Office of the Comptroller of the Currency
Minutes of the Virtual Meeting of the
Mutual Savings Association Advisory Committee
April 19, 2022

The Mutual Savings Association Advisory Committee (MSAAC) was convened for a public meeting at 8:30 a.m. on April 19, 2022.

In accordance with the provisions of Public Law 92-463, the meeting was open to the public from 8:30 a.m. to 2:30 p.m.

Advisory Committee Members Present

Ana Babiasz, David Barksdale, John Coyne, George Hermann, Brian North, Dennis Parente, David Reynolds, Thomas Rudzewick, Annette Russell (Virtual)

OCC Staff Attending

Acting Comptroller of the Currency Michael Hsu, Charlotte Bahin, Julie Blake, Michael Brickman, Beverly Cole, Christopher Crawford, Daniel Grantham, Eden Gray, Melody Gregerson, John Harootunian, Cristina Im, Brian James, Ernie Knott, Karen Marcotte, Crystal Maddox, Sydney Menefee, Paul Maloney, Michael Moriarty, Donna Murphy, Erica Onsager, Lauren Oppenheimer, Jane Principe, Jenny Small, Johnny Stanley, Jasmine Talton, Heidi Thomas, Troy Thornton

Public Meeting
Introduction and General Remarks

Michael Brickman, Deputy Comptroller for Thrift Supervision welcomed the Advisory Committee members and noted that this meeting was the first in-person meeting of this group of Advisory Committee members as the meetings for the past two years have been virtual.
He noted that Annette Russell joined the meeting virtually. He provided a brief summary of the agenda for the Advisory Committee meeting. The agenda includes a discussion of updates made to modernize MCBS and make the operations more efficient. The agenda included an economics update, a discussion on corporate governance challenges for mutuals, a compliance update and a roundtable discussion with the Acting Comptroller. Mr. Brickman mentioned that that Advisory Committee members and public observers had been sent the economics presentation and the Corporate Governance questions in advance.

Midsize and Community Bank Supervision Realignment

Mr. Brickman introduced Sydney Menefee, the Senior Deputy Comptroller for Midsize and Community Bank Supervision. She welcomed the Advisory Committee members and briefly described the MCBS realignment. Implementation of the plan is scheduled for October 1, 2022. She mentioned that there had been an article in the American Banker recently, and that Advisory Committee members may have talked to some of the examiners about the details.

She noted that it had been 10 years since the OTS/OCC integration, and it was time to take a look at internal operations and make sure MCBS was positioned for the future. She said that a lot has changed in the banking industry in the past decade The entire industry has changed, and it is important that the structure, business model and operations of MCBS reflect the current environment and would enable the unit to evolve with the industry going forward.

She said first, supervision will remain local. For the vast majority of community banks, there will be no change in their Assistant Deputy Comptroller, Examiner in Charge, or portfolio manager, as a result of the realignment. Retaining those roles for community banks was non-negotiable and was a pillar of the realignment. Local presence is critically important to the OCC.

Ms. Menefee mentioned that the focus of the American Banker article was that the OCC is shifting from a four-district model to geographic regions. She described that now the agency has four districts with hard boundaries. MCBS staff wanted something more flexible and more scalable that would enable empowerment of local examiners and maintenance of the local presence.

There will be six community bank associate deputy controllers who will report to three deputy controllers. The community bank deputy controllers, Beverly Cole, Troy Thornton, and Karen Boehler. There are six regions West, the Midwest, the South, the Central Mid-Atlantic, the Northeast and the Southeast. No OCC offices will be closed associated with the realignment.

An Advisory Committee member asked about the American Banker article and why bankers heard about the realignment from the American Banker and not the OCC. Ms. Menefee explained that OCC staff were surprised about the article and noted that many OCC staff had just been informed of the realignment. There are a comprehensive change management and communication plans that have been communicated internally, but there had been no external discussions.

Ms. Menefee explained that sending out a mass email saying MCBS would be realigned, even if it only affected a small number of institutions was considered. She said that OCC staff was concerned that a misunderstanding might result from such an email and chose a targeted approach.

Mr. Brickman reiterated that for everyone in the room, because every mutual bank is a community bank, the ADC and the exam staff do not change. To the extent a bank does something specialized where more experienced or specialized examiners or accountants or lawyers or other staff, the realignment provides the OCC the ability to consolidate lead experts into groups that can be assigned based on the priority of work. Mr. Brickman said that flexibility is the piece of the realignment that he thinks is advantageous. Particularly as the agency looks at succession planning for lead expert positions. OCC is able to hire the best candidates in all disciplines and get them to the exams where they are needed, whether it is through a virtual mechanism or in-person. Ms. Menefee described the new risk and resource and examiner development unit and the benefits that the unit will create. She also described the specialized supervisory portfolios, one for technology service providers and one for novel banks.

An Advisory Committee member asked whether as part of the realignment and creation of efficiencies the OCC had considered reducing assessments on OCC-supervised banks. Ms. Menefee replied that the OCC did not consider assessment reductions as part of the realignment. She noted that the focus of the review and realignment is to gain efficiencies and assessment reductions may flow from that. An Advisory Committee member said that banks are converting to a state charter for the cost savings. Ms. Menefee replied that OCC staff is aware of the trend.

An Advisory Committee member said that the idea of having a special unit for technology service providers and Fintechs is positive. He asked whether it is possible to make the process of interacting with core providers better. For example, a bank is not able to look at the exam report of a technology service provider until a contract has been signed and he asked whether the bank could sign a nondisclosure agreement before signing an agreement to avoid a potentially negative impact on the bank by signing a contract.

Mr. Brickman noted that the situation is complicated because most of the largest service providers are supervised on an interagency basis by the OCC, the FDIC and the Federal Reserve. He also explained that in combinations involving a bank, a potential acquiror of a bank must have signed a definitive agreement before sharing a report of examination.

Ms. Menefee described that the new risk resources unit would be able to deploy appropriate resources in a much more efficient and transparent manner. It would not mean a change in the local exam team and the primary point of contact but would enable MCBS to send the most appropriate resource to each institution as needed. She explained that there would be better insight to where all of the highly trained subject matter experts are and they can be scheduled according to risk across the entire country and not just locally.

She said that as the information that is coming from the field across the country, there would be some great benefits to the OCC as insight about emerging risks across the country are shared.

