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*United States Senate*

WASHINGTON, D.C. 20540

January 31, 1988

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 regarding the FHLBB's repropoed rule, Resolution 84-718, to impose certain limitations on the ability of insured thrift institutions to invest in service corporations, real estate, equity securities and to revise the minimum net worth requirements.

I am sympathetic with the Bank Board's concerns that the unrestricted use of direct investment powers by state-chartered, federally-insured thrifts may pose a threat to the Federal Savings and Loan Insurance Corporation (FSLIC). The health of the FSLIC is a matter of great importance to the Congress, and the imposition of reasonable regulatory controls designed to protect the agency and provide stability to the thrift industry is certainly appropriate.

The proposed regulation on direct investment was published earlier in the year, Resolution 84-227. In December this regulation was revised and combined with new net worth restrictions. When the repropoed regulation was published, a 30 day comment period was allowed. I have received many letters protesting that the comment period is too limited.

Due to the complexities of this regulation, I believe that a 30 day comment period, which included the holiday session, is an insufficient amount of time for interested parties and the Congress to consider this important matter. The comment period should be extended at least to 90 days.

With best wishes,

Cordially,

  
 Alan Cranston

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