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25

From: DJenni7474@aol.com
Sent: Wednesday, February 26, 2003 10:08 AM
To: infocollection.comments@ots.treas.gov
Subject: TFR Revisions OMB No. 1550-0023

Information Collection Comments
Chief Counsel's Office
Office of Thrift Supervision
email to infocollection.comments@ots.treas.gov

TFR Revisions OMB No. 1550-0023

Thank you for the opportunity to respond to the proposed changes in TFR reporting. I represent a small ($140 million) traditional thrift owned by a publicly-traded unitary thrift holding company.

Of most concern to us in your proposal is item 36, the shorter deadline for TFR filing. While there is certainly some (perhaps minimal) utility in your receiving this information in a shorter time frame, the shorter requirement would place significant burden on our ability to produce the information and review its accuracy. Of additional concern is the potential that changes in SEC reporting rules will shorten requirements for public disclosure of parent company information. With our company, and I believe with most small, publicly-held thrifts, the same staff members assemble the information for these reports and the same supervising officers and directors review the information. The prospect of shortening both deadlines could result in a significant burden to our institutions, causing the need for more staff and lessening the effectiveness of our experienced staff. While normally we prepare the TFR without outside consultation (such as outside accounting firms), we see the potential that such consultation may be needed from time to time and with the shortened deadline it would likely be more difficult to engage and utilize such experts due to the new demands of public reporting.

We also have some concern with the prospect mentioned of providing "data publicly on an earlier schedule." The schedule anticipated is not specified, but we would have concerns if such disclosure did not provide that the TFR information be released well after the deadlines for SEC reporting. With our company as with many others, there is no appreciable difference between the financial statements of the holding company and the thrift. Since the release of TFR information does not follow customary information release channels, there is the potential for inadequate distribution of material information--something the SEC is trying to minimize. Of particular concern would be fiscal year-end reporting which is given more time under new and proposed SEC requirements than quarter-end reporting. The OTS makes no such distinction.

Another issue of less impact but with potential difficulties for providing accurate information is item 20, refinancing loans. We believe that the definition in the text to report refinanced loans "where another institution held the original mortgage" may be too specific and difficult to determine. In some cases, there may not be an original mortgage (if the home was purchased with cash, a personal loan, a loan secured by other property, or a land contract). There are cases where the original mortgage has been paid off and the borrower wishes to refinance to obtain funds for other reasons. We believe a much simpler stratification would be to classify purchase loans as that (which are generally easily defined) and to classify refinances as anything else. While the differences may not be material, there is considerable value in a workable definition, as much time is spent on such matters during field examinations.

Item 30 regarding the use of average daily balances rather than month-end balances could cause confusion among shareholders. In SEC filings, we have used average balances based on month-ends. If TFR filing requires that daily balances be used, we would have the situation of either reporting two sets of average balance data or converting SEC data to daily data. This latter option would, in turn, likely necessitate the reclassification of the information from previous years which is a required part of current SEC filings. While there is no doubt that the daily balance method provides more accurate data, such data is only marginally more representative than month-end data and we hope that the OTS will carefully weigh the costs vs. benefits involved in re-fitting these systems and potential shareholder confusion or concern.

Finally, we applaud item 1 which would bring all collateral-based loans under the mortgage loan category. We believe that classifying home equity loans (which may be as well-secured as first mortgage loans) as consumer loans can be confusing and misleading to members of the public who might interpret greater risk than actually exists.

Again, thanks for the opportunity to comment.

Sincerely,

Don Jennings
Executive Vice President, First Federal Savings Bank of Frankfort, KY
President, Frankfort First Bancorp, Inc.