five times in recent years, so it's an honor to be asked to participate again.

I want to begin by acknowledging the important contributions that the NHS of New York City makes every day by assisting your clients with their housing and financial services needs as well as the critical role that this organization played in the challenging months following Hurricane Sandy. Hearing Andrea Hodge describe her personal experience gives us a sense of how impactful NHS counseling services, workout assistance, and disaster aid can be. Multiply that individual impact by the many, many people that NHS has assisted and we can more fully appreciate the magnitude of your contribution.

I'd also like to recognize those who participated in today's breakfast to discuss the challenges they face and the work they do. Nonprofit housing agencies like Neighborhood Housing Services and the Center for New York City Neighborhoods have been in the communities a long time, and they are trusted by the local businesses and residents. Banks can partner with nonprofits to get a real-time assessment of local needs and to get feedback about whether their initiatives are on target.

I'm heartened that banks engaged so quickly to assist customers and support rebuilding efforts. Many banks are offering loan forbearance and other programs to help business borrowers, their employees, and others whose livelihoods were affected by the storm. To help customers move ahead with repairs, some banks allowed early certificate of deposit withdrawals without penalty. Numerous banks waived certain fees on account services, such as overdraft protection transfers and extended overdrafts, and late fees on credit cards, mortgages, and loans. A number of banks made significant grants to relief organizations. And of course, banks are and will continue to be a critical source of financing for individuals, small businesses, and local government for the longer term rebuilding of housing, commercial development, and infrastructure.

Although OCC does not play a direct role in providing assistance after a disaster, our function is to serve as a resource for information and a convener to bring banks together with their government and nonprofit partners in the community. I'd like to recognize the OCC's two District Community Affairs Officers in New York City, Denise Kirk-Murray and Francis Baffour. Their job is to identify local community and economic needs and make sure that banks are aware of the opportunities that exist to help meet those needs. Francis and Denise helped to coordinate the forum that RIAC convened in late February that was held to identify significant needs and responses to the disaster.

Last December, I represented the OCC on an Operation Hope tour of the storm-affected Oakwood Beach neighborhood on Staten Island. From what I saw on that tour, the community's need for housing reconstruction as well as community and economic development was overwhelmingly clear. Fortunately, in 2005, the regulators acted to change the CRA definition of community development to include consideration for activities that revitalize or stabilize FEMA-designated disaster areas. In 2006, in response to Hurricanes Katrina and Rita, the banking regulators also issued revised guidance through Interagency Questions and Answers to explain this change more fully. An OCC Fact Sheet is included in your packet that explains how banks can get CRA consideration for disaster related activities.

For 36 months after FEMA announces a Major Disaster Declaration, a wide range of revitalization and stabilization activities targeted to individuals and businesses that are located in, or displaced from, those areas are eligible for CRA consideration. This time period may be extended—as it has been for the Gulf Coast area—whenever there is a demonstrable community need in a particular disaster area to assist in longer-term recovery efforts.

Generally, if an activity helps to attract new businesses or residents, or retain existing ones, and is related to disaster recovery, that activity will be considered to revitalize or stabilize a designated disaster area.

As we heard from Sarah Gerecke, counseling is very helpful in assisting individuals as they navigate the complicated process of applying for emergency relief benefits, and as they strive to meet their ongoing financial obligations, secure insurance payments to rebuild, and manage the rehabilitation process. Many individuals face challenges paying their credit card bills after they have lost their jobs, or keeping up with their mortgage while also paying rent on temporary housing. Some households will need to apply for a permanent loan modification, while a forbearance plan and financial management counseling will be sufficient for others.

Many local counseling organizations are struggling under the casework load that has grown as a result of the disaster. HUD has created a program guide for expanding housing counseling programs so that homeowners have access to a reliable source of information about their financial and housing options. Banks can earn positive CRA consideration for providing grants to counseling organizations that offer mortgage counseling to avoid foreclosure and financial management counseling to help cope with the after effects of the disaster. Banks can also earn CRA consideration for offering sustainable, long-term loan modifications to troubled borrowers. And banks can earn positive CRA consideration by making executives available to provide free technical assistance services to help community development organizations improve the quality of their recovery response or provide financial planning services to help small businesses get back on their feet.

CRA's definition of community development also covers lending and investments that promote small businesses and economic development. Small businesses were particularly hard hit by the storm and banks will need to provide financing to help these small businesses get back on their feet. Some banks may choose to make low-cost loans or grants to Community Development Financial Institutions that specialize in lending to local small businesses. Other banks specialize in offering small business loans guaranteed by the U.S. Small Business Administration.

I was pleased to learn that the New York Bankers Association joined with the New York Business Development Corporation to establish a $10 million small business emergency loan fund to provide low-interest loans to businesses affected by the storm. Banks that provided loans or grants to this fund can receive CRA consideration for helping to retain area businesses that will employ local residents, especially if the employees are low- and moderate-income individuals.

Hurricane Sandy also had a devastating impact on roads and other community infrastructure, which will all need rebuilding. Banks can earn CRA consideration for financing infrastructure development, for example by investing in a bond to finance infrastructure improvements that meet essential community needs in disaster areas.

As you can see, banks have many opportunities to partner in the recovery effort. I'm very encouraged by the collaboration that I have seen or heard about so far. The OCC is committed to aiding the effort in our role as a convener between banks, public agencies, nonprofits, and other stakeholders involved in managing the recovery process. As unmet needs are identified, rebuilding plans unfold, and funds are distributed, we will work together with banks and community partners to help move this critical recovery effort forward.