

Press Releases

April 9, 1997

OTS 97-24 - OTS Proposes Simplified Conversion to a Federal Mutual Thrift Office of Thrift Supervision

NEWS

FOR RELEASE at 5:30 p.m. EDT
Wednesday, April 9, 1997
OTS 97-24

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OTS PROPOSES SIMPLIFIED CONVERSION TO A FEDERAL MUTUAL THRIFT CHARTER

WASHINGTON, D.C., April 9, 1997 -- A rule change to make it easier for more mutual depository institutions to convert to a federal mutual savings association was proposed today by the Office of Thrift Supervision (OTS).

Currently OTS permits stock depository institutions to convert directly to a federal stock thrift charter. OTS also permits state-chartered mutual savings banks and savings and loans to convert directly to a federally chartered mutual savings association in one step. However, other mutual institutions, such as credit unions, must go through several steps to convert to a federal mutual charter. They must first obtain a new federal mutual savings association charter and then merge the existing institution into the new federal association. This involves several different regulatory approvals, which is more burdensome. OTS is proposing that all mutual institutions be permitted the option of a one-step conversion.

"This proposal is part of OTS' on-going program to streamline its regulations and make them easier to use," said OTS Director Nicolas Retsinas.

"The proposed rule change is in keeping with OTS' belief that depository institutions should be free to operate under whatever charter they deem best suits their business needs, consistent with safety and soundness," he added. The agency previously granted federal associations it regulates explicit authority to convert directly to a bank charter if they so chose.

Converting mutual institutions would come under all existing regulations currently applicable to federal thrifts. For example, the proposal would require all converting institutions to obtain

deposit insurance from the Federal Deposit Insurance Corporation (FDIC), and they would have to meet investment limitations of federal thrifts within a specified time.

The proposed rule would also make minor revisions to the existing conversion provisions.

The proposed rule was published in today's Federal Register. OTS will accept comments on the proposal within 60 days following publication.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services.

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