

Press Releases

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OTS 08-007 - OTS Director Reich Testifies on Condition of the Thrift Industry

Office of Thrift Supervision

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For further information

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OTS Director Reich Testifies on Condition of the Thrift Industry

Washington, D.C. -- Office of Thrift Supervision (OTS) Director John Reich told the Senate Banking Committee today that the mortgage market crisis has created serious challenges and caused an earnings issue-- but not a capital issue--for the nation's thrift industry.

"I believe that's an important distinction," Reich told Committee members. "Capital and loan loss reserves provide the foundation of support for financial institutions during times of challenge, and thrift institutions continue to maintain strong capital and continue to set aside significant loan loss reserves."

The thrift industry posted earnings of about \$2.9 billion for all of 2007, but recorded a loss of more than \$5.2 billion during the fourth quarter of 2007.

During his testimony, the Director also highlighted an OTS proposal to prevent foreclosures among financially-stressed homeowners who owe more on their homes than the homes are worth.

"The OTS understands the enormous impact home foreclosures can have on Americans and the communities where they live," he said.

Reich's testimony also focused on a consumer protection initiative the OTS launched in August, when the agency issued an Advanced Notice of Proposed Rulemaking on preventing unfair or deceptive acts or practices in the thrift industry, such as retroactive increases in interest rates paid by consumers. The OTS is moving ahead to issue a Notice of Proposed Rulemaking and has invited other federal agencies to participate, with a goal of issuing an interagency proposal this spring.

The full testimony is available on the OTS website at www.ots.treas.gov.

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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.