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April 2, 2004

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Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, DC 20552

Re: Assessments and Fees – No. 2004-06
69 FR 6201 (February 10, 2004)

Dear Sir or Madam:

The New Jersey League of Community Bankers* (“the League”) is pleased to comment on the proposal to revise the way the Office of Thrift Supervision (“OTS”) calculates the assessments and fees for savings and loan holding companies (“holding companies”) and savings associations.

The League agrees with America’s Community Bankers (“ACB”) that the goals the OTS has set forth in establishing a process for determining assessments for holding companies of (1) keeping charges as low as possible while providing the agency with the resources essential to effectively supervise a changing industry; (2) tailoring the charges to more accurately reflect the agency’s costs of supervising institutions and their affiliates; and (3) providing institutions and their affiliates with consistent and predictable assessments to facilitate planning. The League is concerned, however, that the proposal as currently structured would not achieve these goals. We believe that the proposal could substantially increase the costs for certain holding companies in ways that have little relationship to the amount of time that the OTS will need to spend in examination and supervision.

Assessments for large, complex holding companies – The League agrees with ACB that calculating assessments based in part on the total consolidated assets would result in significant increases in costs and create an unfair financial burden on large, complex holding companies that have a relatively small savings association subsidiary. This may result in assessments that do not have any reasonable connection to the time spent on supervision because of their large amount of consolidated assets. The process needs to be related to the time needed to effectively supervise these holding companies.

* The New Jersey League of Community Bankers, founded in 1908, is a trade association representing 70 of New Jersey’s savings banks, savings & loan associations and commercial banks with total assets of over \$60 billion. The League’s wholly-owned subsidiary, the Thrift Institutions Community Investment Corporation (“T.I.C.I.C.”) assists League members in forming consortia to make loans on low-to-moderate income housing and economic development projects throughout New Jersey. Since its founding in September 1991, T.I.C.I.C. has facilitated loans on over 4,400 affordable housing units and has loans in process on nearly 1,000 more affordable housing units. Loans made and loans in process total over \$315 million.

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Assessments for holding companies that do not engage in activities other than owning a savings association – The League agrees with ACB that the proposed assessments for holding companies that do not engage in any activities other than owning a savings association subsidiary do not appear to have any reasonable connection to the time spent during the examination process. These are primarily shell holding companies and we believe the final rule should provide a reduced adjustment under the organizational form component for these organizations.

Assessments for holding companies that own state-chartered savings banks – While the League recognizes that the OTS will incur additional costs in supervising holding companies that own state-chartered savings banks, we do not believe that a 50 percent automatic increase in the assessment amount is justified. The OTS should be able to rely to the extent possible on the work of the FDIC and state banking departments for the information it needs on the subsidiary savings banks. We concur in ACB's recommendation that holding companies that currently own state chartered savings banks be grandfathered and exempt from any increase. If there are states that are not cooperative, an adjustment could be made for those states rather than hitting all such holding companies with a large increase in assessments. Going forward, we concur with ACB's recommendation that new holding companies that own state-chartered savings banks be assessed a differential increase in the range of 15 to 20 percent.

Assessments for small "qualifying savings associations" – While we agree assessments for savings associations with assets of \$100 million or less should no longer be frozen at the assessment levels in effect on January 1, 1999, we concur with ACB's recommendation that the higher assessment rates be phased in over time to reduce the burden on these small institutions.

In summary, the League agrees with the goals the OTS established for its proposed new assessment procedure, but believes more work is needed to ensure that assessments are fair and truly reflect the costs that the OTS incurs in supervising and examining holding companies and savings associations.

Sincerely,



Samuel J. Damiano, President
New Jersey League of Community Bankers

SJD/JRS/jz