

Members of Congress:

Why you should support strong capital requirements for Savings and Loans

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Dear Member of Congress:

The year is 1992. Headlines proclaim a new S&L disaster which will cost hundreds of billions of dollars. You may well ask, how could we possibly find ourselves faced with another disaster so soon? Very simply, the 1989 Savings and Loan Bill's capital requirements were too weak and not designed to prevent a recurrence of the excesses of the past.

Only Strong Capital Requirements Will Avert Another Savings and Loan Disaster.

The nightmare described above can be averted if Congress establishes and enforces strong, tangible capital requirements for the operation of thrift institutions. Real, tangible capital is cash. Weak savings and loans, with their hordes of lobbyists, are fighting to convince members of Congress that goodwill should be kept in the legal definition of capital. Goodwill is nothing but thin air, and including it in the three percent core capital requirement makes a mockery of the legislation.

It's Time Congress Listened to the Healthy Segment of the Savings and Loan Industry.

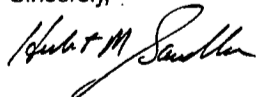
We number 2,000 institutions. Our assets amount to \$595 billion. We welcome capital standards that will protect the health and viability of our industry so that we can continue to be the primary source of home financing for this country. We resent the pressure exerted by institutions with little or no real capital—thrifts that are prepared to gamble once again with taxpayers' money.

Congress Must Not Make the Same Mistake Twice.

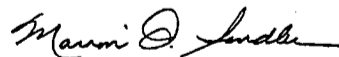
Strong capital standards are the single most important safeguard for insuring that the huge losses caused by a small portion of the thrift industry do not recur. Unless savings institutions have their own money at risk, it will only be a matter of time before the debacle of the 1980's is repeated—and it will be Congress and Congress alone which must bear the responsibility.

Do not be seduced by the pleadings of the weak and noisy. They have everything to gain and nothing to lose by watered-down capital requirements. It is the savings and loan industry, the taxpayers and the nation that are at risk. We implore you—don't let it be déjà vu all over again.

Sincerely,



Herbert M. Sandler
Chairman and
Chief Executive Officer



(Mrs.) Marion O. Sandler
President and
Chief Executive Officer



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