

**Guaranty
Federal
BANCSHARES, INC.**

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February 6, 2001

Manager, Dissemination Branch
Office of Thrift Supervision
Information Management & Services Division
1700 G Street, N.W.
Washington, D.C. 20552

RECEIVED
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INFORMATION SERVICES
DIVISION

Docket #02096
Re: Proposed Holding Company Regulation
Requiring Notification to OTS of certain
Transactions

Dear Sir or Madam:

Guaranty Federal Bancshares, Inc., (GFED) appreciates the opportunity to comment on the above-referenced proposed regulation which would require notification to OTS prior to transactions involving significant debt or asset acquisition that could adversely affect consolidated capital of the company, thereby, conceivably, affecting its ability to serve as a source of strength for its subsidiary.

GFED is a unitary thrift holding company, strongly capitalized at 14% to assets, and operating in Springfield, Missouri. Our organization cannot effectively compete without finding a way to leverage capital, and asset acquisition, either through branch or whole institution acquisition, is a part of our strategic plan. As I understand the proposed regulation, any acquisition that reduces the pro forma consolidated tangible capital below 10% would require prior notice to OTS. This would effectively eliminate our ability to negotiate on an independent basis. It supplants our management and entrepreneurial abilities with OTS judgements and edicts. For this reason alone, I suggest that the proposed regulation puts us at a competitive disadvantage, unnecessarily restricts the abilities of management, and should be scrapped.

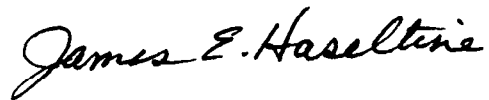
I am concerned that OTS is trying to regulate the universe of Holding Companies for the aberrant behavior of a few, and while this may prevent the aberrant behavior, it retards our ability to compete with financial institutions not bound by OTS regulation. It may also retard our ability to achieve our targeted capital level of 8%.

OTS has many tools at its disposal to monitor actions of Holding Companies it feels may be putting their subsidiaries at risk. It is incumbent upon OTS to address these

situations – but not to put the flexibility of well-run, successful Holding Companies at risk.

Again, I urge you to withdraw the proposed regulation.

Sincerely,

A handwritten signature in black ink that reads "James E. Haseltine". The signature is written in a cursive style with a large, prominent initial "J".

James E. Haseltine
President