Mr. Brickman asked the Advisory Committee members whether they find that the mutual institutions are more of a specialty. Ms. Menefee said the realignment would provide a better opportunity for cross training in more specialized areas, including some of the unique features of mutuality.

An Advisory Committee member asked a follow up question about training of staff as the agency gotten further away from the integration of the OTS into OCC. He noted that some OTS examiners have transitioned out through retirement. He asked what resources are being used by the OCC to train the new examiners on mutuality and thrift business model, because there is a learning curve when the newer examiners come in.

Mr. Brickman explained that when the OTS and OCC integrated, the agency looked at the commissioning process for the OTS and the OCC and merged elements of training on specific issues like mutuality and the specific powers of federal savings associations. All of the newly commissioned examiners have to go through study and testing on specific things related to the thrift industry. Mr. Brickman said that with the new regional model, two of the regions would have the largest concentrations of federal mutual savings associations and those Associate

Deputy Comptrollers and ADCs would have stronger awareness of mutual issues and they could be called on in the hybrid environment to help out on mutual issues as they pertain to institutions across the country.

In response to a question from an Advisory Committee member, Ms. Menefee clarified that one element of the realignment would not be a reduction in staff. The Advisory Committee member said that a reorganization can mean running leaner with less people. Ms. Menefee explained that the staffing model is built off supervisory strategies and it is separate from the realignment. The OCC is trying to hire national bank examiners.

Ms. Menefee said that the discussions about the realignment did not address virtual or hybrid examinations and what the agency has learned in the past few years. The focus was on workload, structure and staff having promotional and training opportunities. The agency learned that people do not have to be sitting in the district offices and that MCBS can have resource pools across the country.

An Advisory Committee member said that he felt better having heard the discussion than he did after reading the press account of the realignment. Ms. Menefee said that there might be an opportunity for some outreach about the realignment if the bankers would be interested.

Economic Update

Mr. Brickman introduced Daniel Grantham, a Senior Financial Economist in the OCC's Economic and Policy Analysis Division. Before he began his presentation, Mr. Grantham asked the Advisory Committee members whether they had any questions or topics that they wanted him to address during the discussion. An Advisory Committee member said that a discussion of the impact of interest rate increases on loan pricing and the investment portfolio would be of interest as both of these have an impact on a bank's budget. Several Advisory Committee members said that they are concerned about inflation and the cost and supply of housing and construction costs.

The presentation is available on OCC.gov.

Mr. Grantham through the slides beginning with a discussion of where the economy has been, where it is going with attention on the GDP, the labor market, and particularly inflation. He said that would lead to a discussion on interest rates, the Federal Reserve's actions and the potential fallout and how it would relate to net interest margins.

Mr. Grantham introduced his colleague, Paul Maloney, who is an OCC economic banking expert who could provide insights on that section of the presentation. He has been spending time looking at the bank specific impact of the economic changes and what that could mean for budget provisioning. The discussion would move to home prices and how the rapid expansion in this cycle compared to 2009.Mr. Grantham said that the lack of housing supply has been driving the house price appreciation in the last year to two years. He said the discussion would turn to what rising interest rates could mean for home prices and how past rising cycles impacted home prices.

He said that the economy has fairly strong GDP growth, particularly in 2021 and coming off the severe contraction in 2020. He said that has to do with the rising inflation as well as uncertainty relating to Russian invasion of the Ukraine. In terms of the labor market, it is quite stark, especially from an economist's point of view, to see the sharp contraction that occurred during the depths of the COVID recession, and the subsequent recovery has really been unprecedented. The average, quarterly unemployment rate is under four percent. He said that most economists would agree that the level of unemployment suggests an extremely tight labor market.

The presentation shows how large that stimulus is relative to pre-recession GDP. If the government's response is compared to the response in the great recession, it was about 25 percent of GDP. The pandemic response has been 50 percent and is meaningful in terms of the fiscal stimulus that has been injected. There is a difference between the types of stimulus on the fiscal side for this recession versus the great recession. Much more transfers to households and individuals who have a higher propensity to spend it than what occurred during the great recession when the Tarp program was probably the most high-profile stimulus. He explained that the impact of the stimulus has been felt dramatically throughout the economy but especially in terms of the labor market.

The labor market tends to grow consistently over time as the population grows. If a normal linear trend is extended to what would be expected from the employment market to be closer to five and a half million jobs shorter than what would have been expected had the economy continued on that normal trajectory prior to the recession. Mr. Grantham explained that currently there are about four million more job openings than unemployed people. On a regional basis there are some discrepancies, but the national level is extremely tight. There is a impact on wages. An Advisory Committee member noted that the effect of increased wages on banks' margins and operating expenses, keeping operating costs down.

Mr. Grantham asked the Advisory Committee members what their general feeling about inflation going forward. He asked whether the group expects that it has peaked and will level back to two percent. Several Advisory Committee members noted that inflationary prices have not been included in the pricing of goods and services of the commercial customers. The banks would have to adjust fees. Another increasing cost is the high employment turnover. Mr. Grantham said that workers quitting their jobs is at record levels. It is unclear whether employees are leaving for higher wage jobs, are they moving industries or are they still staying within the same industry. He said that the banking industry has changed because now the competition for employees is not just other institutions. It is non-financial institutions that are dealing with the same products, mortgages, crypto-related business or FinTech related business. An Advisory Committee member noted that it depends on individual skill level on whether they are staying within the industry or going someplace else. The lower skilled employees would move to earn higher wages. He said that banks are poaching employees from each other, as they move around from different places because there have been a lot of retirements.

An Advisory Committee member also noted that there is another dynamic at work that the pandemic highlighted flexibility. People able to work from home. An employee may not be able to work from home if they work for a financial institution. Most of the positions have to be staffed in the bank where they are able to serve customers. Employees want more flexibility, and they can go to another industry to work from home or on a different schedule. The Advisory Committee member said that the bank is making some adjustments, but employees have to be at the bank and that is a challenge.

Mr. Grantham said that the drivers of the inflation rate have been services, goods, food, energy. Used cars have garnered a lot of attention, particularly driving a lot of the growth and the goods contribution to inflation.

There is a growing increase in inflation among these services. It is broad-based and it is occurring in services that are unrelated to COVID or the supply chain. For instance, tax return preparation is about 10 percent more expensive in February than it was a year ago. Mr. Grantham explained that another area that has received attention is how the government tracks and reports inflation. One of the key drivers of what consumers purchase is shelter. There has been a divergence between how the government reports and tracks increases or what is called owners-equivalent rent. How much a person could theoretically rent their house for has really lagged what is seen in terms of market rents.

