



Office of Thrift Supervision
Department of the Treasury

1700 G Street, N.W., Washington, D.C. 20552 • (202) 906-6000

September 13, 1994

[REDACTED]

Re: 12 U.S.C. § 1467(c)(1)(C)

Dear [REDACTED]

This is in response to your letter of June 27, 1994, as supplemented by a letter of July 15, 1994, in which you seek confirmation from the Office of Thrift Supervision ("OTS") that the 2-year period for discontinuance of non-conforming activities contained in section 10(c)(1)(C) of the Home Owners' Loan Act¹ (the "HOLA") would be available to a new multiple savings and loan holding company (the "Holding Company") to be formed in connection with a planned corporate restructuring involving [REDACTED] (the "Savings Bank") and its two subsidiary thrift institutions, [REDACTED] a Federal Savings Bank ("FSB A") and [REDACTED] ("FSB B"). We agree.

According to your correspondence, the Savings Bank, a state stock savings bank, is a multiple savings and loan holding company that controls FSB A directly and FSB B indirectly. FSB A is a federal stock savings bank and a savings and loan holding company that in turn directly controls FSB B, a federal stock savings bank that was acquired pursuant to a transaction approved under section 13(c) or 13(k) of the Federal Deposit Insurance Act (the "FDIA").² Although it is a multiple savings and loan holding company, the Savings Bank is not subject to the activities restrictions on multiple holding companies contained in section 10(c)(2) of the HOLA because of an exemption provided in section 10(c)(3)(B) of the HOLA to any multiple savings and loan holding company, "if . . . all, or all but 1, of the savings association subsidiaries of such company were initially acquired by the company . . . pursuant to an acquisition under section 13(c) or 13(k) of the [FDIA] . . . and

¹ 12 U.S.C. § 1467a(c)(1)(C) (Supp. IV 1993).

² Id. § 1823(c) or (k).

. . . all of the savings association subsidiaries of such company are qualified thrift lenders"3

The Savings Bank is contemplating formation of the Holding Company which would become a multiple savings and loan holding company directly in control of the Savings Bank (upon the latter's election for treatment as a savings association under section 10(1) of the HOLA⁴) and indirectly in control of FSB A and FSB B. Unlike the Savings Bank, however, the Holding Company would not be eligible for the exemption contained in section 10(c)(3) of the HOLA because it would not have initially acquired "all, or all but 1" of its savings association subsidiaries pursuant to an acquisition under section 13(c) or 13(k) of the FDIA.

Section 10(c)(1)(C) of the HOLA essentially prohibits any multiple savings and loan holding company from continuing "any business activity, other than activities prescribed in [section 10(c)(2) of the HOLA] . . . , after the end of the 2-year period beginning on the date on which such company received approval . . . to become a savings and loan holding company"5 As such, the plain language of section 10(c)(1)(C) of the HOLA provides a two-year grace period for divestiture of non-conforming holding company activities by newly formed multiple holding companies. Thus, we are of the opinion that if the Holding Company becomes a multiple savings and loan holding company, it would have two years from the date of OTS approval of its acquisition to discontinue any activities not prescribed in section 10(c)(2) of the HOLA.

In reaching the conclusions presented in this letter, we have relied on the factual representations contained in the materials presented to us. Our conclusions depend upon the accuracy and completeness of those representations. Any material change in circumstances from those set forth in your submissions could result in conclusions different from those expressed herein.

³ Id. § 1467a(c)(3)(B).

⁴ Id. § 1467a(1).

⁵ Id.

If you have any questions regarding the foregoing, please do not hesitate to contact Richard L. Little, Senior Counsel at (202) 906-6447.

Very truly yours,


V. Gerard Comizio
Deputy Chief Counsel

cc: West Regional Director
West Regional Counsel