

March 7, 2003

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

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RE: TFR Revisions, OMB No. 1550-0023

After reading the memorandum, Proposed revisions to the TFR for March, 2004, I strenuously disagree with the proposed deadlines of 20 days for the TFR and 30 days for the CMR/HC and recommend no changes from the current reporting deadlines.

To maintain profitability, critical to a CAMEL 1 or 2 rating, the financial reporting area must provide accurate and timely internal reporting for bank management to respond to current operational trends, shifts in the interest rate environment and results of actual operations. Publicly held banks and holding companies must provide accurate and timely external reporting for the SEC to keep owners (stockholders) and potential investors informed of financial performance. The financial reporting area must also provide accurate and timely regulatory reporting so the OTS can discharge their oversight responsibilities. The proposed shorter deadlines shift the regulatory reporting resource requirements into the same timeframes currently used by most banks for management reporting, first, and then SEC reporting if applicable. To maintain the same quality of reporting in all areas, additional resources will be required. The additional costs of these resources, whether contract, temporary or permanent, all come in a period of compressed margins and declining profitability.

The closing sentence of item 36 states; "With advances in technology coupled with the improvements in OTS's electronic filing system software, earlier due dates should not create a significant burden to the industry". The key assumptions in this statement of are 'should not' and 'significant'. This proposal is preceded by 35 other numbered proposed changes which contain, in total, over 100 changes. Every change in reporting requires a change in either the automated or manual systems that collect this information. These changes will require additional resources, from one minute to answer an additional question to hours of reprogramming for reclassifications and additional detail. The asset size of an institution, when considering all financial reporting, is not a significant factor in determining regulatory reporting burden, either individually or as an industry. Regulatory reporting is a parallel set of reports, nearly GAAP, but requiring certain adjustments, reclassifications, restatements and additional detail not generated in other financial reporting. The memorandum states an estimated 36.4 hours of additional reporting is required to "complete" these reports. There is no estimate provided to determine the implementation resources required.

If we were to model the costs using contract staff, one estimate would be the 36.4 estimated hours at an average billable rate of \$250, to equal \$9,100 per quarter or \$36,400 annually. (This would also approximate one staff person's salary and benefits.) The memorandum states there are 950 respondents and record keepers. The annualized, aggregate cost for all respondents and record keepers would be \$34,580,000 annually. Some banks will attempt to meet this standard with no increase in resources. One failure anywhere in the financial reporting process will create an opportunity for failure in all aspects of an institutions financial reporting. All of the industry will operate under the eventuality of incurring penalties for an untimely filing. The average quarterly cost per day to the industry, assuming TFR/CMR preparation time is split evenly, would equate to \$432,250 for the TFR and \$288,170 for the CMR. I consider this to be a significant industry wide cost, without a clearly defined offsetting benefit.

If these accelerated reporting deadlines are implemented, the final analysis will most likely prove that the industry just provided the information more quickly, with limited benefit for the users of the data and at a cost the industry as a whole could not afford.

Sincerely;

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