An Advisory Committee member asked about the increase in rents and the possible overbuilding of multifamily buildings. Mr. Grantham said that the question leads to the housing topic. He said that one of the challenges is housing has been underbuilt for the past 15 years. The population has been growing faster than the units that have been building. There is a fundamental challenge for building as it has not kept pace with the demographics. He said that layered on top of that in the short term, is that the price of lumber is four times higher. Further the stability of employment for construction workers, there has been a mass shortage and there have been rising wages in the construction in industry as well.

An Advisory Committee member noted significant increases in the cost of insurance. Homeowners insurance has gone up, not just a couple of percentage points, it has gone up drastically and it has all been driven by inflation. The price appreciation has crept into the insurance cost, and that is going to affect rents. It is going to affect affordability of property, and ultimately it is going to have some effect on credit quality as people cannot afford to stay in their houses.

Mr. Grantham asked the Advisory Committee members engaged in commercial real estate what they are hearing from their lenders in the ability to get lumber at 400 percent increase in prices. He asked whether they are trying to build to meet demand or are they nervous about a rising rate environment. An Advisory Committee member responded that in his market developers are staying on the sidelines because of the amount of lead time they need to complete construction projects. He said that the bank has had a number of deals come back that had to reorganize the payment schedules.

He said that another factor is that in some markets is that there is pressure for tenants not to pay their rent. The cancel-rent culture is still very much prevalent, and landlords are making up for it in the opportunities that exist when there is a vacancy, and there is demand for reoccupation of those units.

An Advisory Committee member in another part of the country said that his observation is different. Builders are still building, but it is a lot quicker to build a single-family house than it is a building or an apartment complex, and homebuilders are trying to build as much as they can. They are constrained by lack of developable property. The market of 2006-2008 has not developed. The number of units coming on is kept down because of lumber, labor shortage, and developed land.

An Advisory Committee member said that in his market there has been a bifurcated market. For the homeowners that are in place, the price is hampering any kind of move up or transition to another home. However, relocation from the coasts is bringing cash buyers to the table, and those buyers are distorting the market. There is no capacity for a large home builder to come in and put down housing, and all of the communities in the geography are finding the local contractors who can subcontract.

An Advisory Committee member said that the environment is dynamic. It is completely changing the fundamentals of the tax and insurance base in some areas. He said that the bank communicates to existing customers to consider the costs as they He observed that it is an inflationary curve that has not hit.

Mr. Grantham asked the Advisory Committee members about the mortgage rates in their areas. An Advisory Committee member said that he does not know where the market is stable. In many markets part of the problem is customers are selling a house and then they cannot find a house. He said that saw a statistic about how many nationwide mortgages are priced under four percent. Customers have price and availability pressure, and now they have payment pressure because of insurance going up and rates going up.

An Advisory Committee noted that on the housing side, may of the consumers that mutuals were founded to help are not being helped. They cannot afford housing. The bank tries to work with the Federal Home Loan Banks or other programs on down payment assistance and other assistance, but the programs take time and cash buyers come in and buy the house

Mr. Grantham said that one of the challenges about home prices is the ability of a new borrower to come to be able to afford a home in the area. In the past, researchers looked at the median household income in a county and calculated what the customer's ability to be able to purchase the median price home at the prevailing interest rate. Some of this is how the calculation is made, for example in Idaho and Wyoming, where a customer is exporting their salary from San Francisco. For example, research shows that the median county income in Idaho, which has not been hit by the person who has relocated from San Francisco or Los Angeles, for those consumers who and work live in the area the ability to be able to purchase a home has been impacted.

Mr. Grantham explained that the past 12 to 13 years, there have not been enough housing units built in the US compared to how many households have formed. At a national level, just because we have built houses does not mean they are in areas where people want to live. An Advisory Committee member asked whether the difference between new construction and reconstruction of existing homes is reflected. In his geographic area, there is not a lot of land, so people buy houses, rip them down and rebuild them. For some banks that that is their entire business. He asked if in the data when it shows less homes are being built than the demand, whether that type of construction excluded.

Mr. Grantham replied that he does not know how that would impact national numbers and asked how prevalent that type of building is. The Advisory Committee member said that in many established areas or parts of the country where the housing is even a hundred, 200 years old, there is a lot of that. Mr. Grantham described the ability for Americans to be able to purchase homes and what is the availability of new buyers to come in and to be able to support these current prices. One of the things that has occurred over the last two years is the dramatic impact that lower interest rates have had on a variety of assets, particularly for housing.

He said that the challenge is showing rates at three percent, but what is the impact if rates are five percent. One of the challenges is the lack of available data. It is important to look at sustained periods where there were rising rates, and find periods where rates rose for at least 12 months. The lag in the time it takes to bid on a house, to do the rate lock, to go to completion, to try to factor in enough time to see what could rising rates mean in terms of the housing market. What the market saw, particularly in the early eighties, late seventies is fascinating where interest rates jumped to close to 20 percent. The payment income ratio jumped to over 40 percent in that period, home prices grew eight percent. Rates rose dramatically eight full percentage points, but home prices still went up. There is not quite a clear comparison between rates rising and home prices falling. He said that is not to say there is not an impact and increase in the share of adjustable-rate mortgages tend to be when rates rise. Advisory Committee members reported that it is too early for adjustable-rate mortgages.

Mr. Brickman thanked Mr. Grantham and let the Advisory Committee members know that they can ask additional questions that will be forwarded to Mr. Grantham. He also reminded the Advisory Committee members that the OCC publishes a number of economic updates on a quarterly basis they are available to bankers.

Mutual Corporate Governance Discussion

Mr. Brickman said that the next item on the agenda is a mutual corporate governance discussion. For purposes of this discussion, the Advisory Committee members were sent questions to start the discussion. The questions are attached as Appendix A. Leading the conversation is Chris Crawford, a member of the bank advisory group here at the OCC. He has been involved in few legal situations advising on innovative bank powers and activities, different complex licensing applications. He advises on problem bank matters, including receiverships and resolution.

Mr. Crawford said that he hopes the conversation is an opportunity for everyone to share views and provide the OCC feedback. He said that the discussion is not limited to the questions. He began by asking whether there are any aspects of the charter and bylaw amendment process where additional guidance would be helpful. An Advisory Committee member asked why OCC rules require a specific number of directors be set in the bylaws. He noted that some states permit a range and changing the number of directors has been his bank's most frequent amendment. He asked whether the OCC had considered allowing a range of directors in the bylaws. Mr.

