

St. Landry Homestead

FEDERAL SAVINGS BANK



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September 6, 2006

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street NW
Washington, DC 20552

Attn: No.2006-29

Re: Comments on Notice of Proposed Rule Making: Stock Benefit Plans in
Mutual-to-Stock Conversions and Mutual Holding Company Structures
(OTS Docket No. 2006-29 and KEN 1550-ACO7)

Dear Sir or Madam:

I am writing on behalf of St. Landry Homestead Federal Savings Bank, a mutual savings institution, in support of the Office of Thrift Supervision's ("OTS") proposed rulemaking regarding stock benefit plans established in mutual-to-stock conversions and mutual holding company reorganizations. The current OTS regulations regarding the implementation of stock-benefit plans are unnecessarily complex and confusing. Clarification of current regulations would greatly reduce expenses associated with existing benefit plans.

The mutual holding company structure has been a much-needed alternative for mutual savings institutions that are interested in raising capital on an incremental basis. Mutual holding companies are also ideal for institutions that want to preserve their independence as community banks. With the size of stock benefit plans specifically limited by OTS regulations and the lack of abuse by mutual holding companies, substantially fewer stock benefits are provided to management as compared to standard conversions.

We also believe that the extensive OTS restrictions on mutual holding company stock benefit plans under the current rules, including the need for a separate vote of minority stockholders, should not apply more than one year after a stock offering. We applaud the OTS for its recognition of the problems associated with activist depositors and stockholders and while the attacks of such activists typically have not been successful, they can be expensive and time consuming. Eliminating the separate vote of minority stockholders after one year would remove a regulatory bias in favor of full stock conversions and eliminate an important point of activist leverage.



DEPOSITS FEDERALLY INSURED TO \$100,000 BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES GOVERNMENT

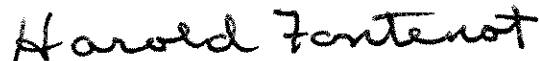
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While we accept some regulatory oversight of the implementation of stock benefit plans for a one year period, a requirement for a separate vote of minority stockholders effectively disenfranchises the largest stockholder-the mutual holding company; and is contrary to the central issue of mutual control providing potential for abuse and undue influence by activist stockholders whose intent is ultimately a sale of the community bank franchise.

Market forces will continue to limit stock plans to reasonable levels because of the expense of such plans. (In this regard, we note recent changes to accounting rules relative to the expensing of stock options.) In addition, the OTS will continue to have approval authority over the size of mutual holding company stock benefit plans.

We believe strongly in the concept of mutual control. The OTS has done an outstanding job in refining a structure that allows mutually controlled institutions to access the capital markets and provide the stock benefits they need to compete in today's competitive markets. We urge the OTS to continue to improve the mutual holding company structure by adopting the regulations as proposed in final form.

Very truly yours,
ST. LANDRY HOMESTEAD
FEDERAL SAVINGS BANK



Harold Fontenot, President

HF:sq