

**SUPPORTING STATEMENT FOR SAVINGS AND LOAN  
MUTUAL HOLDING COMPANY APPLICATIONS  
OMB CONTROL NO. 1550-0072**

**A. JUSTIFICATION**

1. Circumstances and Need

Statutory provisions enacted by Congress in 1987 and amended in 1989, Section 10 (o) of the Home Owners' Loan Act (HOLA), 12 U.S.C. Section 1467a(o) and 12 CFR Part 575 of the Regulations authorize mutual savings associations to reorganize to form mutual holding companies. In addition, those provisions authorize subsidiary savings associations and subsidiary holding companies of parent mutual holding companies to issue minority blocks of stock to persons other than their parent mutual holding companies. The statute also permits the establishment of a mid-tier subsidiary holding company to hold the stock of the subsidiary savings association.

A mutual holding company is a form of corporate organization that is "owned" by its "members" in the same manner that members "own" a mutual savings association. A "member" of a mutual holding company is any person who holds a deposit account at, or, in some circumstances, has obtained a loan from, a savings association subsidiary of the mutual holding company that was in mutual form prior to the association's reorganization into or acquisition by the mutual holding company.

The Office of Thrift Supervision (OTS) issued an interim final rule that revised a statutory reference for mutual holding companies to reflect their increased investment and activity authority as a result of the Gramm-Leach-Bliley Act of 1999.

The purpose underlying many of the provisions of the OTS rules on mutual holding companies has been to protect against actions by mutual holding company insiders (i.e., officers and directors) that may be abusive or otherwise detrimental to the interests of a mutual holding company's members. The specific information collections for which approval is requested are detailed below.

Form MHC-1 (OTS Form 1522) – Notice of a Proposed Mutual Holding Company Reorganization

The mutual holding company statute provides that any mutual savings association that wishes to reorganize to form a mutual holding company must submit a notice (Form MHC-1, OMB 1550-0072) to the OTS in accordance with 12 CFR § 575.3. The notice provides details of the reorganization plan, which is to be approved by the majority of the association's board of directors and any acquired association. Details of the reorganization plan should contain a complete description of all significant terms of the proposed reorganization, shall attach and incorporate any Stock Issuance Plan proposed in connection with the reorganization plan and comply with other informational requirements specified in 12 CFR § 575.6.

Form MHC-2 (OTS Form 1523) – Application of a Savings Association Subsidiary of a Mutual Holding Company to Issue Minority Stock

An application Form MHC-2 should be filed by a savings association subsidiary or a subsidiary holding company, as applicable, of a mutual holding company for minority stock issuance as set forth in 12 CFR § 575.7. Minority stock issuances applications are required to provide OTS with information to determine if insider abuse and unsafe and unsound practices by mutual holding companies and their subsidiaries are present.

There are no third party requirements for the Form MHC-2.

#### Formation of a Subsidiary Holding Company

12 CFR § 575.14 authorizes a mutual holding company to establish a subsidiary holding company to hold 100% of the stock of its savings association subsidiary. The subsidiary holding company may be established either at the time of the initial mutual holding company reorganization or at a subsequent date, subject to the approval of the OTS. Whether the subsidiary holding company is organized at the time of the initial reorganization, or if it is organized at a later date, the parent mutual holding company will file a holding company application with the OTS.

For purposes of 12 CFR §§ 575.7 and 575.8, the subsidiary holding company will be treated as a savings association issuing stock and will be required to file the information required by Form MHC-2. This requirement does not create any new additional burdens for respondents.

#### Notice of Disposition of a Subsidiary Savings Association

12 CFR § 575.10(b)(1) authorizes a mutual holding company to dispose of or otherwise transfer any savings association subsidiary that had been in mutual form prior to reorganizing into or being acquired by the mutual holding company or any subsidiary holding company. A notice must be filed with the OTS 30 days prior to the proposed disposition.

#### Notice of Dispositions of Stock to Insiders

12 CFR § 575.10(b)(4) authorizes transfers of the stock or substantial assets and liabilities of any company owned by the mutual holding company to insiders of the mutual holding company, any associate of an insider of the mutual holding company, or any tax-qualified or non-tax-qualified employee stock benefit plan of the mutual holding company provided a notice is sent to the OTS at least 30 days prior to the effective date of the proposed transfer.

#### Pledging Stock

12 CFR § 575.11(b)(2) requires mutual holding companies that have pledged the stock of a savings association subsidiary or a subsidiary holding company in a loan transaction to provide written notice to the OTS within 10 days following such pledge. As part of the notice the mutual holding company must certify that the proceeds of the loan have been transferred to the appropriate subsidiary savings association whose stock (or the stock of its parent subsidiary holding company) has been pledged. 12 CFR § 575.11(b)(3) requires any mutual holding company that fails to make a scheduled payment on any loan secured by a pledge of stock of a savings association subsidiary or subsidiary holding company to provide written notice to the OTS on the first day after such payment is due.

#### Stock Repurchases

12 CFR § 575.11(c)(1) provides that any subsidiary mutual holding company or a savings association subsidiary of a mutual holding company may engage in a repurchase of its shares of stock provided that it has filed an application and received the approval of the OTS to engage in the repurchase transaction.

#### Notice of a Mutual Holding Company Waiver of Dividends

12 CFR § 575.11(d) requires a mutual holding company to provide written notice to the OTS of its intent to waive the right to receive dividends declared by a savings association subsidiary or subsidiary holding company 30 days prior to the proposed date of payment of the dividend.