Crawford said that it is an issue that comes up with some frequency, but he does not know the history and will take the question back. He asked how many other Advisory Committee members have had to amend their bylaws because of a specific number of directors changes. Mr. Crawford asked for feedback on a bulletin published by the OCC in 2014, OCC bulletin 2014-35, mutual federal savings associations' characteristics and supervisory considerations. He asked whether the bulletin is helpful but noted that it has been almost eight years since it was published. He said that if the Advisory Committee members had suggestions of where additional details or revisions would be helpful, it would be helpful to have some feedback.

An Advisory Committee member said that his board is not very experienced, and he is interested in hearing about resources and education for directors of mutuals that help directors understand the differences between being a director of a mutual bank and being a director of a stock bank. He noted that there are pieces of OCC publications that are useful but there is no standalone governance mutual document. The topics are part of other forms of corporate governance guidance pieces. He said that he is trying to find good source of education to take employees and directors who are not necessarily coming out of the mutual industry to provide background in education and really explain mutuality.

The Advisory Committee member noted that in the examination context, examiners do not always understand the nuances of the mutual charter and why mutual management make some of the decisions they make.

He said that is why a governance discussion would be useful because directors go to people and places they know to get answers and they tend find stock banks as sources of advice and counsel. As an example, a director wishes to attend a Directors Forum that is about mergers and acquisition. He noted that the discussion of mergers of mutuals is different than a discussion about the creation of value in a stock bank prior to an acquisition.

Mr. Brickman asked if the OCC developed a mutual specific director workshop that is based on the current workshop focusing on safety and soundness and fiduciary duty would be of interest. It could be a webinar that is recorded for future use.

An Advisory Committee member said that he would support that kind of director outreach. He said that he has sent directors to OCC director outreach workshops but recognizes that because there may be one or two mutuals in the room and the rest of it is dictated by stock banks, all of the questions and discussion is about stock banks. The Advisory Committee members supported the idea.

An Advisory Committee member said that using mutual peer data is useful in developing an understanding of the differences between stock and mutual banks. He said that it is helpful to show earnings in a different manner.

An Advisory Committee member said that he wanted to draw on the governance piece to ensure that the unique aspects of mutuality is understood by directors. He said that directors should understand that earnings at mutuals is not as much a concern as at stock banks but mutual directors should be more concerned about community. An Advisory Committee member said that if the OCC put together short videos for directors on governance-related topics they could be shown at board meetings. Mr. Brickman suggested that there could be a corporate governance session at the upcoming mutual forum and that board members could be invited to attend that session. This year's mutual forum will have a virtual option so management teams and members of the board can participate without travelling.

He said that another option would be to have real time webinar type training, where the OCC records the examiner education and makes it available whenever a banker or board member wants to watch it. He suggested that OCC staff could start to build a library of educational videos where it is not about getting people into a seat in a location, but about having a tool or resource available. The obligation on the OCC's part would be to keep it up to date if there are changes in the laws or rules. An Advisory Committee said that the idea is a good one. The bank could send the video out to the board members in advance of the meeting and then discuss it at the board meeting. The video could be short but prompt discussion.

Another Advisory Committee member agreed that the concept is a good idea. He noted that in states where there are not very many mutuals, on the state level, there is no distinction between what is applicable to a mutual bank and what is applicable to a stock bank, and the expectations are not clear. There is not clarity around the distinct advantages of being a mutual and what is applicable to a federal savings association and what is applicable to a national bank. He said that a simplified version where it is spelled out what is applicable to mutuals would be wonderful. He also noted that in the process of forming a mutual holding company trying to find clarity around the options afforded through the mutual holding company has been a real challenge.

An Advisory Committee member said that in the current environment of takeover opportunities and activist investors, it would be helpful for directors to understand what mutual boards are trying to protect.

Mr. Brickman asked whether the Advisory Committee members have concerns about whether OCC examiners understand the differences between the mutual and stock corporate governance. An Advisory Committee said that he does not have the same concerns at the director level right now but he thinks that anytime that the OCC can focus on mutuality, it is good for all mutuals. He said that he asked the questions about OCC training for examiners about mutuals and sees the director information as an opportunity to educate examiners and as well as directors. He said that he sees a disconnect sometimes.

An Advisory Committee member said that he thinks that mutual bankers could be part of the training as a way of having listeners hear from bankers. Mr. Brickman explained that one of the OCC's examiner education challenges, is most of the references to mutuals in the comprehensive handbooks are footnotes or side notes. He said that it is hard to piece together a good examiner education program when mutuals are the exception to the rule rather than the focus. He said that internally when an exam team goes onsite at a mutual, it would make sense to give them a primer that explains what a mutual is and here are the key things to keep in mind. The bulletin is the only mutual focused and dedicated guidance OCC has issued and it is probably not enough, but it gives examiners some insights into how to look at earnings and capital and to understand some of the pros and cons of the business model and the ownership type.

An Advisory Committee member said that when he talks to legislators in his state, he explains that mutuality might be a solution to what the legislators are thinking about for a public bank. If there were guidelines it would be helpful especially for education when talking about a de novo mutual. Mr. Brickman reiterated that one of the OCC's challenges about de novo mutuals is that the agency has not seen a live application. He said that it would help to see some de novo activity with a mutual charter, and work through a live example where OCC staff can react to the terms of the application.

An Advisory Committee said that when a new director joins the board and has only had experience with stock banks, they may not understand some of the differences and that they will need to think differently in some areas. He thinks that a standalone booklet or form of education, would be useful. Materials that do not contain explicate references to mutuals are confusing.

Mr. Crawford asked a question about whether the customers of the Advisory Committee member's banks understand mutuality. An Advisory Committee member said that the bank's customers should understand what banking with a mutual means, but it is important for the bank to let them know.

An Advisory Committee member said that at his bank it is viewed as a marketing tool that explains that the bank is there for the community. Part of that support is evidenced through philanthropy and that the bank uses money that a stock bank would use to pay a stockholder dividend in the community. An Advisory Committee member noted that being a mutual also is a good employee recruitment tool, especially for prospective employee with larger banks that do not have the flexibility that a mutual can provide from a product standpoint and keeping loans in portfolio. Employees are excited to be able to serve a wide customer base that they have not been able to serve under their current stock charter.

