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THE DIME SAVINGS BANK
OF NEW YORK, FSB

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Via e-mail and Fedex

Ms. Cynthia L. Johnson
Director, Cash Management Policy and Planning Division
Financial Management Service, Room 420
Department of the Treasury
401 14th Street, SW
Washington, DC 20227

Re: Notice of Proposed Rulemaking -- Treasury Tax and Loan Program

Dear Ms. Johnson:

The Dime Savings Bank of New York, FSB (the "Dime") wishes to offer the following comments on the Financial Management Service's proposed revision to its regulations governing the Treasury Tax and Loan ("TT&L") program, 64 Fed. Reg. 41748, July 30, 1999 (the "Proposed Rule").

The Dime is a $20 billion federal savings bank serving customers and businesses through branches in the New York City metropolitan area, including Long Island and northern New Jersey. Directly and through the over 200 offices of its North American Mortgage Company subsidiary, the Dime provides consumer financial services and mortgage banking services throughout the United States. The Dime also serves small to medium sized business. One of the services provided to those customers is the collection and remittance of quarterly estimated tax payments as part of Dime's participation in the TT&L program.

The Proposed Rule would change the calculation of the rate of interest that a financial institution, such as the Dime, must pay on TT&L accounts. Currently, this rate of interest is calculated as the Fed Funds rate minus 25 basis points. The Proposed Rule would require that the rate of interest be calculated by the Federal Reserve Bank of New York from the volume-weighted average overnight rate paid to finance general collateral securities. This rate would be published weekly by the Board of Governors of the Federal Reserve System. The Dime believes that the Proposed Rule would have a significantly negative impact on the willingness of financial institutions to offer TT&L accounts.

During the current year, the Dime has maintained average balances of TT&L deposits of approximately $140 million. If implemented, it is estimated that the Proposed Rule would increase the cost of the Dime's TT&L deposits by an average of 23 basis points. Based upon this average, the Proposed Rule would increase the Dime's interest expense by approximately $322,000 annually. This increase in the cost of TT&L deposits would cause the Dime to seriously consider curtailing its participation in the TT&L program. We believe that other financial institutions also would reconsider continuing participation in the TT&L program.

For these reasons, the Dime respectfully suggests that the Proposed Rule be withdrawn.

The Dime appreciates this opportunity to comment on the Proposed Rule. If you have any questions regarding this comment letter, please contact me at (516) 745-2908.

Very truly yours,

Robert S. Monheit

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