

900 Nineteenth St. NW, Ste. 400

Washington, DC 20006

TEL: (202) 857-3100

FAX: (202) 296-8716

E-MAIL: info@acbankers.org

http://www.acbankers.org

OFFICE OF THRIFT SUPERVISION  
DISSEMINATION BRANCH

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January 2, 2001

Manager, Dissemination Branch  
Information Management & Services Division  
Office of Thrift Supervision  
1700 G Street, N.W.  
Washington, D.C. 20552

Re: Federal Savings Association Bylaws; Integrity of Directors  
65 FR 66116 (November 2, 2000) Docket No. 2000-93

Dear Sir or Madam:

America's Community Bankers ("ACB")<sup>1</sup> is pleased to comment on the proposed amendments to the regulations issued by the Office of Thrift Supervision ("OTS") concerning federal savings association bylaws and the integrity of directors.<sup>2</sup>

**ACB Position**

ACB supports the OTS's proposal to add a set of preapproved, optional bylaws to its Application Processing Handbook. We believe this effort to streamline corporate governance practices for federal savings associations will enable OTS-chartered institutions to more effectively address corporate governance issues while reducing attendant regulatory burdens.

In addition, ACB generally supports the first proposed optional bylaw provision that would restrict from board service any person whose record does not reflect a high standard of honesty and personal integrity. A director's personal integrity is of critical importance to any financial institution when assembling its Board of Directors, and we believe it is appropriate to restrict from board service any person whose record demonstrates a lack of commitment to the highest of fiduciary and ethical standards. This optional bylaw provision will enable OTS-chartered institutions to establish such a clear standard.

**The Proposal**

The OTS requires that federal savings associations operate under standardized bylaws that are consistent with prescribed regulatory requirements. To assist OTS-chartered institutions in meeting this requirement, the OTS has developed model bylaws, which are contained in its Application Processing Handbook. In an effort to reduce regulatory burdens and streamline

<sup>1</sup> ACB represents the nation's community banks of all charter types and sizes. ACB members pursue progressive, entrepreneurial and service-oriented strategies in providing financial services to benefit their customers and communities.

<sup>2</sup> 65 Fed. Reg. 66116 (Nov. 2, 2000).

corporate governance practices, the OTS is proposing to augment this set of model bylaws by adding additional, "optional" provisions, which could be adopted by savings associations without prior approval. These optional provisions would be added over time in response to corporate governance issues as they arise. Once adopted, the association would need to file an after-the-fact notice with the OTS within 30 days.

Additionally, the OTS has proposed the first of such optional provisions to address the integrity of directors of federal savings associations. This provision would have the effect of prohibiting any person from serving as a director if he or she had been indicted on, or convicted of, a criminal charge involving dishonesty or breach of trust carrying a sentence of one year or more; had been the subject of a final cease and desist order within the past ten years involving dishonesty or breach of trust; or had been found by a financial (banking, securities, commodities or insurance) regulatory agency to have committed a willful violation of any financial (banking, securities, commodities or insurance) law, rule or regulation.

As noted above, ACB supports adding "optional" bylaw provisions to the Application Processing Handbook, and believes the first recommended addition is appropriate and will assist OTS-chartered institutions in their corporate governance affairs.

### **Conclusion**

ACB appreciates the opportunity to comment on this important matter and supports the OTS in its ongoing efforts to eliminate regulatory burdens on its supervised institutions while providing necessary resources to the management of savings associations. If you have any questions, please contact the undersigned at (202) 857-3121 or [cbahin@acbankers.org](mailto:cbahin@acbankers.org), or Michael W. Briggs at (202) 857-3122 or [mbriggs@acbankers.org](mailto:mbriggs@acbankers.org).

Sincerely,



Charlotte M. Bahin  
Director of Regulatory Affairs  
Senior Regulatory Counsel