Mr. Brickman thanked Mr. Crawford for leading the conversation. He also thanked the Advisory Committee members for their input and noted that the discussion can continue. He reminded the Advisory Committee members that the topic can be on the Mutual Forum agenda and that OCC staff can explore the development of additional materials that are specific to mutuals.

CRA and Compliance Policy Update

Mr. Brickman welcomed Donna Murphy, the OCC's Deputy Comptroller for Compliance Risk Policy. Ms. Murphy joined the meeting to provide updates in consumer compliance and compliance policy.

Ms. Murphy said that she was only able to be present for the last few minutes of the prior conversation, but she was interested in the emphasis on affordability and the flexibility that the Advisory Committee banks offer their communities and she said that those concepts represent something that is always of interest to OCC staff who work in the consumer protection, CRA or fair lending areas. She noted that the essence of the OCC's mission is to ensure fair access and fair treatment for customers.

Ms. Murphy said that she would describe some changes and developments in the consumer compliance area but that if Advisory Committee members had any questions about other consumer compliance areas, she would try to answer them. She reminded the Advisory Committee members that in the Bank Secrecy Act/Anti Money Laundering area the OCC has to work with the other banking agencies and FinCEN to implement the AML Act of 2020, which was signed into law on January 6th, 2021.

Several requests for information or RFIs, and ANPRs or advanced notices of proposed rulemaking and notice of proposed rulemaking, have been issued to get input on the implementation of the AML Act. The most well publicized proposal is the notice of proposed rulemaking on the new beneficial ownership reporting and system that is required to be implemented under the AML Act. The comment period on that notice of proposed rulemaking has closed, but it is the first part in a three-part rulemaking series. There will be more opportunities to comment on it. There are more proposals coming, including updates to the BSA regulations.

Ms. Murphy turned to a discussion of the review of the rules that implement the Community Reinvestment Act. She said that she cannot say very much other than what the Acting Controller has already said that the OCC has been working actively on an interagency basis on a joint rulemaking that will update and modernize the CRA in order to establish a common.

Ms. Murphy clarified that the OCC rescinded the rule that the agency issued in 2020 and, went back to the 1995 rules so the OCC rules are consistent with those of the other agencies. The one change the agency made was to integrate the pre-2020 separate rules for the national banks and savings associations into one rule. She explained that as an example of what the agencies are looking at as part of the review, there are a much wider variety of business models for banks now than there were in 1995, however that does not mean that every bank's business model has changed. One of the areas that the agencies have been spending time on is trying to develop a proposal that is appropriately targeted and tailored to different types of institutions.

An Advisory Committee member note that his state has not had a any type of county system for 60 plus years. There is no county government, but there are old lines that are drawn on a map. He noted that the last revision of CRA was focused on counties and asked whether the term "political subdivision" or something similar could be used because during every CRA exam, examiners do not understand the difference until it is explained. An Advisory Committee member added that they had a similar concern. A branch straddled two counties, so there was discussion of whether the entire county is in the bank's assessment area and yet, the town next door is in a different county. The Advisory Committee member noted that counties do not mean anything in their state, but they are the focus of a geographic analysis for the CRA.

Ms. Murphy appreciated the comments and reiterated that the agencies are trying to develop a joint proposal that takes different bank business models, different size and complexity and focus of banks. Looking at how political subdivisions work and whether a county is the appropriate unit for assessment areas. To the extent that there is language in the proposal that does not work, that is one of the many things the agencies are looking to hear during the comment period. An Advisory Committee member said that another issue is how mortgage applications are completed now through the internet. Customers are not actually coming into the bank to fill out applications. The vast majority come through loan origination systems, and that results in a wider dispersion of where the loans are coming from.

An Advisory Committee member said that the idea of a majority of a bank's loans being centered in the assessment area, is obsolete. A minority of the majority, a significant number in the assessment area is appropriate, but the majority requires banks to forego business in other areas. Ms. Murphy explained that there are a range of viewpoints on that issue in terms of how much focus there should be on the local assessment area and the loan to deposit ratios and all those metrics that are in the 1995 rule, and how much they should change.

Ms. Murphy said that there is research and data showing that well- and moderate-income communities are still, in many cases, underserved, or even unserved by traditional financial institutions. Some of the studies show that that is one of the reasons that borrowers in those communities, disproportionately go to Fintechs and other less regulated types of financial service providers, which may be more risky and probably not as well-suited to their needs. The internet is changing that in some ways, but the way the internet works, sometimes the financial services that are most easily accessible are ones that do not come through regulated banks, savings associations, or credit unions or any of the more institutions that are regulated for safety and soundness. An Advisory Committee member asked whether some of the barriers and the constraints that exist in CRA are allowing some of more predatory or unregulated situations to permeate through the process.

Ms. Murphy said that the interesting thing about this is that at some level the same legal standards other than CRA, which only applies to insured banks and saving associations apply to any entity that is making a mortgage loan, any entity that is providing credit as defined under the under Truth in Lending Act. However, the difference is in the supervision and regulation. It is positive that the rules and laws do apply, but most of those types of entities are not regulated or supervised in the same way.

It is important that the agencies continue to get feedback and ideas. If not requiring that 35 percent of lending be in the assessment area is something that all of know from your experience would be a help to allowing you to serve LMI areas outside your assessment area, then that is something that that would be useful for the agencies to hear very directly during a comment period, for example.

Ms. Murphy said that she has heard that smaller banks may have trouble competing in the internet world and getting the institution to come up in a Google search. She asked whether that is something that the Advisory Committee members find is an issue. An Advisory Committee member responded that all areas of technology are full of challenges. He said that his bank does not have a billion dollars to put toward a technology budget. They have bits and pieces, but it is hard for community banks to compete in that space. Ms. Murphy responded that about a year ago, the OCC worked with the Federal Reserve and the FDIC to issue a statement, a guidance document with some tips for community banks on the due diligence for third party technology service providers. She said that if the Advisory Committee members have suggestions or questions that can be addressed through guidance to let the OCC know.

Committee Update

Mr. Brickman introduced the Committee Update and asked Charlotte Bahin, Senior Advisor for Thrift Supervision to provide a brief overview of the Federal Advisory Committee charter renewal process and the solicitation of new members. She explained that the committee charter has to be renewed every two years. The materials to renew the charter for the next two-year period have been submitted to Treasury for review. Once the charter is renewed, the OCC will start the solicitation for new members. The nomination process is very simple. There is an email box to receive nominations and the information will be in a press release and will be in a Federal Register notice. Mr. Brickman added that starting the process to renew the charter is a positive affirmation that the OCC still values the voice of the mutual industry as an important segment of the community bank population.

