Homestead Bank

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

RE: TFR Revisions, OMB No. 1550-0023

Gentlemen:

The following is in response to your notice for request for comments published in the January 23, 2003, edition of the Federal Register, Vol. 68, No. 15, pp. 3318-3324, regarding changes in the Thrift Financial Report (TFR).

This Institution has no comment with regard to Definition of Mortgage Loan, Holding Company Financial Information, Optional Narrative Statement, and Transactions with Affiliates. This Institution would like to make the following comments with regard to Average Balance Sheet Data, and Shorter Deadlines for TFR, Including Schedules HC and CMR.

Average Balance Sheet Data

Many savings associations, particularly mutuals, do not presently produce average balances in their general ledger accounting systems. Depending on the actual method of computing average balances, these institutions may be required to install average balance accounting into their general ledger computer systems if the institution exceeds $100 million in total assets. This addition will likely result in increased data processing costs to produce a very limited amount of information . While the information presented in the notice does clarify where this information would be reported, potential problems may result. If the average balances are reported as memo items or reported on a schedule separate from Schedule SC no problems will result; however, if they are reported as part of Schedule SC, the mixing of average balances and actual balances will result in balancing difficulties plus cause problems with edits checks within the OTS reporting software. Please clarify this issue.

EQUAL HOUSING
LENDER

Shorter Deadlines for TFR, including Schedule HC and CMR

Despite technology advances over the past several years, shorting the filing due date of the TFR by ten calendar days and the CMR by 15 calendar days will create hardships for smaller institutions (those with assets of less than $500 million). Most small institutions make adjusting entries after closing work on the last business day of the reporting cycle. Most data processing systems are set up to process adjusted financial reports three to five business days after the close of the cycle. If errors are found in the adjusted financial reports, these errors must be corrected before a new adjusted financial report is received at a later date. Six to ten business days may pass before the institution has error free reports. Depending on how non-business days (weekends) fall in the particular month, error free reports may not be available until the 10th to 14th business day of the month. Adding in two more non-business days (weekend) before the 20th calendar day (report deadline), would provide only 4 to 8 business days to complete the TFR. This shortened time period is not adequate for completing the report when you consider that at small institutions the TFR preparer has other daily jobs and responsibilities which must be performed in addition to completing the report. The above example is based on the three yearly quarters in which year-end closing does not occur. During year-end closing, most small institutions are working with outside auditors and tax preparers to derive adjusted financial reports. Working with outside sources further delays receipt of these reports. We strongly urge OTS to reconsider shortening the filing deadlines. Consideration should be given to the fact that, if institutions are further rushed in filing reports, more errors will occur. Additional error resolution will create more work load for OTS personnel and further delays in deriving clean reports.

We thank you for the opportunity to comment on the proposal. We would be glad to discuss any of the above comments.

Sincerely,

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President and CEO
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