

# Transmittal

# RESCINDED



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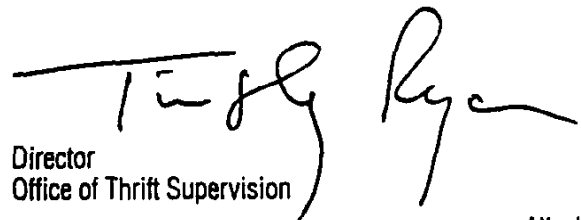
Attached is a request for comment which describes the Office of Thrift Supervision's proposed new policy guidelines for determining the adequacy of general valuation allowances (GVAs).

The proposed policy guidelines stress the importance of management's responsibility for maintaining an effective asset review system to identify, monitor and address asset quality problems in an accurate and timely manner and to determine the adequacy of the savings association's GVAs. Examiners are directed to evaluate management's methodology in arriving at an overall estimate of the allowance. They will rely on management's estimate of an adequate level of the allowance if the association's process for determining an adequate allowance is sound, consistently applied and well-documented. For associations that do not maintain adequate policies, procedures and systems for establishing appropriate levels of allowances, the guidelines also provide a methodology for examiners to determine a prudent level of allowances.

OTS's goal in issuing the new policy guidelines is to promote consistent, appropriate GVA levels by providing associations (and our examination staff) with more specific guidance on how to determine appropriate GVA levels.

The OTS solicits comment on all aspects of this proposed guidance and, in particular, solicits comment on whether the proposed guidance is appropriate and whether it will improve the likelihood that savings associations will establish appropriate GVAs. The OTS also seeks comment on whether the proposed percentage ranges that would be applied to Special Mention, Substandard and Doubtful assets for determining adequate GVA levels for such assets are appropriate.

The request for comment is published in the *Federal Register*, Vol. 57, No. 170, pp. 39736-39739. Comments on the proposed policy change must be received on or before October 1, 1992, addressed to: Director, Information Services, Public Affairs Office, Office of Thrift Supervision, 1700 G Street NW, Washington, DC 20552.

  
Director  
Office of Thrift Supervision

Attachment