



Mutual Alert

AMB Delegation Meets With FDIC Vice Chairman Hoenig:
Discusses Relief From “One Size Fits All” Regulation.



L to R :Carlos Naudon, Ponce De Leon Bank, Doug Faucette, AMB, Chuck Boulier, Ion Bank, Vice Chairman Thomas Hoenig, FDIC, John Marvin, Raymond Federal, Thomas Rudzewick, Maspeth Federal and Peter Boger, Ridgewood Savings Bank

As prelude to our Sixth Annual Leadership Meeting later that day, a delegation of prominent mutual bankers met with FDIC Vice Chairman Thomas (“Skip”) Hoenig in Washington D.C. The purpose of the meeting was to discuss issues of particular interest to mutual banks. AMB Chair Chuck Boulier addressed the ever increasing regulatory burdens that mutual banks have shouldered explaining the direct costs incurred in hiring new compliance personnel to meet new requirements. He cited the recent passage by the House Financial Services Committee of the

Taylor Act H.R. 2896 as a step in the right direction to require regulators to differentiate between different risk profiles.

Vice Chairman Hoenig took an active interest in the topic and engaged in a thoughtful discussion as to how best to alleviate the problem. He questioned whether the Taylor Act provisions would override existing statutory requirements and suggested an even broader approach would be necessary to fix the problem. He suggested that AMB consider his recommendations for relief which he made last June in a number of speeches and articles. A copy of his written recommendations is attached.

The group also discussed our support for a tier 1 capital instrument for mutuals as a method to source the capital markets and permit mutual banks to grow. The Vice Chairman was very appreciative of the problem and explored with the group the features that would make an alternative instrument acceptable to the regulatory agencies. There was an extensive discussion which led to a promise by the group to share with the Vice Chairman more detailed provisions of the mutual investment certificate in writing.

The discussion also focused on the other major source of market capital i.e. the mutual holding company minority offering. The group explained the prohibition on dividend waivers imposed by Dodd –Frank and the abrupt slowdown in MHC offerings since then. The group urged the FDIC to consider the consequences of this unnecessary prohibition. AMB also promised to share our proposed Bill with him that addresses a number of regulatory problems that face mutual banks.

Various other topics were discussed, all of which addressed the difficulty in conforming to one size fits all regulations with a number of anecdotal experiences shared.

We intend to continue to build on our dialogue with Vice Chairman Hoenig as well as the other Board members to assure that mutual banks are considered appropriately in policy and rule making.