He recognized that it is indicative of the Acting Comptroller's support for this committee, he recognized the value it has provided to the agency, and likely the continuation for the foreseeable future. He turned to Ms. Bahin to start an open discussion about the upcoming mutual forum. She explained that the OCC is planning to have a hybrid format that is in person but available virtually. Because there are no space considerations in the virtual environment, staff in a bank's management team or members of the boards of directors may attend without traveling. Topics that were suggested for the program include cybersecurity, third party risk management and partnering with Fintechs. An Advisory Committee member agreed that cybersecurity is important and also suggested a session on Crypto currency.

Ms. Bahin asked whether a session on crypto currency should be educational or more operationally focused.

Mr. Brickman asked whether a topic focused on more innovative banking activities should be more comprehensive and include a segment on cryptocurrency but would also address banking as a service, or other fintech relationships that the OCC has seen in the community bank space. The Advisory Committee members agreed that an educational piece would be useful and asked that the session include a higher-level view of what some of the other institutions are doing in doing that, either mutual or stock. An Advisory Committee member suggested a session on shared services amongst mutuals as part of which there could be a discussion of successful implementation of some type of shared service.

Mr. Brickman said that OCC has had difficulty pulling together sessions about shared services in the past, because there are not a lot of banks that have had anecdotally good stories to share and could help construct a good panel of bankers talk about some good examples. The session should be conversational as well as educational, so banks can hear both good and bad things. If a strategy is tried and it did not work out, bankers want to know about what did not succeed just as much as what did succeed so it can give people some insights into how to think about it for themselves going forward.

Member Roundtable

Mr. Brickman welcomed Acting Comptroller, Michael Hsu and Ms. Menefee. He explained that this part of the agenda is for the Advisory Committee members to bring up topics with the Acting Comptroller in a roundtable. He also explained that because this is the first in-person meeting with the Acting Comptroller that there are eight Advisory Committee members present in the room and one joined the meeting virtually.

The Acting Comptroller commented that he was glad to be at the meeting in person and that he looked forward to the discussion. He reiterated how much the OCC values and supports mutuals. He mentioned that when he was in Ohio on a visit that he heard that Ohio has a lot of mutuals. He said that he grew up in Ohio, and he thought that it makes sense that Ohio has a lot of mutuals knowing the community values in Ohio.

He said that he thinks that mutuals represent the best of banking, well capitalized and well run. Mutuals serve their communities on both sides of the balance sheet. They provide a good model for not just other community banks but for the banking industry as a whole.

Mr. Brickman suggested that the Advisory Committee members briefly introduce themselves and describe their institution as they ask a question or raise an issue. He mentioned that Lauren Oppenheimer, the OCC's Chief of Staff joined the meeting.

An Advisory Committee member introduced himself and his institution. He made two comments. The first was to thank the Acting Comptroller for working with the Federal Reserve on issuing additional guidance for Covered Savings Associations. He thanked the Acting Comptroller for the OCC's support of the Covered Savings Association option Then he asked for the Acting Comptroller's views on central bank digital currency. He said that he was concerned about some of the unintended consequences for community banks, including mutuals, in that there would be a mass exodus of deposits.

The Acting Comptroller said that it is early days particularly on CBDC, and even on a stable coin. There are stable coins but now people are just investing and trading. It is not really being used for payments. It is like commodity trading. There is a particular kind of self-contained-ness to it. As it expands beyond just trading into other uses, then it becomes something to watch a bit more carefully.

The Acting Comptroller said that CBDC is interesting if other countries' experience is looked at, China in particular. They had a choice, because they are ahead of the US by about five to 10 years ahead, depending on who is counting, how it is counted. They have decided to preserve the two-tier structure, they had the same question about, "Is it going to disintermediate banks?" they have designed it in a way it preserves the banking system, and it has particular features. He said that there is another question about how people want faster, cheaper, more reliable payments. He said that Fed Now may deliver that.

The Acting Comptroller asked whether there a lot of chatter or concerns amongst the Advisory Committee members' and their peers. The Advisory Committee member said that the interest is in the chatter category. Those that are interested are concerned about the unintended consequences, because faster, cheaper, better, is started and all of a sudden, a segment of the financial system is put further behind competitively and it is already tough to compete.

The Acting Comptroller said that another thing that is interesting that gets lost in some of the international comparisons, the US banking system is unique in its diversity and dynamism. Canada has basically got five banks, and the US has a different economy, there is a different banking system. He thinks there has been some increasing recognition that diversity is good. That diversity is valuable. Community banks are part of that diversity.

An Advisory Committee member introduced himself and briefly described his institution. He said he agreed with the Acting Comptroller that mutual banking is the best in banking.

He said that he wants the OCC to continue to push the message about mutuality and that there is a need for de novo mutuals. He said that there has not been a new federal mutual in sixty years. There are a number of impediments. For example, FDIC insurance is extremely difficult to get. He suggested that there should be an interagency conversation to look at it. He also reiterated the points in the discussion about crypto currency and CBDC He said the conversation is more of an educational discussion at this point.

He said that even on a state level, there is a lot of opportunity to look at public banking. Postal banking is another push, especially in New York State. He said that when he speaks to state senators about mutuality, they are quite surprised because they do not know what a mutual is. He said to consider a CDFI or MDI mutual and that existing mutuals do not want to be the last mutuals but rather to consider mutuals to be the banking of the future.

The Acting Comptroller said that he sees a connection between the points made by the Advisory Committee member. He said that as he travels he visits with different community groups, different regions, there is a lot of uncertainty, things are changing right now. But on the other side there is opportunity. There is a desire to find banking models that work better. There is a sense, depending on who is talking that, "The system is not working for us." He said that in some ways the crypto hype is driven by consumers wanting something different.

He said that he thinks consumers are looking for, especially in community banks a relationship. A customer can not get a relationship through a screen. That is the strength of the model and one that should be talked about more.

An Advisory Committee member introduced herself and her institution, which competes with a number of mutuals in the same market. She said that crypto conversations are not common at her bank but over the years the institution has had to adapt, and they know how to adapt to get to the next level.

As Advisory Committee member introduced himself and his institution. He said that he does not have many mutual competitors, but he thinks the CRA discussion is about mutuals.

