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March 10, 2003

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

VIA FACSIMILE

Re: TFR Revisions, OMB No. 1550-0023 - OTS proposal to accelerate filing deadlines

Dear Sir or Madam:

Sovereign Bancorp, Inc. is pleased to submit this letter presenting our comments on the Office of Thrift Supervision (OTS) proposal published in the Federal Register on January 23, 2003 to amend certain disclosures in the quarterly Thrift Financial Report (TFR) and accelerate the filing deadlines effective with the March 2004 reporting cycle.

Summary

Sovereign supports the OTS goal of enhancing the usefulness of the TFR and more closely aligning the reporting among the federal banking agencies. We realize that in many cases additional information can make the report more useful, provided that the added disclosures are clearly defined, and are not cost-prohibitive to collect. Accordingly, we are in favor of most of the additional disclosures suggested in the proposal.

However, we strongly disagree with the proposal to accelerate the reporting deadlines for the TFR and CMR reports as detailed in item #36 of the Federal Register. We believe that the current deadlines of 30 and 45 days, respectively, are appropriate in terms of producing timely information to the OTS regarding our financial condition and results of operations, while providing management sufficient time to accurately produce and critically analyze the great volume of information in these reports.

Listed below are our specific comments as to why we disagree with the proposal to accelerate the filing deadlines (item # 36 of the proposal). We have listed the comments as they relate to each report.

Thrift Financial Report (TFR)

- **Significant Reduction in Preparation Time** - At Sovereign, the reporting process for the TFR begins with the close of books, which may not be completed until several days into the following month. Here at Sovereign that can be as late as the 5th business day (which may fall as late as the 7th calendar day). Therefore, under the current filing deadline of 30 calendar days, the actual time available for production of the TFR is approximately 23 calendar days. However, if the filing deadline is reduced to 20 calendar days, the available production time available (after the close of books) will be only 13 days, or a decrease of 43% in available production time.

In addition to the regulatory reporting requirements with the OTS, Sovereign has significant other financial reporting requirements to other regulators (like the SEC), outside investors (under the terms of our debt servicing and securitization agreements), and internal constituents such as our board of directors and executive management. Our financial reporting group has been staffed and structured to meet all of the current reporting requirements. Any changes in the timing or content of our reporting requirements will adversely impact the staffing and cost of financial reporting by Sovereign.

Thrift Financial Report (TFR) - (continued)

The proposal to accelerate the filing deadline for the TFR from 30 to 20 days will decrease production time by approximately 43%. This will certainly require additional staffing and/or additional investment in information systems to complete the same amount of work in a shorter time. We believe the acceleration of the filing deadlines will result in a significant increase in expense to both large and small institutions.

- **Comparable Deadlines for Quarterly Reports** - The TFR is very comprehensive, consisting of 10 quarterly schedules and 2 annual schedules. The financial data included in the TFR is extensive and includes basic financials (SC/SO/CF), supporting schedules (VA/PD/CCR/CC/SI), and special reports (LD/FS/SB/CSS). Additionally, most of the schedules, which relate to loans, require the loan information broken out into 19 different loan types. At Sovereign, producing the quarterly TFR report takes approximately the same amount of hours as producing the quarterly report filed with the SEC on Form 10Q. While the 10Q may have significant amounts of narrative, the TFR contains significantly more financial data. ***Since the production of the TFR requires approximately the same amount of hours as the production of the 10Q report, it seems inconsistent that the OTS is proposing that the TFR be completed in 20 calendar days, while the SEC has approved a deadline of 35 days (see note below).***

Note: Currently, the SEC provides 45 days to file the quarterly 10Q report. However, recently issued guidance will accelerate the filing deadline to 35 days.

- **Additional Time Required for Additional Disclosures** - As noted above, we are in agreement with substantially all of the additional information requirements, which are set forth in the proposal. However, if these additional items are approved, it will take additional time to produce these disclosures. In fact, the time to complete these additional disclosures has been estimated by the OTS and is detailed in the Federal Register as an average of 36.4 hours per quarter. ***Accordingly, we question why the OTS is proposing to accelerate the filing deadline, while significantly increasing the amount of information disclosed. Savings institutions are being asked to provide more information in less time.***

Consolidated Maturity and Rate (CMR)

- **Servicer Reports** - For loans serviced by others (SBO), the rate and maturity information required on the CMR must come from the servicer. At Sovereign, we have over \$4 billion of mortgage and home equity loans, which are serviced by others -which equates to approximately 200 servicer reports we receive every quarter. These reports are then used to accumulate the rate and maturity information for the CMR. The servicers are bound by contract to provide the CMR data quarterly by predetermined deadlines. ***The majority of our contracts with servicers require the CMR data to be sent to Sovereign by 30 calendar days after quarter end. Sovereign's ability to comply with the proposed accelerated filing deadline for the CMR, depends on the ability of the servicers to meet the accelerated deadline. Even if they can meet the accelerated timing requirements, we might need to restructure some of our servicing contracts, and anticipate a possible increase in loan servicing fees.***
- **Significant Reduction in Preparation Time** - Due to the volume of work required to produce the TFR, we usually do not begin work on the CMR until the 28th or 29th calendar day after quarter end. According to the existing deadline, there is a window of 16 or 17 calendar days to complete the CMR. However, accelerating the deadline from 45 to 30 days will reduce the window to 11 or 12 days (assuming we have time to start the CMR before the TFR is completed under an accelerated filing deadline). ***This proposal will decrease available CMR production time by approximately 29%. This is a significant burden to both large and small institutions.***

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Conclusion

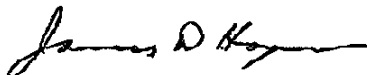
It is very clear that the goals to increase the usefulness of the TFR and to align the data with those of the other agencies are in the best interests of savings associations and the OTS. We are of the opinion that many of the recent OTS proposals relative to the TFR will be beneficial.

However, we believe that the acceleration of deadlines for TFR and CMR will be extremely burdensome to savings associations. To produce the same amount of work in a shorter time frame will require either additional staffing, or additional investment in information systems, or both. For those institutions where this type of additional spending is cost prohibitive, the accuracy of the information reported in the TFR may suffer. For the institutions, which will make these investments in order to comply, reporting costs may increase significantly.

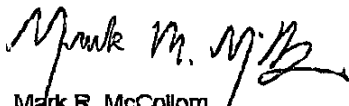
Therefore, we believe it is very important that the OTS perform an in-depth study on the impact of the accelerated filing deadlines on savings institutions. Such a study should take into consideration the increased expenses related to additional staffing and/or additional investment in information systems. Finally, the potential costs should be compared to the perceived benefits to determine if it is justified to accelerate the filing dates.

Additionally, we believe the OTS should investigate other avenues of expediting the publication of thrift and industry data, other than the acceleration of the filing deadlines.

Sincerely,



James D. Hogan
Chief Financial Officer
Sovereign Bancorp, Inc.



Mark R. McCollom
Chief Financial Officer
Sovereign Bank

CC: OTS Northeast Regional Office