October 28, 2011

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street & Constitution Avenue NW
Washington, DC 20551

Re: Comment on Proposed Policies On Section 239.8 (1) of Regulation MM

Dear Ms. Johnson,

I appreciate the opportunity to comment on the proposed rule regarding the waiver of distributions to Mutual Holding Companies (MHC). I am a director of a small MHC with approximately $230 million in total assets. Our bank subsidiaries are significantly above "well-capitalized" and our earnings have allowed us, via the dividend waiver, to pay a strong dividend each quarter since our inception in 2005.

The dividend wavier is a critical component to our operations. Both from my personal standpoint and from the standpoint of many of our company's investors, the strong and reliable dividend is a key to our choice of investment. We are all concerned that the severe restrictions on the dividend waiver may, someday in the future, cause our company to have to reduce our dividend to our public shareholders.

The purpose for your proposed restrictions remain very cloudy to us. We do not believe that our dividend payment has been contrary to our fiduciary duties—indeed, we believe it to have been essential for the strength of the overall entity. The transfer of funds to the MHC, which has no purpose as an operational entity (i.e. it doesn't need the money) would be segregating funds that can be used for better purpose.

We are also concerned that the Federal Reserve's position is in opposition to what was a clear statement inserted in the Dodd-Frank Act to preserve our present operating method. Clearly, Congress anticipated the Fed's approach to the dividend waivers at companies formerly regulated by the OTS and took steps to preserve the status quo, which the Fed is now attempting to circumvent.

We believe that this issue could further dampen the market for all financial institution investors going forward. It would behoove our industry to reduce the impediments to those who might otherwise choose to invest in banks. The headwinds remain strong and it will take considerable time to restore investors' faith in banking stocks. This is not the appropriate time to add artificial impediments to the industry and essentially nullify a process that has been working quite well.

To summarize, elimination of the dividend waiver serves no purpose for the banks or the investors. It is my hope that the Board will reconsider its proposal and allow for continued MHC dividend waivers if not for all MHCs, then at least for those specifically grandfathered under Dodd-Frank.

Sincerely,

Herman D. Regan, Jr.

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