SMALL, WELL MANAGED THRIFTS TO FACE LESS REGULATORY BURDEN

WASHINGTON, D.C., Feb. 11, 1997 -- An expanded number of financially strong, well-managed savings associations will encounter less frequent examinations under a rule being put into effect tomorrow by the Office of Thrift Supervision (OTS).

Certain eligible institutions rated in one of the two highest categories (CAMELS 1 or 2) and with assets of no more than $250 million can be examined every 18 months. The rule raises the asset size limit from the prior ceiling of $100 million for 2-rated institutions. The higher ceiling puts an additional 185 thrifts in the 18-month examination cycle for a total of 855, or 62 percent of OTS-regulated thrifts. All other OTS-regulated institutions must, by law, be examined at least once every 12 months.

The new rule will reduce the regulatory burden on those strong, well-managed institutions by subjecting them to full-scale examinations less frequently. Conversely, OTS' resources can be better focused on other institutions that are of greater supervisory concern, said OTS Director Nicolas Retsinas.

The interim final rule is scheduled to be published in the Feb. 12, 1997, edition of the Federal Register and is effective immediately. OTS will accept comments, however, for the next 60 days. Making the rule effective immediately permits more effective planning for qualifying thrifts and allows OTS to finalize its 1997 examination schedule, Retsinas said.

The new rule, nevertheless, makes it clear that OTS retains the authority to examine any thrift more frequently as appropriate.
The same new rule also applies to banks. OTS issued the interim rule jointly with the Comptroller of the Currency, the Federal Reserve System and the Federal Deposit Insurance Corporation.

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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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