

West Region

Pacific Plaza
2001 Junipero Serra
Boulevard, Suite 650
Daly City, CA
94014-3897

Mail:
P.O. Box 7165
San Francisco, CA
94120-7165

650 746-7000
650 746-7001 - FAX

Major offices:
Santa Ana, Seattle

Consumer Affairs:
650-746-7098

Spanish:
650-746-7097
650-746-7001- FAX

Applications:
Penny Marshall
206-829-2606
206-829-2620 - FAX

Number of thrifts:
70

Total thrift assets:
\$606.5 billion

Number of employees:
165

**Number of new
employees in FYs 2006
and 2007:** 53



Darrel W. Dochow
Regional Director



The OTS West Region is marked by diversity — the diversity of its people, especially along the Pacific Coast, and the diversity of its geography marked by its ocean coastline and rugged mountain ranges. It is also marked by the diversity of OTS-regulated thrift institutions, which range from small savings associations to the largest lending institutions in the country that are at the forefront of innovation in nationwide home mortgage lending.

The OTS West Region supervises institutions that hold about half of all thrift assets nationwide, including the top three federally regulated thrifts in asset size: Washington Mutual Bank (WAMU), World Savings Bank, FSB, and Countrywide Bank, FSB. The region expends significant resources to supervise these and other large thrift institutions. Yet the region is also responsible for small thrifts like Del Norte Federal Bank in southern Colorado, as well as other institutions

of varying sizes across the American West and as far away as Alaska, Hawaii and Guam.

The complexity of the large institutions that have pioneered new kinds of mortgages demands a regional examination staff with deep expertise in innovative products and the ability to keep pace with rapid change. Examiners frequently must find innovative approaches to supervision. Ensuring sound loan underwriting, adequate disclosures and strong risk management has been particularly challenging for OTS West Region examiners in the current competitive, aggressive financial services marketplace.

Some thrifts in the OTS West Region have been offering nontraditional mortgage products for decades, including adjustable-rate mortgages and interest-only mortgages. OTS examiners are well-versed on how institutions can manage and mitigate the risks associated with these products to keep their operations safe and sound, and provide consumers with adequate disclosure and protection.

Examiners apply this specialized knowledge to their work with smaller thrifts and growing regional institutions. Regional officials also apply this expertise to help the agency's policy-makers craft industry guidance and address emerging challenges of national significance, such as the recent interagency guidance on nontraditional mortgage products. The OTS West Region also plays a leadership role in developing and implementing new tools to improve supervision and examination processes, such as using electronic loan data to analyze risks in loan

portfolios, creating enhanced financial monitoring tools and implementing electronic tools to analyze Bank Secrecy Act risks.

Because of the enormous volume of mortgages originated by nationwide lenders in the region, the West received and responded to more than half of all complaints from consumers to the agency in FY 2007 — nearly 3,000 in all. The most common complaints involved loan payments not being properly credited, forgery, counterfeit checks, identity theft and credit card billing disputes.

The OTS West Region places a high priority on resolving problems raised by consumers' calls and letters. The region also uses information obtained through the consumer complaint process as an early warning system for agency officials. Examiners review complaint data on an institution before each exam. OTS staff members in supervisory and policy offices also review national and regional complaint data to monitor trends and issues across the industry. OTS officials

work with thrift executives to discover the causes of problems that lead to complaints and to devise strategies for addressing them.

Major developments in the region in the past two years included the conversion of the nation's largest mortgage lender — Countrywide — to a thrift. In addition, the largest OTS-regulated thrift, Washington Mutual, acquired Provident, establishing WAMU as a major credit card provider in the industry. Also, Wachovia Corporation acquired World Savings Bank, FSB and, due in part to the benefits of the thrift charter, is now using the charter as its nationwide mortgage lending platform.

As with examination teams across the agency, the regional workforce has strong bonds forged over the years during the industry's difficult times and boom times. Many of those seasoned examiners are expected to become eligible for retirement in the coming decade. Although only some of the people eligible to retire are expected to take advantage of the opportunity, the OTS is

laying the groundwork for its future workforce.

In 2007, the OTS West Region continued a major initiative to build its new workforce after being out of the hiring market for many years. The region recruited and hired 16 new examiners in 2006 and 32 in 2007. To help these new employees get up to speed, the region held orientation sessions, assigned mentors to entry-level employees, formed on-the-job training teams and arranged for their attendance at formal classroom training classes. The region also targeted experienced, high-caliber recruits with specialized expertise in capital markets, accounting, information technology and trust management. This two-pronged hiring initiative is continuing.

The diversity of the existing and new employees in the OTS West Region reflects the diversity of the communities that the region serves, with sizable Hispanic, African American and Asian components. Because of the number of large thrifts in the West, the region's managers supervise larger examination



teams than in other OTS regions, requiring examiners in charge of examinations to take an active role in managing the region's examiners.

In its examination strategy, the region focuses on establishing and maintaining relationships with its regulated institutions — built through routine communications and contacts — so that when OTS examiners uncover problems, a solid foundation exists for working cooperatively toward solutions. This proactive approach not only allows the agency to address issues promptly, but also allows OTS officials to identify and head off potential problems before they can grow. This relationship helps to ensure that examinations rarely result in major surprises. Each thrift in the West has an OTS “relationship examiner,” who is responsible for the agency’s relationship with the institution. After one year in that role, the examiner usually becomes the examiner-in-charge of the next examination of the institution.



OTS regional leaders meet regularly with the chief executive officers and boards of directors of regulated thrifts to discuss examination findings and supervisory issues, and to receive feedback on improving agency processes. Agency outreach also extends to annual town hall meetings, where industry executives and OTS officials discuss what is on their minds. The meetings provide opportunities for each group to obtain the benefit of the other’s perspective on market conditions and other issues of mutual interest.



The region also plays an active role in community affairs, meeting regularly with representatives of community groups and nonprofit organizations, as well as local, state and federal agencies. These meetings allow regional officials to stay abreast of the latest issues, so they can relay concerns to thrift institutions about matters, such as affordable housing, consumer protection, prevention of elder abuse, community development, financial literacy and fair lending. The regional office also works closely with the local offices of other federal banking agencies to develop partnerships and programs to help meet financial needs in local communities.

In the West Region, our constant themes are innovation, diversity and positive, constructive relationships with the thrift institutions we supervise and with our other constituents ■