Office of the Comptroller of the Currency  
Minutes of the Meeting of the  
Minority Depository Institutions Advisory Committee  
September 15, 2015

The Minority Depository Institutions Advisory Committee (MDIAC) convened for a meeting at 8:30 a.m. on September 15, 2015, at the Office of the Comptroller of the Currency (OCC) headquarters located at 400 7th Street, SW, Washington, DC.

In accordance with the provisions of Public Law 92-463, the meeting was open to the public from 8:30 a.m. to 2:10 p.m.

Advisory Committee Members Present  
Mukhtar Ali, President and Chief Executive Officer, Mission National Bank, San Francisco, CA; Jamie Bartholomew Aller, Director and General Counsel, The National Bank of Malvern, Malvern, PA; Larry Briggs, President and Chief Executive Officer, First National Bank & Trust Company, Shawnee, Oklahoma; John Hou, Chairman, Chief Executive Officer and President, Asian Pacific National Bank, San Gabriel, CA; Preston Pinkett, III; Chairman and Chief Executive Officer, City National Bank of New Jersey, Newark, NJ; Joe Quiroga, President, Texas National Bank, Mercedes, TX

OCC Staff Attending  
Comptroller of the Currency Thomas J. Curry; Senior Deputy Comptroller (SDC) for Midsize and Community Bank Supervision (MCBS) Toney M. Bland; Director for Critical Infrastructure Policy Valerie Abend; Attorney, Community and Consumer Law Jorge Aguilar; Congressional Affairs Specialist Karolina Arias; Analyst to the Deputy Comptroller for Thrift Supervision Charlotte Bahin; Community Development Expert David Black; Congressional Affairs Specialist Arnie Cohen; Senior Advisor to the SDC for MCBS and Designated Federal Officer Beverly F. Cole; Senior Advisor for Outreach and Minority Affairs Glenda Cross; National Bank Examiner (NBE) and Industry Analyst Ralph DeLeon; Deputy Comptroller (DC) for Operational Risk Beth Dugan; DC for Public Affairs Bob Garrison; DC for Compliance Policy Grevetta Gardineer; Director for Banking Relations Greg Golembe; Director for Bank Technology, Kevin Greenfield; NBE and Compliance Lead Expert Molly McKnight; Director for Congressional Liaison Carrie Moore; Community Relations and Minority Affairs Specialist Andrew Moss; Director for Community and Consumer Law Donna Murphy; Assistant Deputy Comptroller Terry Richter; DC for Community Affairs Donna Murphy, and Congressional Liaison Nida Zaman.

External Speakers  
Representatives from the U. S. Department of Treasury included: Annie Donovan, Director for the CDFI Fund; Bob Ibanez, Program Manager, New Markets Tax Credit (NMTC) and Bank Enterprise Award (BEA) Program; Mia Sowell, Associate Manager, NMTC.
Public Attendees
Mary Kathryn Kelly, Minbanc Foundation; Kianga H. Lee, Independent Community Bankers of America; Shelby R. Schwartz, Promontory Financial Group, LLC; and Parinitha Sastry, Promontory Financial Group, LLC

Opening Remarks
Beverly Cole, the OCC's Senior Advisor to the Senior Deputy Comptroller for MCBS and the MDIAC's Designated Federal Officer called the meeting to order at 8:30 am. Ms. Cole introduced Charlotte Bahin, Analyst to the Deputy Comptroller for Thrift Supervision. Ms. Bahin provided an overview of the requirements for members of a committee chartered under the Federal Advisory Committee Act (FACA). She also provided a brief description governing the rules for FACA committees and their members, including the public nature of the meetings. Following introductions of the committee members and OCC individuals in attendance, Ms. Cole introduced Thomas J. Curry, Comptroller of the Currency. Comptroller Curry welcomed the committee members and thanked them for their time and commitment.

Cybersecurity – Law Enforcement Interactions
A discussion on cybersecurity initiatives and issues was led by Beth Dungan (Deputy Comptroller for Operational Risk), Valerie Abend (Director for Critical Infrastructure Policy), and Kevin Greenfield (Director for Bank Technology). They noted that cybersecurity is a key risk in financial institutions. They discussed the trends, the increasing sophistication in cyber-attacks, and the interconnectivity of banks in addressing the risks from cyber-attacks.

Committee members made comments about cybersecurity and the FFIEC Cybersecurity Assessment Tool (CAT). These comments included that small financial institutions may not have the ability to meet the objectives of the CAT due to the lack of resources and expertise. In addition, the members asked if completing the CAT is mandatory for financial institutions. Ms. Abend replied that completing the CAT is not mandatory, but management teams including Boards of Directors of financial institutions need to understand the cyber risk. There was discussion about the important role that financial institution employees have in mitigating cyber risk, including adherence to strong internal controls. There was also discussion on improving the communication between the OCC and banks, and between individual banks in sharing cybersecurity information. The MDIAC members recommended the OCC include cybersecurity in an education program for bank directors and employees and an form a partnership with bankers on various other training opportunities.

