

Consumers & Communities

Supervising federal savings associations for compliance with federal consumer protection laws is a central component of the OTS's mission and strategic focus. The OTS has taken a leading role in addressing unfair credit card practices and predatory lending. The OTS has also provided guidance and information to consumers to help them make informed choices about their mortgages. The OTS has continued to emphasize the importance of fair and honest treatment of consumers through supervisory and enforcement actions, effective handling of consumer complaints and coordination with other regulatory agencies to ensure consistency on a broad range of consumer compliance regulatory issues.

Consumer Affairs

In May 2008, the OTS launched an enhanced Consumer Response Center, a centralized service for consumers of OTS-regulated savings institutions. The center answers inquiries from consumers, provides information about thrift institutions regulated by the OTS and receives consumer complaints. In FY 2008, a year of tremendous challenge for the financial services industry, the center handled more than 9,000 consumer inquiries, more than twice the number received the previous year.

Some of those inquiries led to formal complaints. The OTS handled more than 8,000 consumer complaints in fiscal 2008, an increase of more than 40 percent from the previous year.

The OTS Consumer Affairs team — located at agency headquarters in Washington, D.C., and at regional offices in San Francisco, Dallas, Atlanta and Jersey City — reviews consumer complaints and seeks resolution of consumer issues to ensure compliance with consumer protection regulations. In addition, the OTS analyzes consumer complaint data to detect trends within institutions and more broadly across the industry. OTS examiners use the complaint data to identify areas of focus during onsite examinations. Complaint data can also reveal areas of need for agency regulation or guidance to the industry.

Compliance Policy

Unfair or Deceptive Acts or Practices

In May 2008, OTS led an interagency effort to propose rules to protect consumers against unfair and deceptive acts or practices in connection with credit cards and overdraft protection services. The proposal addressed nine practices that raise concern about fairness and transparency. The agencies received an unprecedented number of comments from a wide range of stakeholders by the time the comment period closed in July 2008. The agencies are reviewing the comment letters and expect to finalize the rule before year end.

Home Equity Line of Credit (HELOC) Guidance

The OTS issued guidance to the thrift industry in August 2008 about

compliance and consumer protection requirements associated with HELOC account management. The OTS noted that when thrift institutions manage their HELOC portfolios and mitigate the related credit risk by reducing, suspending, or terminating these credit lines, institutions must adhere to consumer protection laws and regulations.

Illustrations of Consumer Information for Hybrid Adjustable Rate Mortgage Products

In May 2008, the OTS joined the other federal financial regulatory agencies in issuing final illustrations to assist institutions in providing clear, balanced and timely information to consumers about the risks and benefits of hybrid adjustable rate mortgage (ARM) products. The agencies' Statement on Subprime Mortgage Lending, which took effect in July 2007, recommended that institutions provide this information. Although use of the illustrations is voluntary, doing so helps consumers better understand these products.

Community Affairs

Through its Community Affairs program, the OTS supports the thrift industry's community development activities and credit activities that are consistent with safety and soundness principles.

The Community Affairs staff facilitates community outreach, public programs and technical assistance to foster the availability of financial services to the communities that federal savings associations serve. The Community Affairs staff promotes financial education, financial services for unbanked consumers, strategies to mitigate the impact on communities of vacant and abandoned properties, and a host of other issues that affect communities.

During FY 2008, a bi-annual publication of the OTS, the Community Liaison, focused on programs that can provide solutions and alternatives to foreclosure. The publication also featured information about a product growing in popularity, the reverse mortgage. Excerpts of the publication have been reprinted and widely distributed.

Minority Depository Institution Program

The OTS recognizes the important role of minority depository institutions in furthering the economic viability of minority communities and low- to moderate-income areas. Minority depository institutions can also provide significant assistance and important perspective to regulators and other government agencies in evaluating and addressing the financial services needs of these areas and communities. The OTS and its predecessor agency have had an ongoing technical assistance function for minority institutions since the 1970s.

The OTS supervised 21 minority-owned savings associations in fiscal 2008 with \$6 billion in total assets. The OTS provides one-on-one technical assistance to these institutions. The degree of assistance depends on issues identified during the examination process, outreach activities by the Community Affairs staff and the level of assistance requested by the institution.

During FY 2008, OTS continued to strengthen its Minority Depository Institutions Program by:

- Partnering with the Community Development Financial Institutions (CDFI) fund to host Web-based training for minority institutions to become CDFI certified and gain access to funding and technical assistance;
- Partnering with the Department of the Treasury to host Web-based training for minority institutions to learn how to use the Minority Bank Deposit Program;
- Issuing an annual report to Congress detailing the agency's efforts to support and preserve minority depository institutions; and
- Creating an OTS Minority Depository Institution Advisory Committee to provide advice to the OTS about ways to continue to support and preserve minority institutions ■