

Press Releases

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OTS 96-04 - OTS Has Reduced Regulatory Burden on the Thrift Industry

Office of Thrift Supervision

News Release

BACKGROUND INFORMATION

For further information

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OTS HAS REDUCED REGULATORY BURDEN ON THE THRIFT INDUSTRY

WASHINGTON, D.C., Jan 17, 1996 -- The proposal by the Office of Thrift Supervision (OTS) to simplify its lending regulations is the latest step in the agency's effort to streamline and modernize its rules and procedures to reduce regulatory burden on the thrift industry it supervises.

The ongoing program, launched at the beginning of 1993, is geared to eliminating or modifying requirements no longer needed to ensure the safety and soundness of the thrift industry or protect consumers. The objective is make the rules more flexible and user friendly.

Throughout the process, OTS has sought input from the thrift industry. OTS Acting Director Jonathan Fiechter held a series of town meetings with thrift executives in each of the five OTS regions. Those meetings complemented OTS' Outreach Program, in which OTS officials interview thrift managers to obtain feedback on the quality of just-completed examinations. Since the Outreach Program was implemented, OTS has made adjustments in its examination process and improved communications with thrift managers.

Another major undertaking has been a page-by-page review by OTS staff of all agency regulations to determine which can be eliminated, simplified or reorganized into a more logical sequence. OTS intends to issue several additional proposals during 1996 to further its objective.

Besides the proposed new lending rule announced today, OTS has taken these regulatory reduction initiatives:

- Notified thrifts of a 40 percent paperwork reduction in their quarterly thrift financial report beginning with the second quarter 1996 -- Dec. 29, 1995.
- Eliminated 8 percent of all OTS regulatory sections that were obviously obsolete, unnecessary or duplicative -- Dec. 27, 1995.
- Waived an OTS rule requiring each thrift institution to publish a statement of condition in a newspaper -- Jan. 13, 1995.

- Reduced minimum required capital for many interest rate and foreign exchange rate contracts covered by bilateral netting agreements -- Dec. 28, 1994.
- Eliminated the requirement for an annual independent audit for sound savings associations with assets of less than \$500 million -- Nov. 23, 1994.
- Removed the requirements that CAMEL 3-rated institutions maintain certain documentation for some loans to small- and medium-size businesses and farms. Reaffirmed OTS authority to waive, for good cause, any regulation that is not required by statute -- Oct. 25, 1994. Reduced documentation requirements on loans to small- and medium-sized businesses and farms for institutions in the top two CAMEL-rated categories -- May 3, 1993.
- Streamlined and simplified the process by which institutions can change charters from a thrift to a bank or vice versa -- Aug. 30, 1994.
- Eliminated the requirement that savings associations obtain real estate appraisals for transactions of less than \$250,000, raising that threshold from \$100,000 -- June 7, 1994.
- Adopted the CAMEL examination report system used by other bank regulatory agencies. Banks and thrifts now have the same core examination report format, facilitating consistency, especially for companies that own both thrifts and banks-- April 19, 1994.
- Reduced the capital charge for some loans with equity participations, making the OTS rule the same as that for national banks -- March 19, 1993.
- Reduced the risk weighting of prudent multifamily loans to encourage more lending, and therefore, more multi-family housing being available -- March 18, 1994.
- Modified or eliminated more than 50 requirements, including:

elimination of the liability growth regulation and the service corporation debt regulation -- Jan. 14, 1993.

- Eliminated the requirement that two affiliated savings associations must file a branch application if they contract to service each other's customers -- Dec. 30, 1994.
- Reduced from 10 to 26 percent fees charged to file seven types of applications, and eliminated totally fees on three other types of applications -- March 31, 1995.
- Gave additional savings associations permission to make some "character loans" that do not have to have all the usual required documentation -- Sept. 14, 1995.
- Removed a requirement, effective in March 1995, that all state-chartered thrifts must be members of a Federal Home Loan Bank -- March 18, 1993.
- Eliminated the requirement that savings associations file a monthly financial report with OTS in addition to the quarterly report they must still file -- Jan. 25, 1993.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.