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July 21, 1986

Mr. Edwin J. Gray
Chairman
Federal Home Loan Bank Board
1700 G Street, N.W.
Washington, D.C. 20552

Dear Mr. Chairman:

I am writing with regard to the Bank Board's actions which affect our nation's savings and loan industry, both state and federal.

As you know, I have been continually concerned about the direction in which the Bank Board is moving as it attempts to protect the safety of thrift depositors and ensure the adequacy of the FSLIC fund. While I share the Board's objectives, I fear that the Board's regulatory program may, unintentionally restrict industry profitability, increase the number of thrift failures, and thus aggravate the current industry difficulties. I think it would be in the best interest of all parties to this dispute for the Board to conduct a series of hearings on the cumulative impact of its new regulations. Those hearings could usefully be held as part of the rulemaking proceedings on nationwide lending and increased capital requirements that are now being conducted by the Board. If the Board intends to go forward with those proceedings, I strongly urge that you not adopt the rules in final form until these hearings are held.

I would appreciate it if this letter could be made part of the rulemaking record of those proceedings. I look forward to your prompt response.

Sincerely,



John McCain
Member of Congress

JM/jc

MILLER & CHEVALIER
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John W. Timmons, Esquire
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Dear John:

Norm Miller mentioned that you would be willing to consider sending a letter to the Home Loan Bank Board urging that hearings be held before the Board takes further action on some of the new rules it is considering. He suggested that I send you a proposed draft, which is attached. If you have any questions on it, please give me a call. In any event, I would appreciate knowing what you decide to do.

As usual, we are grateful for your help.

Yours sincerely,

Leonard Bickwit, Jr.

Attachment

Special Counsel
Exhibit M-16