

OFFICE OF THRIFT SUPERVISION

Approval of Notice of Mutual Holding Company Dividend Waiver

Order No.: 2010-68
Date: December 3, 2010
Docket Nos.: H-2807, H-2808
and 02889

AF Mutual Holding Company, Alamogordo, New Mexico (MHC), has filed a notice (Notice) of its intent to waive dividends for the next four calendar quarters declared by its direct subsidiary, Alamogordo Financial Corporation, Alamogordo, New Mexico (Mid-Tier), pursuant to the Office of Thrift Supervision's (OTS) Mutual Holding Company Regulations (MHC Regulations). The MHC proposes to waive dividends totaling between \$0.68 and \$0.85 per share over the four calendar quarters beginning October 1, 2010.

The MHC's depository institution subsidiary, Bank '34, Alamogordo, New Mexico (Savings Bank), completed its mutual holding company reorganization in May 1997. The MHC holds 68.2 percent of the shares of the Mid-Tier and other shareholders hold 31.8 percent. The Savings Bank is "well capitalized," as that term is defined under the OTS Prompt Corrective Action Regulations.¹

The MHC Regulations require the MHC to provide OTS with written notice of its intent to waive its right to receive the dividend.²

Under the MHC Regulations, OTS will not object to a notice of intent to waive dividends if: (i) the waiver would not be detrimental to the safe and sound operation of the savings association; and (ii) the board of directors of the mutual holding company expressly determines that waiver of the dividend is consistent with the directors' fiduciary duties to the mutual members of the holding company.³ The dividend waiver notice must include a copy of the resolution of the board of directors of the mutual holding company, in form and substance satisfactory to OTS, together with any supporting materials relied upon by the board, concluding that the proposed dividend waiver is consistent with the board's fiduciary duties to mutual members of the mutual holding company.⁴ As required by the MHC Regulations, the board of directors of the MHC filed the required certification that its Notice is consistent with the directors' fiduciary duties. No supervisory objection has been raised to the Notice.

¹ 12 C.F.R. § 565.4(b)(1) (2010).


² 12 C.F.R. § 575.11(d) (2010).

³ 12 C.F.R. § 575.11(d)(2) (2010).

⁴ 12 C.F.R. § 575.11(d)(2)(ii) (2010).

OTS concludes that the Notice is consistent with the requirements of 12 C.F.R. § 575.11(d)(2). Accordingly, the Notice is hereby approved.

By order of the Acting Director of the Office of Thrift Supervision, or his designee, effective December 3, 2010.



Grovetta N. Gardineer
Managing Director
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