



March 23, 2003

SENT VIA EMAIL

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

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Attention: 1550-0023

Re: TFR Revisions, OMB No. 1550-0023

To Whom It May Concern:

Acacia Federal Savings Bank appreciates the opportunity to comment on the proposed revisions to the TFR as referenced above. Our institution has roughly \$700 million in assets.

Before proceeding to specifics we would like to provide the proper context for our comments by reiterating the OTS rationales for the revisions, as gleaned from the notice in the Federal Register. These include:

- "The proposed revisions will enhance the usefulness of the TFR from a supervisory prospective and will complement the federal banking agencies' emphasis on risk-focused supervision."
- "OTS needs this information to monitor the condition, performance, and risk profile of the savings association industry."
- Referring to sections 307(b) and (c) of the Riegle Act: "These sections direct the federal banking agencies to work jointly toward more uniform reporting, review the information that institutions currently report, and eliminate existing reporting requirements that are not warranted for safety and soundness or other public policy purposes." "In this regard, over the past several years, the federal banking regulators have sought greater consistency among the reporting requirements imposed on savings associations, banks, and bank holding companies."

General Comments

We question the approach in dealing with the Riegle Act. As far as we can tell the effort to comply with sections 307(b) and (c) of the Riegle Act seems to be one sided. Are the FDIC and the Federal Reserve also proposing significant changes to their bank and holding company reports? It appears that a number of the proposed revisions to the TFR exist merely to make the TFR more consistent with, or in some aspects identical to, the FDIC Call Report. When did the OTS make the decision that the Call Report was the model document? If it is why doesn't the OTS discard the TFR and CMR and formally adopt the Call Report format rather than continue with periodic revision exercises? This would eliminate the burden of Schedule CMR which the thrift industry alone continues to grapple with, as if its market value of equity is negative and as if commercial banks have no interest rate risk. Better still, why doesn't the FFIEC

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undertake a project to adopt a uniform set of regulatory reporting requirements? This would seem to be the best way to address the Riegle Act requirements.

The collection by the OTS of specific data items because the FDIC does so is not a rational reason to expand the TFR. Rather than assume that every piece of data that the FDIC collects is valuable for safety and soundness purposes, let's assume instead that too much is already being collected. When will there be evidence of "eliminating existing reporting requirements that are not warranted"? The current proposal is in many ways an exercise in Call Report replication with seemingly no effort to eliminate. That having been said, 17 of the 36 numbered sections (47%) within the proposal make no reference as to whether they exist to achieve consistency with the Call Report. Should we therefore assume that they represent differences from the Call Report and are intended to serve only the OTS's purposes?

We are unaware as to why any institution would agree with the need for the additional reporting requirements. We have attempted to tally the number of proposed additions to the TFR and Schedule HC versus the number of eliminations. Including the supplemental questions there appear to be 120 additions and 24 eliminations. There is nothing in this proposal resulting in any measurable benefit for individual institutions or the industry. The benefit to the OTS is argumentative. We question whether the proposal would survive a cost/benefit analysis.

Specific Comments

Revision 9 - Bank Owned Life Insurance:

Although Acacia FSB has not invested in this product we are concerned about the reason for wanting to break this out and thereby make it available to the public. Given some recent negative and misguided media reports on BOLI/COLI, is this an attempt to discourage purchase through fear of specific disclosure? Calling it a safety and soundness issue is a stretch, and the proposal does not address it as such.

Revision 32 - Holding Company Information:

At present there are three holding companies above Acacia FSB on the organizational chart. Schedule HC data is collected only on the top tier holding company. All of the holding company balance sheets reflect mostly the effects of upward moving consolidation. That is, stripped of the balance sheets of their respective subsidiaries, the types and amounts of assets remaining are insignificant. For the most part all that remains is cash and the equity securities holdings in the subsidiaries themselves. Therefore, the OTS's proposal to add a new TFR section to collect parent only data will result in little new information. The data provided will also show little change from quarter to quarter. In our case, is the parent only data intended to be that of the top tier holding company as well, as opposed to the first tier holding company?

How does the proposed data collection here compare to that of the Call Report? If a given institution is rated a CAMELS 1 or 2, is not dependent on its holding company for financial support, has a board with a majority of independent directors, is not granting extensions of credit to affiliates in violation of Sections 23A and B of the Federal Reserve Act, etc., then what is the issue?

As to the supplemental questions, if the answer to any of them is "yes" will an explanation then be required? It is logical to assume that it would be. However, the proposal is silent as to this. The text of any such explanations could require the attention of a senior officer as opposed to the TFR preparer. In this case the scope of TFR preparation will take a new twist.

Revision 36 -- Shorter Deadlines:

We believe that reducing the submission deadlines of the TFR and Schedules CMR and HC will result in a significant burden to Acacia FSB and the industry in general. In our case the limited internal resources currently devoted to closing the books and the preparation of internal and external reports will be further strained. It could very well result in the need to hire an additional staff person. The proposed deadlines represent a 33% reduction in calendar days. The percentage reduction in business days can be even greater depending upon the month involved.

Our top tier holding company is located in another state and utilizes computer systems completely different from those of Acacia FSB. The Accounting Department for the holding company has indicated that the increase in the proposed data to be collected, coupled with the shortened reporting deadline for Schedule HC, would also severely strain its resources. Both Acacia FSB and its holding company are against the revision to shorten the reporting deadlines.

There is no discussion about the FDIC or Federal Reserve changing or reducing their respective reporting deadlines. The Call Report deadline is still 30 calendar days. The SEC's phased in reduction for 10-Q submissions will go from 45 down to 35 calendar days. Thus the new 10-Q deadline is still longer than the current TFR deadline.

In this section of the proposal the OTS also indicates that the shortened deadlines would allow it to:

- provide data publicly on an earlier schedule
- provide the UTPR to associations on a timelier basis
- transmit the Interest Rate Risk Exposure Report to reporting institutions on a timelier basis
- provide for the compilation and timelier analysis of individual and aggregate statistics on the condition and performance of savings associations.

From our perspective none of the first three bullet points constitutes a sufficient reason to shorten deadlines. There is no safety and soundness issue. There is no conformity issue with other regulatory agencies. There is no measurable benefit to Acacia FSB from receiving any of the referenced information sooner than we already are. With regard to the fourth bullet, the OTS is presumably monitoring CAMELS 4 and 5 institutions more frequently and with greater detail than that provided by the TFR. It also has no reason to be overly concerned about monitoring CAMELS 1 and 2 institutions 10 calendar days sooner than it already is.

Lastly, the advances in technology and the improvements in the OTS's electronic filing system have done nothing to reduce the existing reporting burden associated with the TFR and Schedule CMR. The proposed revisions to the TFR only serve to exacerbate it. Institutions must still undertake programming changes either through their internal IT departments or through service bureaus to gather new data requirements. This always has a cost associated with it.

Yours truly,

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