Mutual banks are not just checking boxes. The profit motive is a long-term profit motive. Mutuals are able to give the attention to those customers that need that extra care with a lot more handholding. He said that he is impressed with how the bank is able to do that. With many of the non mutual banks, there is a different profit motive. Maybe that requires more checking the boxes, but what CRA really getting to is how do we help those that need help and in financial services. He said that he hopes that mutuality continues long after the Advisory Committee members.

The Acting Comptroller suggested that it may help to highlight some of the stories. As an example, when people who are not involved in banking think about banks, they think of the mega banks. It is only when a bank brings to life a story like PPP, where the community banks, including mutuals, worked overtime to get the work done. The Acting Comptroller said in the CRA context, that highlighting some of these things helps with the messaging.

An Advisory Committee member introduced himself and his institution and asked a question about the OCC's position on underwriting climate change, and climate risk. The Advisory Committee member was interested in any OCC action would affect a community base long-term. The Acting Comptroller replied that at the OCC, the approach to climate risk is firmly rooted in safety and soundness. Whenever the OCC talks about climate, the agency is talking about climate risk management and starts with the largest banks. The agency published some principles late last year for comment and received about a thousand comments.

He explained that the OCC is working with the FDIC and the Federal Reserve in part because the feedback the agencies' have received is that they should work together, rather than having different expectations. The Agencies have to focus on safety and soundness, meaning different banks can have different exposures to climate risk. That is the focus: identifying, measuring, monitoring those risks. In Europe, the banking agencies have two mandates: safety and soundness on climate and accelerating the transition to a net zero carbon economy. The US does not have the second one.

In terms of the largest banks, it will take time to finalize those principles. Then the agencies have to develop more detailed guidance, because the principles are high level. There will time before any OCC examiner comes knocking to ask about climate change. He said to use the time wisely and get prepared. One size does not fit all.

An Advisory Committee member introduced himself and his institution. He explained that his geographic area is prone to hurricanes He explained that it is something he has worried about for a long time and that will continue. He thanked the Acting Comptroller and the OCC staff for the continued focus and thoughtful interaction about mutuality. He said it is obviously something that that the Advisory Committee is enthusiastic about. The discussion earlier included comments about the education of the newest examiners about mutuality.

He said that the word relevant is used a lot at his bank, because every day, they try figure out how to remain a relevant institution. They have started talking about new activities like crypto, and it is in the education stage. But in order for to be relevant moving forward the bank will have to adapt. There is still a place for a traditional business plan, where the bank can serve customers in a one-on-one fashion, the bank has to understand that customers have a need for technology and innovation.

But there is still a role for mutuality and traditional banking. The Advisory Committee member made a second point about CRA. He explained that he has been frustrated by the discussion, because he thinks that over the years that the agencies have been overthinking it. He said that if the agencies looked at the mutual business plans much could be learned about the original intention of CRA. Mutuals reinvest in their communities every day. He said that he encourages the agencies to break down to the most basic activity that CRA was originally intended to do. There are a lot of other non-banks, credit unions that do not have CRA.

The Acting Comptroller thanked the Advisory Committee member for his comments and encouraged him to provide that comment to the agencies during the comment period for the proposed rule. The Acting Comptroller said that OCC staff talk about how banking is going through a digital transformation. He said banking, especially mutual banking, works, but there is an adaptation that has to take place, and a lot of that is about the digital experience and how a lot of the systems run.

He asked the Advisory Committee members to consider the days of paper processing. Everyone has got to upgrade onto new systems, that cost money. Strategic planning is really important now more than ever. Over-investing in technology probably makes some sense now. He said that he thinks the problems the agency has seen have been under-investment, for example investing for the next upgrade. He said that if mutuals want to maintain relevance, they have got to be able to have those capabilities, while at the same time, have relationships. He said he thinks that is the sweet spot.

As Advisory Committee member said that his bank's examination just began and he said that as examiners evaluate earnings, the bank is investing a lot of money that is a recurring investment as a mutual, the bank can do that. That does not mean examiners can not look at and analyze earnings. It is an important point as the examinations go on to note that, to remain relevant, mutuals have to spend the type of money that is having to be spent over these next few years to remain the relevant players they want to be.

Ms. Menefee said that is a discussion a mutual can have with examiners. If the bank has not invested in upgraded technology systems in 20 years, that shows that there is some maintenance that is needed to continue and, and it tells a story about what will happen in the next 20 years unless some type of expenditure is made. She said that is not lost on examiners and that the agency probably needs to pay more attention and to have more conversations about it with examiners. They need to assessing the investment in technology and it should not result in a downgrading the bank's earnings.

An Advisory Committee member introduced himself and his institution and thanked the Acting Comptroller for his time and comments about mutuality. He said that he thinks the Acting Comptroller is right that customers come to mutuals because they want a relationship and mutuals can provide that while fulfilling their mission. He said that his institution is different, smaller than the average bank and does not have many offices or staff and he acknowledged that it is for the agencies to develop rules and policies that address all banks. But at the same time, it is important to emphasize that when a bank does not fit the one size fits all mold, examiners should ask the question why does not the bank fit. It does not mean that they are not trying to be as efficient or safe as possible, for example in the area of cybersecurity. But the bank may not have enough people to have a chief data officer and other officers.

An Advisory Committee member introduced himself and his institution and said that he would bring up a topic that he has brought up before. During the pandemic, the bank originated almost $100 million in PPP loans. 99.6 percent of that is with the SBA and about 96 percent is already forgiven. Bank deposits have grown 42 percent over the last two years during the pandemic, because the bank picked up customer relationships.

The Advisory Committee member's concern is about the community bank leverage ratio. At this point, from a strategic planning perspective, the bank has invested in technology and in facilities. In the strategic plan, the bank is going to grow into its shoes, but they are big right now. He said that he requests guidance. He explained that the bank is in a good place now, but it wants to make sure that it can continue to serve the community. He said that mutuals are not doing any type of share buybacks so he requests that the agencies grant some leeway on the community bank leverage ratio. The Acting Comptroller asked whether the bank is stay at the current size

The Advisory Committee member said that bank management thought the bank was going to decrease in size last year and that has not happened. It looks like the deposits are more like core deposits. They are operating deposits from companies. He said that the bank strategically sees that it will increase its capital. It had had record earnings and it wants to make sure that it can do what it needs to do to continue to serve the community.

