

Thrift Bulletin

TB 80a



OTS Policy Statement on Minority Owned Institutions

Summary: This statement outlines Office of Thrift Supervision (OTS) policies regarding minority owned institutions. Thrift Bulletin 80a rescinds Thrift Bulletin 80, dated July 16, 2002.

For Further Information Contact: Your Regional Office Community Affairs Liaison.

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OTS recognizes the important role of minority owned institutions in furthering the economic viability of minority and low-income communities. Minority owned institutions can also provide significant assistance to regulators and other government agencies in their efforts to evaluate and address the needs of those communities for financial services. OTS and its predecessor have had an ongoing minority institution technical assistance function since the 1970's.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Section 308, reinforces our commitment. FIRREA identifies the following goals that form the basis of OTS' Minority Owned Institutions Program:

- Preserve the present number of minority depository institutions;
- Preserve their minority character in cases involving merger or acquisition of a minority depository institution by using general preference guidelines;
- Provide technical assistance to prevent insolvency of institutions not now insolvent;
- Promote and encourage creation of new minority depository institutions; and
- Provide for training, technical assistance, and educational programs.

As defined in FIRREA, the term "minority" includes Black American, Native American, Hispanic American, or Asian American. A minority owned institution is either a stock institution in which minorities have at least 51 percent ownership, or a mutual institution in which the majority of the Board of Directors, account holders, and the community that it services is predominantly minority. OTS will consider mutual institutions, in which the majority of the Board of Directors and the Chief Executive Officer are women, to be minority institutions for the purposes of this program. OTS will also consider publicly traded stock companies that have the minority characteristics described for mutual institutions to be minority owned for purposes of this program.

Identification of Minority Owned Institutions

OTS will annually verify previously identified minority owned institutions through a self-certification process by the institutions to establish their continued inclusion in the program. OTS staff will identify additional candidates for the program through the examination and application process. Additionally, OTS regulated institutions may petition the agency for inclusion in the program if their circumstances change to qualify them as a Minority Owned Institution.

Upon request, OTS will make a list of minority owned institutions available to potential investors or other parties interested in establishing business relationships with minority owned institutions.

Technical Assistance

OTS will provide technical assistance, especially in the supervision and application process; in order to preserve the number, character and financial health of minority owned institutions. Requests for technical assistance should be directed to the Community Affairs Liaison in the appropriate OTS regional office, who will coordinate with regional supervisory staff.

OTS will also monitor the financial condition of minority owned institutions on an ongoing basis, and will share compilations of non-confidential financial data with minority owned institutions to help them monitor their performance. Through this process, OTS will identify those minority owned institutions that might benefit from a program of increased support and technical assistance, such as mentoring arrangements with other thrifts. Minority owned institutions that are in a generally sound condition, but which may be experiencing operating difficulties in one, or a few areas, would fall into this category. Often, problems can be attributed to limited resources due to the institutions' small size. Participation in the program, by both minority owned institutions and potential mentors, is voluntary.

For those minority owned institutions experiencing more serious operating problems, appropriate OTS regional staff, such as the Field Manager and/or Assistant Regional Director, will consult and work with executive management of the institution to determine, and implement, a course of corrective action.

Resolution of Supervisory Cases

In resolving supervisory cases involving minority owned institutions, OTS will consider and evaluate possible solutions that would, consistent with the safety and soundness of the institution, maintain the institution's minority identity. In evaluating solutions, OTS will also consider the composition of the community being served by the institution.

Outreach to Minority Owned Institutions

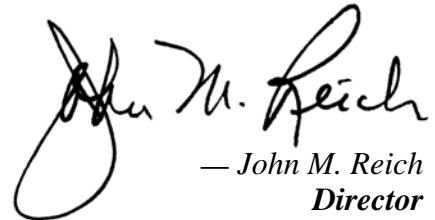
Whenever possible, OTS staff will participate in seminars, conferences and workshops directed to minority owned institution audiences. Requests for such participation should be directed to the Community Affairs Liaisons in the regional offices.

Additionally, OTS will maintain contact with minority owned institutions, outside the more customary examination and supervision process. At a minimum, the Regional Director will offer to meet with each institution's Board of Directors, at least annually, to discuss issues of mutual interest, such as economic trends, regulatory or legislative developments, and types of assistance that OTS can provide to minority owned institutions.

OTS will support minority owned institutions in their efforts to offer products and services to their minority and non-minority customers. To support minority owned institutions in providing credit and other needed financial services to their communities, OTS will work with appropriate parties to measure and track performance. In addition, the regional Community Affairs Liaisons will contact each minority owned thrift, at least annually, to discuss community development activities and opportunities.

Potential Investors

The agency will also offer technical assistance to minority groups or individuals considering investment in the thrift industry, in order to strengthen existing institutions, create new minority owned institutions, or help to service minority communities. OTS encourages such interest and will work with minority organizations to provide information and to identify potential minority investors. If minority investors are interested in acquiring thrift institutions held by the Federal Deposit Insurance Corporation as conservator or receiver, OTS will work with them to expeditiously process the preliminary regulatory approval that is required prior to submission of a bid.



— *John M. Reich*
Director