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October 25, 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 serve on the board of directors of a small MHC with approximately \$226 million in total assets. This MHC has two bank subsidiaries which are well capitalized. This MHC was established in 2005. Our public shareholders have received a dividend for each and every quarter since our inception. The allowed dividend waiver has been utilized for every quarterly dividend declared and paid.

This waiver of dividends to the MHC is critical to how we operate, keeping our liquidity reserve strong, staying well capitalized, and providing a reasonable return to our public shareholders. Many of the shareholders invested primarily in anticipation of a steady, regular and reliable dividend. Should the ability to waive dividend payments to the MHC become prohibited, it is an absolute certainty we will no longer be able to justify dividends at our current rate and quite possibly may not be able to justify dividend payments at all.

Dividend payments to the MHC serves no positive business purpose. Additionally, the MHC has no use for the funds and generates an unnecessary level of taxation. Additionally, a quick review of the language in the Dodd-Frank Act and it becomes crystal clear that the intent of Congress was to continue to provide the waiver of dividends for MHC's. To not allow this waiver weakens the financial institutions and deprives the public investor of a substantial portion of the return on their investments.

At its most basic level, it seems completely unfair to allow a company to organize under one set of rules, especially those critical to the operation, then shortly thereafter change these rules. I can assure you, if we could have in any way anticipated this, we would not have organized as we did.

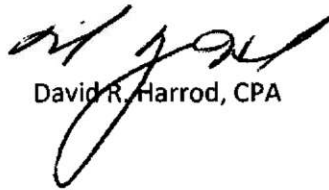
This lack of waiver will weaken the financial strength of the bank to its detriment and is detrimental to the investors while serving a positive purpose for no one.

Suggested remedies such as requiring a depositor vote will cause confusion amongst the investors as well as be costly and time consuming.

In summary, I would like to say that to prohibit the waiver of dividends to the MHC seems to serve no beneficial purpose to anyone, alters our ability to operate in a financially responsible manner, and contradicts the Dodd-Frank Act which details this very topic for the direct purpose of allowing the waiver.

It is my sincere request that the Board reconsider its proposal and withdraw it in its entirety, thus allowing the continuance of the waiver of MHC dividends.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Harrod". The signature is fluid and cursive, with a large loop at the end.

David R. Harrod, CPA