

# Home Owners' Loan Act

## NEWSBRIEF

(excerpt from April 8, 1993)

**HOME OWNERS' LOAN ACT** We have recently received inquiries from a few thrift institutions regarding certain provisions of the Home Owners' Loan Act (HOLA). Generally, thrift institutions are prohibited from making equity investments in real estate. However, Section 5(c)(3)(B) of the HOLA authorizes Federal savings associations to invest up to 2 percent of their assets in certain "community development investments." Such investments are defined in the law as "investments in real property and obligations secured by liens on real property located within a geographic area or neighborhood receiving concentrated community development assistance by a local government under Title I of the Housing and Community Act of 1974 (emphasis added)." On January 14, 1993, the Office of Thrift Supervision under the Department of Treasury issued new regulations implementing the above section of the HOLA. These regulations (12 CFR 545.41(a)) contain a simple restatement of the above statutory authorization. If you receive inquiries regarding this section of the HOLA, please remember that while HUD can provide information on CDBG funding in certain areas, only the Office of Thrift Supervision can provide definitive advice regarding the qualification of the area as a "neighborhood receiving concentrated community development assistance" in accordance with the HOLA provisions.