

RESCINDED

Office of Thrift Supervision

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Department of the Treasury

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Replaced by OCC Policy Statement
on Minority National Banks and
Federal Savings Associations



OTS Policy Statement on Minority Depository Institutions

Summary: This statement outlines Office of Thrift Supervision (OTS) policies regarding minority depository institutions. Thrift Bulletin 80b rescinds Thrift Bulletin 80a, dated October 10, 2006.

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OTS recognizes the important role minority depository institutions play through providing financial products and services to communities and businesses across the country, including many minority and low-income communities. Minority depository institutions strengthen economic viability in many low- and moderate-income communities and can provide an important source of mainstream financial products and services. OTS and its predecessor have had an ongoing minority institution technical assistance function since the 1970s.

Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) reinforces our commitment. FIRREA identifies the following goals that form the basis of OTS's Minority Depository 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 the creation of new minority depository institutions; and
- Provide for training, technical assistance, and educational programs.

Section 308 defines the terms "minority depository institution" and "minority" for purposes of its goals. It defines "minority depository institution" based on race and social and economic disadvantage. It defines "minority" to mean Black American, Native American, Hispanic American, or Asian American.

OTS's Minority Depository Institutions Program is open to savings associations that fit any of the following categories:

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1. A publicly-owned or privately-owned institution in which minorities have at least 51 percent ownership or stock ownership, as applicable;
2. A publicly-owned or privately-owned institution in which a majority of the Board of Directors is minority and the community the institution services is predominantly minority;
3. A publicly-owned or privately-owned institution in which socially and economically disadvantaged individuals have at least 51 percent ownership or stock ownership, as applicable;
4. A mutual institution in which the majority of the Board of Directors is minority and the community that it services is predominantly minority; or
5. A mutual institution in which the majority of the Board of Directors and the Chief Executive Officer are women.

Identification of Minority Depository Institutions

OTS will annually verify previously identified minority depository 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 depository institution. Upon request, OTS will make a list of minority depository institutions available to potential investors or other parties interested in establishing business relationships with minority depository institutions. Additionally, a list of OTS supervised minority depository institutions is available at www.ots.treas.gov.

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 depository 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 depository institutions on an ongoing basis and will share compilations of non-confidential financial data with minority depository institutions to help them monitor their performance. Through this process, OTS will identify those minority depository institutions that might benefit from a program of increased support and technical assistance, such as mentoring arrangements with other thrifts. Minority depository institutions that are in a generally sound condition, but that may be experiencing operating difficulties in one or more areas, would fall into this category. Participation in the program, by both minority depository institutions and potential mentors, is voluntary. For those minority depository 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 depository 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 and service to the community being served by the institution.

Outreach to Minority Depository Institutions

Whenever possible, OTS staff will participate in seminars, conferences, and workshops directed to minority depository 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 depository institutions outside the 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 depository institutions.

OTS will support minority depository institutions in their efforts to offer products and services to their minority and non-minority customers. To support minority depository 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 depository 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 depository 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