

Northeast Region

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Number of thrifts:
185

Total thrift assets:
\$405.8 billion

Number of employees:
173

**Number of new
employees in FYs 2006
and 2007: 50**



Michael E. Finn
Regional Director



The OTS Northeast Region headquarters lies across the Hudson River from the World Financial Center in downtown New York City. Nearby is Wall Street, home to many investment firms and other financial intermediaries prominent in the home mortgage market.

The region has supervisory responsibility for community thrifts that provide traditional banking services throughout New England, the upper Mid-Atlantic States and West Virginia. It is also home to several of the nation's largest retail savings institutions, such as Sovereign Bank, Hudson City Savings Bank and Astoria Federal Savings and Loan Association.

The region is also distinguished by firms such as ING, which have an international focus, and Wall Street companies, such as Lehman Brothers and Morgan Stanley, which have been major participants in the mortgage securitization market. These large,

complex institutions own OTS-chartered savings institutions.

OTS Northeast Region examiners travel to small towns in upstate New York and West Virginia to examine traditional community-based institutions. They also travel abroad to examine the diverse activities of thrift holding companies in countries such as India, France and the Netherlands. The complexity of these international firms and their activities requires a highly-trained, experienced staff with specialty expertise in many financial services products.

Like other OTS regions, the Northeast has a seasoned workforce with a sizable number of employees approaching retirement age. To prepare for the future, regional officials and their counterparts at OTS headquarters developed a statistical model to evaluate personnel needs in coming years. This study led to a recruitment campaign for entry-level examiners at job fairs on college campuses, and the hiring of 19 entry-level examiners in FY 2006 and another 15 in FY 2007. The OTS Northeast also hired three experienced examiners, five compliance specialists and a credit specialist. The result has been a significant increase in the region's overall examination staff.

In recent years, the region has hired information technology (IT) experts who did not have backgrounds as bank examiners, but provided valuable expertise for OTS examinations of thrifts' IT operations and third-party service providers. The region has also doubled the number of experienced examiners who attained the "certified thrift examiner" designation.

The Northeast Region has been a leader at OTS in establishing an “electronic file room” on the agency’s private, internal website. Examiners and managers use this site to share essential, non-public information, such as examination work papers.

Each OTS regional office emphasizes industry outreach to ensure clear and frequent communication with supervised institutions, and to keep industry executives and OTS officials aware of each other’s needs and concerns. The Northeast Region hosts seminars for the industry on technical topics, the state of the industry and emerging supervisory issues.

Regional managers also conduct several outreach meetings every year with chief executive officers of thrift institutions. These

meetings have no prearranged agendas and provide forums for industry executives to express their thoughts and concerns. The sessions provide valuable insights on industry trends and feedback on ways the OTS can improve its processes and reduce regulatory burden. The meetings also generate goodwill and trust that is invaluable when regulatory problems arise.

The region has a community affairs liaison, who focuses on addressing the problems and needs of minority-owned institutions. This work facilitated a partnership for a minority institution to receive management assistance from a large, neighboring non-minority thrift. Also in fiscal 2007, the region hosted a conference to explore affordable housing issues in high

cost urban areas, and cohosted meetings to discuss subprime lending problems and increases in foreclosures.

The region also has an active consumer protection program. In one case in FY 2007, the region took action based on examination findings about an institution’s subprime lending program. After an extensive investigation, the region issued a formal enforcement agreement that required reimbursement to a large number of borrowers who had paid excessive broker fees or lender fees during their mortgage loan originations.

The Northeast Region strives to be a hands-on regulator, accessible and responsive to the needs of the industry, while vigilant about protecting consumers ■

