

# Franklin Federal

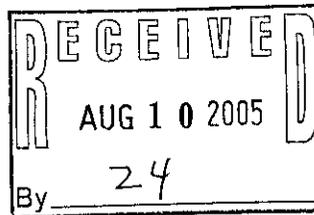
SAVINGS AND LOAN



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RICHARD T. WHEELER, JR.  
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August 5, 2005

Mr. Robert E. Feldman, Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, DC 20429

**RE: RIN 3064-AC91 Annual Independent Audits and  
Reporting Requirements**

Ladies and Gentlemen:

We wholeheartedly endorse and support the FDIC's proposal to amend 12 CFR Part 363 to increase the asset size threshold from \$500 million to \$1 billion for financial institutions that must make annual assessments of the effectiveness of internal control over financial reporting and meet the audit committee requirements of Section 36 of the Federal Deposit Insurance Act. These changes will greatly relieve the regulatory burden on Franklin Federal without jeopardizing our safety and soundness.

We would respectfully request that the effective date of the proposed amendments be changed to September 30, 2005 or that authority be granted to an institution's primary regulator to waive the 2005 internal control assessment requirements for those organizations, such as ours, that have fiscal year ends other than December 31. Franklin Federal is a non-complex mutual savings and loan with assets of less than \$900 million. We offer primarily residential mortgage loans, construction loans, commercial mortgage loans, passbook and money market savings accounts, and certificates of deposit. We do not have checking accounts or other depository transaction accounts, nor do we offer credit cards, car loans, unsecured loans (except in immaterial amounts), trust services, transactional internet services, or other higher-risk accounts. We are a highly rated, well capitalized institution with excellent liquidity and a strong parent holding company. Therefore, we pose minimum risk to the insurance fund and limited safety and soundness risk from a regulatory perspective. It would seem inequitable to require

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Franklin Federal to incur the internal and external expenses to perform a 2005 internal control assessment when such requirement will be eliminated for organizations meeting our profile by December 31, 2005.

We appreciate the opportunity to offer our comments and respectfully request that you give strong consideration to our recommendations and request.

Sincerely,

FRANKLIN FEDERAL SAVINGS AND  
LOAN ASSOCIATION OF RICHMOND

A handwritten signature in black ink, appearing to read "Richard T. Wheeler, Jr.", with a stylized flourish at the end.

Richard T. Wheeler, Jr.  
President and Chief Executive Officer