

Department of the Treasury  
Office of Thrift Supervision  
**Transmittal**



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Attached is a final rule that permits savings institutions to assign a 50 percent risk weight to qualifying multifamily mortgage loans and to securities backed by such loans when calculating their risk-based capital requirement. Loans must meet certain criteria to qualify for the 50 percent risk weighting.

OTS is adopting this regulation, as are the other federal banking regulatory agencies, to implement the provisions of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 and the Federal Deposit Insurance Corporation Improvement Act of 1991.

Prior to adoption of this rule OTS already permitted certain multifamily mortgage loans to be risk-weighted at 50 percent. The new rule adopts different criteria for multifamily mortgage loans to qualify

for the 50% risk-weight category. These new standards include loan-to-value, timely payment, and debt coverage criteria. Under a grandfather provision, however, multifamily mortgage loans that qualified as of the effective date of this rule under OTS' prior capital regulation and continue to meet those criteria will remain in the 50 percent risk-weight category even if they would not meet the revised requirements.

OTS is also attaching to this transmittal a memorandum providing guidance to associations on actions they should take to comply with the debt service standard.

The final rule was published in the March 18, 1994 edition of the *Federal Register*, Vol. 59, No. 53, pp. 12806-12811.

Jonathan L. Fiechter  
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Attachment