Committee members discussed third party vendors, including the regulatory oversight of third-party vendors. Mr. Greenfield stated that the FFIEC oversees the significant third party service providers (TSP) and banks that are a customer of a specific TSP can request a copy of the TSPs Report of Examination. It was also noted that enforcement actions taken against a TSP are public documents and available on the OCC website.

MDIAC Roundtable
Ms. Cole initiated a roundtable discussion with the members. Each of the members shared thoughts on issues faced by minority depository institutions. The OCC staff and other members provided feedback. Issues discussed included the following:
• The Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) process - Committee members were encouraged to participate in the process by attending an EGRPRA meeting or providing comments.

• Underwriting considerations – Committee members voiced concern that supervisory practices concerning a bank’s underwriting practices may negatively affect a bank’s lending activity. The members provided examples of methods used at their banks to reduce documentation exceptions.

• Searching for opportunities for minority depository institutions to obtain government loans and deposits – Committee members noted that several states and municipal entities have deposit and loan programs that are available to minority depository institutions. Some committee members noted that their financial institution participated in these programs and financial institutions need to make government entities aware of their interest. The members also suggested a collaborative effort between minority depository institutions is needed.

• Status of loan and lease loss guidance – FASB is working on the guidance. The effective date for implementation will be 3 years after the final rule is published. The OCC will not provide an Allowance for Loan and Lease model; however, the OCC may offer outreach activities and webinar training to inform financial institutions of the new guidance.

• Develop and maintain minority depository institutions – Committee members discussed methods for developing and maintaining minority depository institutions. Ideas presented included: collaborating with community and large banks to expand products and services offered. It was suggested that the next MDIAC meeting agenda include a discussion of the new charter and failed bank bid processes. As a result representatives from Federal Deposit Insurance Corporation and OCC’s Legal and Economic departments will be invited to the April 5, 2016 meeting.

Compliance Policy and Legal Hot Topics
Grovetta Gardineer (Deputy Comptroller for Compliance Operations and Policy) and Donna Murphy (Director for Community and Consumer Law) provided an update on compliance policy and legal hot topics.

• The new HMDA rules were discussed and it was noted that the CFPB is trying to reduce the reporting burden by streamlining the HMDA process. The OCC will have a banker webinar when appropriate to discuss the changes.

• The new mortgage disclosure regulation was discussed. The members commented that the implementation of the new rules might drive banks out of the mortgage market. The members reported the delayed implementation date of October 3 was helpful. Ms. Gardineer noted that the OCC would access bankers’ progress in complying with the rules after October 3 and that the examination process would allow the OCC to provide feedback to bankers.

• The “ability to repay” regulation was discussed. The members noted that the renewal of balloon loans was creating an issue in regards to complying with the regulation. Ms. Gardineer noted that there would be a change in the definition of a “small creditor” provided soon.
• The disparate impact treatment for fair lending was reaffirmed by a Supreme Court decision.
• The Department of Defense Military Lending Act has an implementation date of October 2016. The act covers a wider scope of products. More information will be provided as the implementation date gets closer.
• In the Bank Secrecy Act area, de-risking of customers was discussed. The de-risking continues to occur in entire lines of business in large banks, and the affected customers may go to community banks looking to establish deposit accounts. Comptroller Curry noted that de-risking an entire line of business has the effect of harming an entire class of customers. He also noted that risk systems need to be in place to monitor the risks. A committee member noted that their bank is not opening some deposit accounts due to the associated BSA risk. Other members noted that if the bank incurs higher expenses due to the BSA risk from a specific customer, that customer has to pay fees to offset the additional costs.

CDFI Fund and New Markets Tax Credit (NMTC)
A presentation on the CDFI Fund and New Markets Tax Credit (NMTC) was provided by U. S. Treasury Department representatives Annie Donovan (Director of the CDFI Fund); Bob Ibanez (Program Manager, NMTC Program and Bank Enterprise Award Program); and Mia Sowell (Associate Manager, NMTC/Bank Enterprise Award Program). The individuals discussed the purpose of the NMTC program, how to participate in program, and the application process. Ms. Donovan provided examples of banks’ participation in the program in response to a question from a committee member.

Public Comments
Ms. Cole noted that no written public comments had been received prior to the meeting. However, she noted that public observer Mary Kathryn Kelly of the Minbanc Foundation had to leave the meeting early but wanted to ensure members were aware of her contact information. Ms. Cole then opened the meeting to oral statements. There were no oral statements.

Adjournment
The meeting adjourned at 2:10 PM.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

[Signature]
Beverly F. Cole
Designated Federal Officer