#### Notice of Issuance of Non-thrift Subsidiary Stock to Insiders

12 CFR § 575.11(e) permits mutual holding company subsidiary stock issuances to insiders, provided that such persons provide written notice to OTS at least 30 days in advance of the proposed issuance.

#### Conversion of Mutual Holding Companies

Mutual holding companies are authorized to convert to the stock form of organization in accordance with 12 CFR § 563b. The provisions and burden of this regulation are reflected in OMB Control No. 1550-0014, Mutual to Stock Conversions.

#### 2. Use of Information Collected

The OTS analyzes the submitted information to determine whether the applicant meets the statutory and regulatory criteria to form a mutual holding company and/or perform minority stock issuances. Information provided in the notice or application is essential if the OTS is to fulfill its mandate to prevent insider abuse and unsafe and unsound practices by mutual holding companies and their subsidiaries. Minority issuances are not feasible without an application process that includes the review of such information.

#### 3. Use of Technology to Reduce Burden

This information collection is not amenable to reduction through improved technology.

#### 4. Efforts to Identify Duplication

There is no information requested on the forms that is collected by the OTS in any other way.

#### 5. Minimizing the Burden on Small Firms

The statutory provisions do not provide for the OTS to distinguish a respondent by the size of its business. Collection of the information required is essential, regardless of the size of the entity involved.

#### 6. Consequences of Less Frequent Collection

The obligation to file information required by 12 CFR Part 575 occurs when an institution wishes to engage in a transaction that the OTS believes to present significant regulatory risks, and therefore, requires specific application approval or notice. If collection were less frequent, the OTS would be unable to fulfill its statutory responsibility to assess the financial and managerial resources and risks to the safety and soundness of the entities involved.

#### 7. Special Circumstances

Mutual holding company reorganizations that (1) involve more than one association or (2) occur concurrently with a stock issuance, in which a purchaser must obtain OTS approval under Part 574, will continue to be subject to the provisions of the Bank Merger Act requiring the Department of Justice review, which requires that an additional copy be filed. Simple mutual holding company reorganizations (those that do not involve a change in the institution's current ownership or management) will not require Department of Justice review.

8. Consultation with Persons Outside the OTS

Notice of intent to renew this information collection was published in the Federal Register on April 12, 2011 (76 FR 20458). OTS has not received any comments

9. Payment of Respondents

OTS provides no payment or gift to respondents.

10. Confidentiality

Section 575.13(f) provides that the rules governing disclosure of any notice or application shall be the same as set forth in 12 CFR § 574.6(f). Section 574.6(f) provides that all filings subject thereto shall be disclosable to the public, except to the extent the person responsible for the filing makes an express claim of confidentiality and justifies that claim under the Freedom of Information Act.

11. Information of a Sensitive Nature

There are no questions of a sensitive nature.

12. Estimate of Annual Hour Burden

The total annual hour burden to the respondents is estimated at 4,132 hours representing 50 respondents:

<u>Description</u>	<u>Number of Respondents</u>	<u>Number of Burden Hours</u>	<u>Total Number of Hours Yearly</u>
MHC – 1	4	400	1,600
MHC – 2	5	350	1,750
Subsidiary Holding Company	2	350	700
Stock Repurchase	-0-	2	-0-
MHC Dividend Waiver	39	2	<u>78</u>
<b>Subtotal</b>	<b>50</b>		<b>4,128</b>
Third party notice under 12 CFR § 575.13(c)(3)(ii)	4	1	<u>4</u>
<b>Total</b>			<b>4,132</b>

13. Estimate of Annual Cost

The total annual cost to the respondents for preparation of the submissions is estimated at

\$454,520 representing total annual submission hours of 4,132 at an estimated average cost of \$110 per hour, 4 hours for publication notice at \$400 per hour and the applicable application and notice fees.

14. Estimate of Annualized Cost to Government

The OTS has determined that each review of MHC-1 Form and MHC-2 Form will cost \$8,000 and \$6,400, respectively, to process as evidenced by the related OTS application fees of \$8,000 and \$6,400 per transaction. The cost of review of the formation of a subsidiary holding company is \$2,000. The OTS has also determined that the cost of reviewing the various notices, other than the dividend waiver notice, described in Item 1 above is \$100 per notice based upon an assumed average review time of one hour per notice at a cost of \$100 per hour. The cost of reviewing each dividend waiver notice will be \$300 as evidenced by the related OTS application fee, and the cost of reviewing the stock repurchase applications is \$300 based upon an assumed average review time of 3 hours at a cost of \$100 per hour. The total annualized cost to the government is estimated to be \$79,700.

<u>Description</u>	<u>Application and Notice Fees</u>	<u>Number of Respondents</u>	<u>Total</u>
MHC – 1	\$ 8,000.00	4	\$ 32,000
MHC – 2	6,400.00	5	\$ 32,000
Subsidiary Holding Company	2,000.00	2	\$ 4,000
Dividend Waivers	300.00	39	\$ 11,700
Other Notices	100.00	0	0
Repurchase of Stock	2,500.00	0	\$ -0-
<b>Total</b>			<b>\$ 79,700</b>

15. Reason for Change in Burden

OTS is citing a decrease in burden of (4,143) hours as an adjustment due to a decrease in MHC-1s and MHC-2s.

16. Publication

Not applicable.

17. Expiration Date

The OTS has received permission to not display the expiration date on the forms. The expiration date will not assist the public in determining if this is the correct form to be used when filing with the OTS.

18. Exceptions

There are no exceptions to the certification on OMB Form 83-I.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.