

WALTER MCCLAIN
FIRST DISTRICT ARIZONA

COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS

COMMITTEE ON EDUCATION
AND LABOR

SELECT COMMITTEE ON ARMS

Congress of the United States
House of Representatives
Washington, D.C. 20515
June 24, 1984

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

Dear Mr. Chairman:

The purpose of this letter is to express our concern over Board Resolution No. 84-227, which would impose arbitrary limits on the ability of an insured state-chartered savings and loan association to invest in real estate, service corporations, and equity securities. While we appreciate the FHLB's concern over FSLIC's responsibility for insured institutions, we question whether the approach expressed by this proposed rule is the correct one.

In our view, the major problems faced today by thrift institutions continue to be the result of past regulation, not as a result of recent deregulation efforts. The direction set out for thrifts by the 1982 Garn-St. Germain bill should not be hastily changed. Thrifts in our state of Arizona have, thus far, successfully relied on state investment authorities to prove their financial integrity.

We urge you to defer adoption of the proposed rule until the Congress and affected institutions have had an opportunity for greater consideration of this subject.

Sincerely,


JOHN MCCAIN, M.C.


MORRIS UDALL, M.C.


BOB STUMP, M.C.


JAMES McNULTY, M.C.


ELTON RUDD, M.C.

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