

Press Releases

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OTS 06-010 - OTS Finds Local Lending Law Preempted for Federal Savings Associations

Office of Thrift Supervision

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For further information

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OTS Finds Local Lending Law Preempted for Federal Savings Associations

WASHINGTON, D.C. - The Office of Thrift Supervision (OTS) issued a legal opinion today concluding that federal law preempts the application to federal savings associations of recent amendments to the Code of Montgomery County, Maryland.

OTS Chief Counsel John Bowman indicated that the agency was issuing the opinion in response to a request from numerous institutions that make mortgage loans in Montgomery County. The county law, scheduled to become effective tomorrow, would infringe on the mortgage lending activities of federal savings associations in contravention of federal law, and could significantly impact the ongoing lending operations of institutions and lending opportunities of residents in the county.

OTS concluded that, to the extent the county ordinance purports to prohibit federal savings associations and their operating subsidiaries from making mortgage loans in Montgomery County that include certain lending terms outlined in the law, federal law preempts the local ordinance. The opinion notes that OTS has previously opined on a number of occasions that laws such as the Montgomery County ordinance are preempted for federal savings associations and their operating subsidiaries.

With regard to provisions of the county ordinance designed to address discriminatory lending activities, the agency's opinion concludes that only OTS has the authority to enforce such laws against a federal savings association and its operating subsidiaries. OTS will work with Montgomery County to address any consumer complaints received by the County alleging discriminatory lending activities by a federal savings association or operating subsidiary.

A copy of the OTS legal opinion is attached, and is also available at the OTS website at www.ots.treas.gov

Attachment - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2006-10a.pdf>

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at www.ots.treas.gov.