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Vice President

August 31, 2000



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Manager, Dissemination Branch  
Information Management and Services Division  
Office of Thrift Supervision  
1700 G Street, NW  
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DISSEMINATION  
OFFICE OF THRIFT SUPERVISION

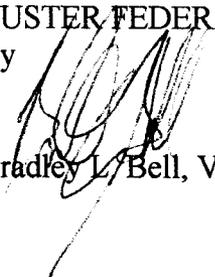
Dear Manager:

We are writing in response to your request for comments on proposed changes to the Thrift Financial Report in OTS Transmittal—233. Our first comment is on the suggested subprime lending reporting. We are a small institution of under \$50,000,000 in assets and this could prove to be a considerable burden for us. The burden would not be because we do a large volume of subprime lending, but because we do a small amount of what might be called subprime lending depending on the ultimate definition. With a small institution in a rural area there are times when we make loans to folks, who may have a higher debt to income ratio for example, but we're very familiar with them and we know their character. We don't have to do these types of loans often, but trying to keep track of the few that we do and whether or not they meet some complicated criteria for subprime lending could simply cause us to quit helping those folks. As a small institution we would like to see a blanket exemption from a subprime lending. If that is not possible, we would like to see the criteria set in a very limited way so that it does not cast such a wide net. For instance a loan that is charged loan fees and interest rate which are higher than normal due to excessive debt to income ratio or poor payment history.

The second comment concerns the possibility of requiring the reporting of junior liens under permanent mortgages in section SC. Once again this is another burden upon small institutions to continually tinker with the computer setup. Typically we would not have a junior lien that exceeded a total loan to value of 80% at the time the junior lien is originated unless it is insured. Will there be any exemption from reporting junior liens in the case of lower loan to values or insured loans?

It is apparent that no consideration is given for the inconvenience that these continual changes to the TFR cause to small institutions around the country. Small institutions don't have the luxury of a separate department dedicated to the completion and maintenance of the TFR. It is time for a more abbreviated TFR format for smaller institutions. Thank you for consideration of these comments.

Yours truly,  
CUSTER FEDERAL SAVINGS, LOAN & TRUST  
By

  
Bradley L. Bell, Vice President

BB: pn

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