



COMMUNITY BANKERS ASSOCIATION OF NEW YORK STATE

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**Mariel O. Donath**  
President & CEO

November 6, 2000

Manager, Dissemination Branch  
Information Management & Services Division  
Office of Thrift Supervision  
1700 G Street, NW  
Attention: Docket No. 2000-57  
Washington, DC 20552

DISSEMINATION  
2000 NOV -8 PM:02

Re: Proposed Rule on Mutual Savings Associations, Mutual Holding Company Reorganizations, and Conversions From Mutual to Stock Form.

Dear Sir/Madam:

The Community Bankers Association of New York State\* appreciates the opportunity to comment on the proposal regarding mutuals and mutual holding companies. We strongly support and applaud OTS' encouragement of the mutual form of organization and its efforts to preserve and enhance an institution's flexibility to choose the corporate form that best suits its business.

We support the notion of allowing certain mutual institution affiliations in order to enjoy economies of scale while preserving their independence. If the creation of bankers' banks would help accomplish this goal, as requested by OTS, it would represent a constructive action. On the other hand, we do not believe that new regulations should be issued regarding capital distributions by mutuals. OTS has adequate discretionary authority to allow these distributions without formal guidance taking place. We are concerned that formal regulatory action would give rise to extraneous questions of depositor ownership rights that have already been settled by the courts.

For institutions seeking conversions, we agree that management qualifications are an important factor for OTS to consider but we disagree that experience in implementing expansion initiatives should be a criterion. Many successful mutuals operate in slow or no-growth areas and prior growth experience may not be relevant. We also oppose the use of a single ratio test, such as return on equity, to determine a successful conversion. Institutions should have the flexibility to use the full range of financial tools when planning a conversion, including stock buyback programs. For institutions seeking mutual holding company formation, we do not believe a depositor vote should be required if no stock is being issued; a depositor vote is required in the event of a second step conversion.

Thank you for the opportunity to comment on these important issues.

Sincerely,

Mariel Donath

\*The Community Bankers Association of New York State (CBANYS) represents an industry of nearly 90 savings institutions and commercial banks with cumulative assets of more than \$155 billion. CBANYS members employ nearly 25,000 people at more than 1,100 locations statewide, and allocate more than \$1 billion annually to local affordable housing and community development efforts.