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Babette E. Heimbuch, President and Chief Executive Officer

February 7, 2001

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INFORMATION SERVICES
DIVISION

Manager, Dissemination Branch
Office of Thrift Supervision
Information Management & Services Division
1700 G Street, N.W.
Attention: Docket No. 2000-91
Washington, D.C. 20552

Re: Savings and Loan Holding Companies Notice of Significant Transactions or Activities and OTS Review of Capital Adequacy, 65 Fed. Reg. 64392 (October 27, 2000)

Ladies/Gentlemen:

I am writing to comment on the proposed regulations which would require certain savings and loan holding companies to notify the OTS before committing to or engaging in certain debt or asset transactions.

The regulation is troublesome both in its stated procedures and in the open ended discretion it implies. The OTS has expressed concerns about situations which may occur in certain types of holding companies. Instead of focusing on those situations with oversight and regulatory tools already available, the OTS has proposed a regulation that regulates to the worst case scenario, an unfortunate practice I have not seen in over a decade.

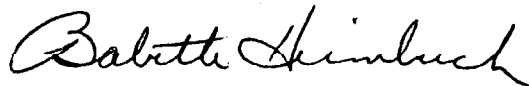
The prior notice provisions are onerous in a world where rates and windows of opportunity move quickly. The ability of regional staff to understand or move quickly on a request could prove costly to the holding company. We have had a situation where our holding company had to incur an expense of \$50,000 because of the necessity of waiting 30 days for a simple dividend from the savings and loan. In this case, the need for the 30-day notice was a technicality. All capital ratios, earnings trends and non-performing asset trends were positive. If we can't assume a simple decision can be expedited, there is no hope that more complex ones will be.

The 10% change in capital rule could be much like the technicality that caused us to incur the \$50,000 expense. It is not the 10% change that's the issue, it's the level of capital. This would then lead to setting a holding company capital standard to "fix" that problem, a course that is premature, though implied in the comments.

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It is unclear why the OTS was so accommodating in approving thrift charters for so many different entities and now turns around and makes those charters unattractive as well as placing additional burdens on long-time thrift holding companies. It is my opinion that the proposal should be withdrawn.

Sincerely,



Babette Heimbuch

BH:dw