

Transmittal



RESCINDED

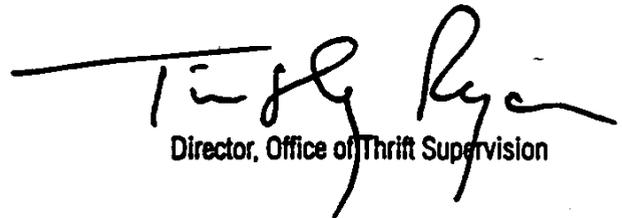
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Attached is a copy of the Office's new rule governing capital distributions, which takes effect on August 1, 1990. The rule sets our policy with respect to the payment of dividends, stock repurchases, cash-out mergers and other transactions that serve to reduce an association's capital levels. It pro-

vides substantial flexibility to well capitalized institutions to undertake such distributions without prior approval, but requires supervisory approval for undercapitalized institutions. Institutions must follow the procedures outlined in the regulation.


Director, Office of Thrift Supervision