

December 21, 2000

Office of Thrift Supervision, Department of the Treasury  
Office of the Comptroller of the Currency, Department of the Treasury  
Federal Reserve System  
Federal Deposit Insurance Corporation

Re: Impact of Proposed Rule - "Capital; Leverage and Risk-Based Capital Guidelines;  
Capital Adequacy Guidelines; Capital Maintenance: Residual Interests in Asset  
Securitization or Other Transfers of Financial Assets" as published at 65 FR 57993 on  
September 27, 2000

Dear Ladies and Gentlemen:

The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (collectively, the "Agencies") have requested public comment on the referenced proposed capital rule (the "Proposed Rule") which substantially revises the regulatory capital rules for the treatment of residual interests. The Proposed Rule also invites comments on the potential dollar impact of this regulation.

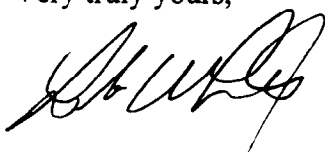
The Proposed Rule is designed to address a perceived risk concerning the amount of capital institutions are holding against residual interests created upon the securitization or other transfer of financial assets in transactions treated as sales as defined by the Financial Accounting Standards Board Statement No. 125, "Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities ("SFAS No. 125").

After considerable review, we believe that the Proposed Rule will require expenditures of greater than \$100 million in any one year by institutions that engage in securitization transactions. These expenditures arise because of the significant amounts of additional capital institutions will be required to raise in order to maintain adequate capital ratios. These expenditures would likely include, but not be limited to, the costs associated with capital raising activities, additional interest costs, reduced market capitalization and the risk of less access to the capital markets in general.

Therefore, we respectfully request that the Agencies perform a budgetary impact statement as required by Section 202 of the Unfunded Mandates Reform Act of 1995, Public Law 104-4. This budgetary impact statement should include a qualitative and quantitative assessment of the anticipated cost and benefits this regulation will have on financial institutions, as well as an analysis of the disproportionate effect that this regulation will have on those institutions that securitize assets as compared with those who do not. We also request that a regulatory impact analysis be prepared as required by the OCC and OTS Executive Order 12866 Statement given the significant financial impact this regulation will have on those institutions that securitize assets.

We would be pleased to discuss the specifics of the dollar impact to our institution, at your request. We thank you for your consideration of our views.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Lee A. Whatcott', written in a cursive style.

Lee A. Whatcott,  
Senior Executive Vice President and  
Chief Financial Officer,  
Western Financial Bank