



OTS Minority Depository Institutions Advisory Committee (MDIAC)
Inaugural Meeting
March 25, 2009
Minutes

MDIAC Members:

John Hamilton, Advance Bank; Paul Hudson, Broadway Federal Bank; Judith Kennedy, NAAHL¹; Kimberly Lee, Dryades Savings Bank, FSB; Theodora Rand, Woodstock Institute; Denise Scott, LISC²; Norman Williams, Illinois Service Federal Savings and Loan Association; Cassandra McConnell, Designated Federal Official; Montrice Godard Yakimov, Acting Chairperson.

Others:

Rod Alba, American Bankers Association; Francis Baffour, OTS; Faith Bautista, Greenlining Institute; Stephanie Caputo, OTS; Grovetta Gardineer, OTS; Timothy Herwig, OTS; Mark Hingston, OTS; Nicola Kelly, OTS; George Miller, Spectrum Consulting Associates, Inc; Lynn McLaughlin, Mabuhay Alliance; Joel Palmer, OTS; John Taylor, NCRC³.

I. Welcome and Opening Remarks

The meeting was called to order by Cassandra McConnell, Designated Federal Official at 9:30am. Ms. McConnell noted that the meeting would be chaired by Montrice Godard Yakimov, Managing Director, Compliance and Consumer Protection. Public attendees were invited to submit written comments to the MDIAC by mail to the attention of Cassandra McConnell, DFO, at OTS, 1700 G Street, NW, Washington, DC.

II. Advisory Committee Overview

Ms. Yakimov reviewed the meeting agenda and discussed the purpose of the Minority Depository Institutions Advisory Committee. The MDIAC charter states the committee will meet at least twice per year. The committee discussed meeting more frequently via conference calls on a monthly basis to maintain an ongoing dialogue between the face-to-face meetings.

Recommendations

- Increase meeting frequency via conference calls;

¹ National Association of Affordable Housing Lenders.

² Local Initiatives Support Corporation.

³ National Community Reinvestment Coalition.

- At future MDIAC meetings, allocate a period of time on the agenda for public comments;
- Invite guests and subject matter experts to make presentations on specified topics during future MDIAC meetings;
- Develop and present the MDI story; create a fact book of existing studies, white papers and research to illustrate the need for preservation and promotion of MDIs;
- Convene the next in-person MDIAC meeting during the 2009 Interagency Minority Depository Institutions National Conference July 8-10, 2009 in Chicago, IL;
- Issue an OTS press release in advance of future meetings;
- MDIAC members should forward names of individuals/groups which may be interested in attending future MDIAC meetings to Cassandra McConnell, DFO.

III. Encouraging Investments in Minority Depository Institutions

Timothy T. Ward, Deputy Director, Examination, Supervision and Consumer Protection, OTS, provided an overview of the overall financial condition of OTS-supervised MDIs. The committee discussed capital and earnings challenges, preserving minority depository institutions and the OTS Minority Depository Institutions Program.

Recommendations

- Encourage cities, towns, and states to invest funds in MDIs/community banks;
- Facilitate discussion with other federal banking agencies (FBAs) about potential investors and possible merger partnerships to raise capital;
- Organize outreach events with other FBAs for interested parties (pension funds, socially responsible foundations, high-net worth individuals) to discuss potential opportunities to invest money in MDIs;
- Use intermediaries as a model to spread risk;
- Promote the “Linked Deposit Program⁴” as a source of deposits for MDIs;
- Be sensitive to regulatory differences for smaller institutions – consider burden, impact and costs including deposit insurance assessments/increase in premiums;
- Promote the development of procurement goals to move private capital to MDIs;
- Share the MDIAC’s initiatives with FBAs for interagency coordination;
- Seek input from the communities served by MDIs to help tell the MDI story – “including the value added by MDIs.”

CRA Q&A Discussion

Stephanie Caputo, Senior Compliance Program Analyst, OTS, explained that the Interagency Questions and Answers (Q&As) regarding Community Reinvestment proposed on July 11, 2007 were adopted as final and published in the Federal Register on January 6, 2009.

MDIAC members identified a need to heighten the industry’s awareness about the CRA final Q&As and the importance of building partnerships with MDIs. Concern was

⁴ Where cities and towns assess how financial institutions are serving the needs of local communities and based upon the assessment, tax revenues are placed accordingly as deposits.

expressed among the MDIAC members that there needed to be a level playing field for enforcement and interpretations of the CRA statute and implementing regulations. MDIAC members suggested that the CRA modernization bill should include strengthening the service test. The service test is not just about brick and mortar branch presence in low- and moderate income geographies. The committee discussed innovative ways to serve the under-banked market by expanding products and services through alternative delivery channels (for example, kiosks and mobile branches) for reaching underserved communities. FDIC's small dollar loan program was discussed by the Committee, but regulatory requirements have been cited as impediments to the program.

Recommendations

- Encourage examiners to work with regional community affairs staff to identify possible investment opportunities for financial institutions that report limited qualified investment opportunities;
- Examiners should be encouraged to raise awareness for majority-owned institutions to invest in minority- or women-owned institutions or low-income credit unions during the supervisory review;
- Promote access to CDFI funds through partnerships.

IV. Making Home Affordable Loan Modification and Refinancing Program

Grovetta Gardineer, Managing Director, Corporate and International Activities, OTS, and Ms. Yakimov discussed the Obama Administration's Making Home Affordable program. Ms. Gardineer discussed the guidelines for each program in detail including eligibility, verification, terms, procedures, and incentives to servicers, lenders and responsible borrowers. Ms. Yakimov discussed the importance of accountability and transparency with respect to these government programs.

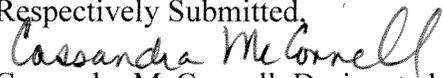
Recommendations:

No recommendations were provided.

V. Closing Remarks

As Acting Chairperson, Ms. Yakimov thanked the MDIAC members, the public participants, and OTS staff and presenters for attending. Ms. McConnell adjourned the meeting at 1:00pm.

Respectively Submitted,


Cassandra McConnell, Designated Federal Official

I hereby certify these minutes for the March 25, 2009 OTS Minority Depository Institutions Advisory Committee Inaugural meeting are true and correct to the best of my knowledge.


Montrice Godard Yakimov, Acting Chairperson