



OTS Minority Depository Institutions Advisory Committee
Public Meeting
March 1, 2011
Minutes

OTS Minority Depository Institutions Advisory Committee (MDIAC) Members:
Faith Bautista, National Asian American Coalition (Formerly Mabuhay Alliance);
John Hamilton, Advance Bank; Paul Hudson, Broadway Federal Bank; Saurabh Narain,
National Community Investment Fund (NCIF); Denise Scott, Local Initiatives Support
Corporation (LISC); Norman Williams, Illinois Service Federal Savings and Loan
Association; Theodora Rand, Woodstock Institute; and Deirdre Foley, Designated
Federal Official.

Others:

Francis Baffour, OTS; Thomas Barnes, OTS; Lynn Bedard, OTS; John Bowman, OTS;
Marc Goldstrom, OTS; Grady Hedgespeth, SBA; Mark Hingston, OTS; Nicola Kelly,
OTS; Joel Palmer, OTS; and Russell Rumelt, OTS.

I. Welcome and Opening Remarks

Ms. Deirdre Foley, Designated Federal Official, called the meeting to order at 9:00 a.m. and made welcoming remarks. Mr. Paul Hudson, Co-Chairman of the Committee, thanked the OTS for its strong support of minority depository institutions and its leadership in establishing the MDIAC. Mr. Hudson then updated the MDIAC members on the February 28, 2011 OTS MDIAC Bankers' Subcommittee meeting, advising the Committee that the Bankers' Subcommittee had prepared recommendations to submit to the Office of the Comptroller of the Currency (OCC) regarding efforts to promote and preserve MDIs, consistent with the goals of Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, presented in detail during the Roundtable, discussed below.

II. Director's Comments

Mr. John Bowman, Acting Director, OTS, provided an update on the transition of the OTS into the OCC and the impact it will have on the OTS and the thrift industry. He discussed the downside of the merger: losing a familiar regulator, and reassured the Committee that for at least the first exam after the July 21, 2011 transition date, they will see OTS examiners. Mr. Bowman described the Dodd-Frank Wall Street Reform and Consumer Protection Act as a series of tools to assist MDIs, although there will continue to be challenges going forward, such as asset quality and other management challenges. Director Bowman promised that OTS will continue to do its job until July 21, 2011, not

withstanding staffing challenges, and that the OTS and OCC are trying to make the transition as seamless as possible.

Mr. Thomas Barnes, Deputy Director, OTS, told the Committee that they provided an opportunity for the agency to learn more about the challenges and concerns facing MDIs. Mr. Barnes told the Committee that OTS and OCC staff was meeting frequently to discuss institutions' and supervisory issues, and that following the merger, many of the contacts the MDIs were familiar with would be the same. Mr. Barnes provided the thrift Committee members with the names of who would be their regional contacts at the OCC, and offered them his assistance.

After comment from Mr. Barnes, Director Bowman invited the MDIAC to join him for lunch with senior management from the OCC. Mark Hingston, Senior Attorney, OTS, reminded the Committee that the lunch with the Director and OCC was not part of the MDIAC meeting. The Designated Federal Official did not attend.

III. Update – Small Business Lending Fund

Mr. Russell Rumelt, Regional Analyst, OTS, provided an update on the Small Business Lending Fund. He stated that the process was in the application acceptance stage until March 3, 2011. With respect to mutual institutions, Mr. Rumelt advised that there had been no change in capital treatment for mutual institutions, but that a term sheet for mutual institutions would be made available shortly. He further stated that the application deadline had been extended to give mutual institutions the opportunity to apply.

IV. Public Comments

Ms. Foley noted that the public meeting was published in the Federal Register and OTS received no public comments for this meeting.

VIII. Roundtable

As a result of the February 28, 2011, MDIAC Bankers' Subcommittee meeting, the following recommendations were presented at the March 1 MDIAC public meeting for discussion. The MDIAC agreed to formally adopt and present them to the OCC:

Recommendations:

- That the OCC increase its efforts to more meaningfully comply with the goals of promoting and preserving MDIs articulated in Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989;
- That the OCC adopt the current OTS MDIAC charter or similar charter, to demonstrate OCC's commitment to MDIs and to continue to provide a forum for MDI concerns;

- That the OCC designate a person or office charged with the responsibility and authority for the development of creative solutions, within a regulatory framework, for the preservation and sustainability of MDIs;
- That the OCC annually convene a conference to address preservation and sustainability of MDIs; and
- That the General Accounting Office (GAO) perform an update of their report on the state of minority institutions, including an assessment of the need for MDIs and resources to preserve them, and conduct an evaluation and analysis of MDIs, including recommendations for preservation, strengthening and increasing the number of MDIs, and to recognize the importance of these institutions in providing financial services to low- and moderate -income individuals and areas.

Following this discussion, Norman Williams asked whether information that was prepared in conjunction with the *Investors Guide to Minority Depository Institutions*, a project that was discontinued by the OTS due to lack of sufficient MDI participation, could be made available to those that had participated. Ms. Foley advised that the issue of release of the draft guide was currently under review by OTS legal staff.

V. Small Business Administration Initiatives – Small Loan Advantage and Community Advantage

Mr. Grady Hedgespeth, Director of Financial Assistance, Small Business Administration (SBA), discussed two new SBA loan programs: Small Loan Advantage and Community Advantage. The purpose of both programs is to meet the capital access needs of small businesses in underserved markets, increase the number of access points for underserved market businesses, and to provide mission-oriented lenders access to 7(a) loan guarantees for loans of \$250,000 or less. The thrift members asked a number of questions, and expressed strong interest in obtaining more information regarding participation in these programs.

VI. Legislative Update – GSE Reform, Budget Issues and Proposed Termination of Foreclosure Mitigation Programs

Mr. Marc Goldstrom, Legislative Counsel, OTS, discussed hot topics for financial institutions in the 112th Congress. He advised the Committee that Treasury released a white paper on February 11 indicating that the Administration would work with the Federal Housing Finance Agency to eventually wind-down Fannie Mae and Freddie Mac. Mr. Goldstrom also spoke of the current budget issues, including the expiration of the current continuing resolution, and efforts by the Republicans to cut \$4 billion from President Obama's 2012 Budget. He closed with a brief discussion of the House Financial Services Committee hearings on the repeal of the Home Affordable Modification Program (HAMP), the Neighborhood Stabilization Program, the Federal Housing Administration (FHA) Refinance Program, and the Emergency Homeowner Relief Fund.

VII. Closing Remarks/Meeting Adjourned

Mr. Bowman thanked the MDIAC for serving as members of the OTS MDIAC and informed that OTS is available until July 21, 2011 for any questions the Committee may have. The Committee thanked OTS for creating and maintaining the MDIAC, and for the contributions of staff in support of the MDIAC.

Respectfully Submitted,



Deirdre Foley, Designated Federal Official

We hereby certify these minutes for the March 1, 2011 OTS Minority Depository Institutions Advisory Committee meeting are true and correct to the best of our knowledge.



John Hamilton, Co-Chairman
Advance Bank



Paul Hudson, Co-Chairman
Broadway Federal Bank