The Acting Comptroller said that the policy argument is interesting, because it gets turned around a little bit. It initially was that it is going to be temporary. It is going to go back down. But the concern was that does that mean that the agencies have back-doored their way into a different policy outcome than was intended. He said that now it seems like it is what should be the right policy outcome on a permanent base.

An Advisory Committee member introduced herself and her institution. She said that the bank just completed an exam and there were no issues. She also said that they have always had good teams from the OCC. She said that her priorities are fresh in her mind because the bank is a March 31 year end. They completed our strategic plan for the coming fiscal year and what is interesting to her, is that the strategic plan priorities have no numbers. It is all about people.

She said that last year, the bank had started a DEI task force, and she feels really confident now that she did a great job, because the board of directors made serving the underserved one of the key priorities within the plan and they have had success with the initiative. The other thing is attracting and developing talent. The flexibility that a mutual has with products, and the uniqueness, being able to portfolio loans is such an attractive recruiting tool for lenders, especially who are working for larger banks that are so restricted to what they can offer their customers.

The Acting Comptroller said that he was heartened by the comments he asked a question about the great resignation and the huge turnover seen by everybody. Every industry is facing it. He said that not everyone is looking to leave the workforce. He said that he senses that part of that resignation is because people are looking for purpose.

An Advisory Committee member said that the banks on the Advisory Committee want to remain mutual but there are activist investors looking at the capital of the banks, and they are trying to make sure that they can stay true to the mission. He said that the anti takeover provisions in the model charter and the bylaws are good, but they need to be reexamined to make sure they are up to date.

An Advisory Committee member asked about opportunities for mutuals to partner with the OCC on affordable housing projects. He noted that they are all in the housing business. Many markets have a shortage of affordable housing. He said that it is not just first-time home buyers and maybe the larger issue is with second-time home buyers or buyers who lost a house in the recession. He said that he thinks there is a way to collaborate to fulfill the mission of putting consumers in houses and creating that intergenerational wealth.

The Acting Comptroller said that one problem is that there is a huge supply problem. He said that it is not going ng to get solved right away. The projections are that there is a huge housing shortage period. He said that when he talks to different communities, they put even more detail by saying it is even worse because now there is a lot of private money coming in and buying up what it is available. That forces the up of bidding prices. The good news is that there is a lot of energy around this topic. There are a number of issues to be solved including appraisals and down payment assistance.

The Acting Comptroller said that he tries to get out Washington at least once every quarter That means going to visiting field offices, wherever they may be. And every time he does visits, he tries to meet at least three different constituencies - banks, OCC teams, and community groups. It is important to him that he hears directly from whoever he talks to on their home turf, outside of DC. It helps to get these other perspectives.

An Advisory Committee member mentioned cybersecurity and how important it is to his board even though the institution is small. They talk about it at each meeting. The cost of compliance is very high, but it is an important regulatory issue. There have been a couple of events that had occurred recently that the filed office staff were not aware of. He said that if similar events occurred elsewhere, getting that information would have been helpful.

Ms. Menefee said that after the realignment, MCBS would be a better position to share information. One of the challenges that the agency faces with these cyber events is trying to understand them and what banks might be impacted. Combining all of the IT lead experts and subject matter experts and having them connected to a more streamlined, direct connection to DC, will help with the distribution of that information.

Mr. Brickman thanked the Acting Comptroller and Ms. Menefee for joining the meeting.

Public Comments

Mr. Brickman asked the public observers whether they had any comments for the record.

It's Joe Pigg with the American Bankers Association. I hope you can hear me. Just wanted to express appreciation for the MSAAC and the ability to observe it. It's always good to, that the OCC gives this attention and to the mutual segment of the banking industry. And it's also very helpful for us to be able to hear the concerns that the members raise, both specifically related to mutuals, but some of the issues more broadly that were discussed today, whether they be CRA or climate or cyber issues. So, again, thank you for letting us observe and hope to join you in person next time.

James Kendrick from the ICBA said, I hope you can hear me as well. I'll echo what Joe said, great meeting. One of the best I've experienced in quite a while. I thought the discussions on the preservation of the mutual charter were outstanding. We don't hear about that enough. And I haven't heard that in this forum in quite some time, at least to this level. So, I think it's a great point to bring forward. These institutions are going away from us and we've got to stop that anyway we can. So, I thought that was a really good discussion. I guess I should say that I'm from ICBA for those of you who don't know me.

The crypto discussion, I thought was huge. Crypto's coming extremely fast. We're hearing about banks lending with posted Bitcoin as collateral. And that whole world just seems to be coming at us very fast. And I think all of the regulators need to get way ahead of it. The banks are being shocked by all that's going on, and through these non-bank lenders and non-bank firms that are offering crypto on an international scale. So, I think that's another area that really needs focus. But overall, great meeting. Thank you to all the bankers for being a part of this. And thank you for, to Michael and Charlotte for doing this. Awesome job.

Mr. Brickman said that he did not see any other hands raised at this point. The public comment period ended He thanked everyone for their attendance and adjourned the meeting.

Mr. Brickman adjourned the meeting at 2:25 p.m.

Certification

/s/

Michael R. Brickman
Designated Federal Officer

Appendix A

Mutual Corporate Governance

Questions for an interactive discussion about corporate governance and what, if anything, the OCC can do to ensure a better understanding of the differences between mutual and stock FSAs.

- The OCC revised the *Comptroller's Licensing Manual*, "Articles of Association, Charter, and Bylaw Amendments" booklet earlier this year. Are there any aspects of the charter and bylaw amendment process where additional guidance would be helpful?

- Is the discussion of the governance provisions in the OCC Bulletin 2014-35, Mutual Federal Savings Associations: Characteristics and Supervisory Considerations helpful? Would additional detail or revisions be more helpful? In what areas? Do other OCC publications provide useful information about corporate governance?

- Do you have concerns about whether examiners understand the differences between mutual and stock corporate governance?

- Have you had a discussion with your examiners about the differences between mutual and stock corporate governance?

- Do your customers ask about what being a mutual means for them?

- Do your customers appreciate the benefits of banking with a mutual – e.g., community investment and involvement?

- Are there operational considerations that are driven by governance? For example, product offerings, rates on deposits, contributions to community organizations?

- Does the character of the mutual charter encourage collaboration between mutual FSAs? Why or why not?

- What can the OCC do to help address any concerns regarding corporate governance or operations of mutuals?