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Office of the Comptroller of the Currency and Office of Thrift Supervision merge under provision of the Dodd-Frank Act

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The Office of the Comptroller of the Currency absorbed the function of the Office of Thrift Supervision July 21, HousingWire.com reported. The OCC now supervises 700 institutions and welcomed as many as 700 new employees transferring in from the OTS.

The merger was a provision of the Dodd-Frank Act, which ended lenders' ability to shop for regulators. In 2007, Countrywide Financial Corp. dropped its national bank charter to become a federal thrift - effectively switching its regulator from the OCC to the OTS. As a federal thrift, Countrywide faced less stringent regulations under the OTS, HousingWire.com reported. One year later, Bank of America purchased a failing Countrywide in a fire sale. At the time, Countrywide was the nation's largest mortgage lender.

According to the OCC's July 20 news release, the ongoing examination, supervision and regulation of federal savings associations is now a responsibility of the OCC. This was formerly a function of the OTS. As such, the OCC determined that federal savings associations will be subjected to the same preemption standards as national banks.

The OCC also announced in the release that state attorneys general may pursue action against national banks, in an appropriate jurisdiction, if the banks violate "applicable" state laws. Under the previous rule, "non-preemptive state law" was the language used instead of "applicable law."

The OCC and OTS respective fee schedules will remain intact until the two merge entirely in September 2012. In the meantime, federal savings associations will pay the lesser of the two fees.

Kenneth Clayton, chief counsel for the American Bankers Association, told HousingWire.com the OCC appropriately streamlined its process for preemption decisions.

Clayton also told HousingWire.com that the merger makes sense in the national economy. He noted that an efficient, well-regulated national system will make it easier for banks to grant credit to customers across state lines, promotes job creation and preserves the industry's competitive structure. It's a much better process than having a patchwork of inconsistent state laws that drive up the price of financial products and can make consumers' financial lives more complicated, he noted.

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