Department of the Treasury
Office of Thrift Supervision

Transmittal

March 26, 1993 Number: 81

Attached is a final rule that amends the Office of Thrift Supervision's (OTS) regulations governing the Qualified Thrift Lender (QTL) test. The final rule implements substantive changes in the QTL test enacted by the Qualified Thrift Lender Reform Act of 1991, Subtitle G of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), as well as technical amendments contained in the Housing and Community Development Act of 1992. The rule lowers thrifts' required "actual thrift investment percentage" (ATIP) of housing-related investments from 70 percent to 65 percent. It also expands the list of items includable as qualified thrift investments (QTI) and increases certain QTI percentage "baskets." These liberalizing amendments took effect immediately upon the enactment of FDICIA on December 19, 1991.

The FDICIA amendments also changed the measuring period over which a thrift's ATIP is computed. Effective upon enactment, FDICIA established a measuring period of 9 out of every 12 months. The final rule begins the new measuring period on January 1, 1992, which marked the beginning of the first full month following FDICIA's enactment. Because the statute did not provide for a delayed effective date, OTS did not have the option of starting the measuring period concurrently with its adoption of this final rule.

We recognize, however, that savings associations must now comply with a new, albeit less stringent, QTL test in a shorter period of time than was available to them under the previous test. As is noted in the preamble, OTS will continue to consider requests for temporary QTL waivers, pursuant to the statutory "extraordinary circumstances" exception, on a case-by-case basis. An association seeking such a waiver, however, must demonstrate that it is unable to comply in a timely manner with the new test safely and soundly as a result of national, regional or market sector economic conditions.

The rule is published in the *Federal Register*, Vol. 58, No. 52, pp. 15082–15085.

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Attachment