

47

Fidelity
BANK

March 19, 2003

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

RE: TFR Revisions, OMB No. 1550-0023

Dear Sir or Madam:

We are writing to comment on the proposed changes to the March 2004 Thrift Financial Report (TFR), including Schedules CMR and HC, as published in the *Federal Register* on January 23, 2003.

We agree with many of the proposed changes in how the *existing* data will be reported, and with sufficient notice we can adapt our TFR preparation procedures to accommodate those changes. However, we are particularly concerned about the additional burden related to the proposals to *expand* the TFR by collecting new data in the following areas:

- Transactions with affiliates (Item 29)
- Average balance sheet data (Item 30)
- Holding company information (Item 32)
- Reporting frequency of Schedule CSS—Quarterly rather than annually (Item 34)

Over the next twelve months, we believe we can further improve the efficiency of the TFR preparation process and begin reporting the information requested above *only* if the OTS retains the current deadlines of 30 calendar days after quarter-end for the TFR and 45 calendar days for Schedules CMR and HC.

Our primary objection to the current OTS proposal is the shorter 20-day deadline for the TFR and the 30-day deadline for the CMR/HC. With the present deadlines, our TFR preparer spends numerous evenings and weekends preparing and reviewing the report before it is transmitted. Reducing the timeframe for completion will eliminate the time available for internal analysis and review. In addition, our books are not closed for at least seven to ten days after quarter-end.

Therefore, we do not have firm financial data to work with until the second week. We also rely on other internal and external sources for loan commitments, investment data and other information. This data is also not available until the second week. Under the new proposal, that leaves approximately one week for us to review and verify the information, clarify any questions, and translate the data into the OTS mandated format. The investment information we use for market value estimates on Schedule CMR is provided by a third party source and is not available for nearly a month after quarter-end. As such, we are currently unable to meet the proposed 30-day deadline for Schedule CMR because of this.

The OTS cites technological advances over the past several years as the reason why shorter deadlines are possible. However, the time saved from these technological advances has been minimized by the complexity of the data processing systems and the need to review and administer the data to ensure accuracy. Our loan, deposit, and investment data is managed internally from nine different systems. The Accounting Department has developed a process to download the data, reconcile it to the general ledger, and independently create data files for TFR/CMR use. However, with every change the OTS implements, significant reprogramming must be made to modify the output.

The OTS proposal indicates the estimated time per respondent is 36.4 hours on average for quarterly schedules. Using this average, it would appear possible to complete the TFR and CMR/HC in 20 and 30 days respectively. However, larger associations such as Fidelity Bank, with assets of over \$1.3 billion, are significantly more complex and cannot come close to completing the quarterly schedules in the average timeframe. Our TFR, CMR and HC preparation and review time exceeds 400 man-hours each quarter.

By reducing the preparation time, the OTS will increase the potential for errors due to rushed preparation and lack of review as well as costly and time-consuming amendments. We genuinely hope the OTS reconsiders its proposal and maintains the current deadlines without increasing the burden on associations by requesting additional data.

Sincerely,



John Wm. Laisle
Executive Vice President, COO
Fidelity Bank, OTS Docket #06081