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Lillian E. Gavin  
Executive Vice President

**VIA FACSIMILE**

May 14, 2001

Manager, Dissemination Branch  
Information Management and Services Division  
Office of Thrift Supervision  
1700 G Street, N. W.  
Washington DC 20552

Attention: Docket No. 2001-13

Re: Liquidity

Ladies and Gentlemen:

Downey Savings and Loan Association, F.A. ("Downey Savings") is a federal association headquartered in Newport Beach, California, with assets of \$11 billion. Downey Savings welcomes the opportunity to comment on the interim liquidity rule issued by the Office of Thrift Supervision ("OTS").

Downey Savings supports OTS' decision to remove the regulation that requires savings associations to maintain an average daily balance of liquid assets of at least four percent of the liquidity base. Notwithstanding the removal of the four percent requirement, the OTS continues to require that savings associations maintain sufficient liquidity to assure safe and sound operations. While such expectation is appropriate, we believe that the OTS should provide further guidance to clarify this requirement. Additional clarification would assure consistency in the application of the regulatory requirement and reduce industry uncertainty regarding the regulatory application of such standard. Specifically, the rule should clarify how the OTS will treat available borrowing capacity when determining whether a savings association is maintaining sufficient liquidity for safe and sound operations. For example, FHLB advances constitute an effective and expedient source of liquidity. Therefore, capacity to tap these borrowings should be given the same consideration as liquidity eligible investments when evaluating sufficiency of liquidity.

We appreciate the opportunity to comment on the interim rule.

Sincerely,

Lillian E. Gavin  
Executive Vice President  
Director of Compliance  
and Risk Management



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