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1700 G STREET, N.W.
WASHINGTON, D.C. 20006

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, D.C. 20540

July 11, 1984

that spray proposal reverts
final proposal by to limit

Honorable Edwin J. Gray
Chairman
Federal Home Loan Bank Board
1700 G Street, N.W.
Washington, D.C. 20550

Dear Edwin,

I am writing to express my concern over the Board's Resolution
84-227 and to request that you defer adoption of the proposed
rule which would impose limits on the ability of FDIC-insured
state chartered savings and loan associations to invest in real
estate, service corporations and equity securities.

While a number of states have substantially deregulated the
direct investment restrictions on state chartered savings and
loans, the Internal Revenue deductions based upon each thrift's
maintaining a 60% level of mortgages remain as an incentive for
thrifts to remain in the mortgage business. While I appreciate
the Board's concern over the risk to the FDIC insurance fund
from these new activities, it appears that the FDIC's broad
resolution will substantially reduce the power of states and
state regulators under the dual banking system and may be a
question that should be more appropriately decided by Congress.

Therefore, I urge that you defer adoption of the proposed rule
until Congress and affected institutions have had an opportunity
for greater consideration of this subject.

With best wishes,

Sincerely,

Alan Cranston

EXHIBIT
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