Department of the Treasury
Office of Thrift Supervision

Transmittal

January 22, 1992

Number: 32

Attached is a proposed rule that would revise the voluntary supervisory conversion regulation of the Office of Thrift Supervision (the "OTS"), 12 C.F.R. Part 563b, Subpart B.

The proposed rule would revise the current OTS supervisory conversion regulation by expanding the group of savings associations eligible to undertake supervisory conversions, thereby facilitating the recapitalization of mutual savings associations without government assistance. The proposal achieves this result by deleting the requirement that associations must be insolvent in order to qualify for a supervisory conversion, and providing instead that associations may undertake voluntary supervisory conversions if they fail their minimum capital requirements and cannot feasibly attain those requirements through a standard conversion.

The proposed rule generally requires that an association must meet its current minimum capital requirements following its voluntary supervisory conversion. The proposal also reduces the documentary burden and related expense imposed by the current rule's requirements, but requires the submission of appraisals in designated instances in order to assess whether fair value is paid for the ownership interest acquired in the converting association. Finally, the revised rule protects the interests of associations' mutual accountholders by requiring the establishment of liquidation accounts for them in certain circumstances.

The proposal is published in the *Federal Register*, Vol. 57, No. 12, pp. 2061-2065. Comments on the proposed rule must be received on or before February 18, 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