

SCHEDULE SC – CONSOLIDATED STATEMENT OF CONDITION

Throughout these instructions, **you** and **your** refers to the reporting savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.

Complete this Statement of Condition, Schedule SC, on a consolidated basis from the savings association downward. Do not consolidate your holding company in this statement of condition. You should apply generally accepted accounting principles (GAAP) unless we specifically state otherwise in these instructions.

ASSETS

In general, report all assets adjusted for specific valuation allowances (SVAs), charge-offs, unamortized yield adjustments, unearned income, loans-in-process (LIP), unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133, and the accumulated gain or loss (change in fair value) on the asset attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

CASH, DEPOSITS, AND INVESTMENT SECURITIES

In accordance with FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, securities reported on SC130, SC140, SC150, SC180, and SC185 fall into one of the following categories:

1. **Held-to-maturity securities:** Applies to debt securities only if there is a positive intent and ability to hold these securities to maturity. You must report held-to-maturity securities at amortized cost.
2. **Trading securities:** Applies to securities purchased and held for sale in the near term. You must report trading securities at fair value, with unrealized gains or losses reported in earnings on SO485.
3. **Available-for-sale securities:** Applies to securities not classified as trading or as held-to-maturity. You must report available-for-sale securities at fair value. The unrealized gains and

losses of available-for-sale securities are excluded from earnings and reported, net of taxes, as a separate component of equity capital on SC860.

SC10: Total

The EFS software will compute this line as the sum of SC110 through SC191 less SC198.

SC110: Cash and Non-interest-earning Deposits

Report the total amount of cash, cash items, and non-interest-earning deposits.

Include:

1. Non-interest-earning deposits in a bank or savings association under the control of a supervisory authority.
2. Cash items in the process of collection, such as redeemed U.S. Savings Bonds.
3. Checks or drafts in the process of collection that are drawn on another depository institution, Federal Reserve Bank, Federal Home Loan Bank (FHLBank), or the U.S. government.

Do not include:

1. Checks drawn against zero-balance accounts or accounts not routinely maintained with sufficient balances to cover checks drawn in the normal course of business. Report on SC710, Deposits.
2. All other accounts with credit balances that do not have the right of offset. Report on SC760, Other Borrowings.

SC130: U.S. Government and Agency Securities

Report nonmortgage debt instruments issued by the U.S. government, its agencies, and sponsored enterprises.

Include:

1. Interest-only and principal-only strips.
2. U.S. Treasury bills, certificates, notes, and bonds.
3. Nonmortgage debt issued by FHLBanks, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), and Government National Mortgage Association (Ginnie Mae).
4. Federal agency debt securities, such as those of: Small Business Administration (SBA) nonmortgage pools, Tennessee Valley Authority (TVA), Federal Farm Credit Bank, Federal Land Bank, Federal Intermediate Credit Bank, Student Loan Marketing Association (Sallie Mae), and the Export-Import Bank.
5. Financing Corporation (FICO) bonds.
6. U.S. government and agency securities pledged as collateral on margin accounts for futures and options.

Do not include:

1. Investments in mutual funds that invest in U.S. government, agency, and sponsored enterprise securities. Report on SC140, Equity Securities.

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2. Stock of FHLBanks. Report on SC690, Other Assets as Code 01.
 3. Equity securities issued by sponsored enterprises of the U.S. government, such as Freddie Mac preferred stock. Report on SC140.
 4. Securities issued by state and local governments. Report on SC180.
 5. Securities purchased under a repurchase or dollar-repurchase agreement. Report on SC170, Federal Funds Sold and Securities Purchased Under Agreements to Resell.
 6. Mortgage-backed instruments and derivatives issued or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae. Report on SC150 or SC210.

SC140: Equity Securities Subject to SFAS No. 115

Report all investments in equity securities that have readily determinable fair values and that are accounted for pursuant to FASB Statement No. 115.

Include:

1. Common and preferred stock that has a readily determinable market value, including Freddie Mac and Fannie Mae stock.
2. Shares of all mutual funds, including those restricting their investments to debt instruments, such as U.S. government, agency, and sponsored enterprise securities.

Do not include:

1. FHLBank stock. Report on SC690, Other Assets as Code 01.
2. Other equity investments **not subject to FASB Statement No. 115**, including ownership interests in unconsolidated subordinate organizations and entities designated as pass-through investments, even though they are not subordinate organizations. Report on SC50, Investment in Unconsolidated Subordinate Organizations.
3. Your savings association's own treasury stock. Report as a reduction of capital on SC890, Other Components of Equity Capital.

SC150: Mortgage Derivative Securities

Report the outstanding balance, as determined in accordance with GAAP, of mortgage derivatives. .

Include:

1. Mortgage derivatives issued by REMICs.
2. PO and IO strips of mortgage-backed securities, including those issued or guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae.
3. CMOs (collateralized mortgage obligations) including those collateralized by Fannie Mae, Freddie Mac, and Ginnie Mae pass-through securities.
4. Securitized residual interests of mortgage derivatives.
5. Other subordinated tranches.

Do not include:

1. PO and IO strips of U.S. government and agency nonmortgage debt instruments. Report on SC130.

2. Mortgage-backed bonds. Report on SC185.
3. Mortgage pool securities. Report on SC210 and SC215.
4. Securities collateralized by nonmortgage assets. Report on SC185.

SC162: Interest-Earning Deposits in FHLBs

Report all interest-earning checking accounts and time deposits (CDs) held with FHLBs.

Do not include:

Accounts with credit balances that do not have the right of offset. Report on SC760, Other Borrowings, except for credit balances in zero-balance accounts, which are reported on SC710, Deposits.

SC166: Other Interest-Earning Deposits

Report all interest-earning checking accounts and time certificates held with banks and other depository institutions.

Do not include:

Accounts with credit balances that do not have the right of offset. Report on SC760, Other Borrowings, except for credit balances in zero-balance accounts, which are reported on SC710, Deposits.

SC170: Federal Funds Sold and Securities Purchased Under Agreements to Resell

Include:

1. The balance of excess Federal Funds invested.
2. Securities purchased under agreements to resell that do not meet the criteria for a sale under FASB Statement No. 140, including dollar-repurchase and fixed-coupon agreements. See SC730.

Do not include:

1. Term Federal Funds

Any lending of immediately available funds where the loan has an original maturity of more than one business day, other than securities purchased under agreements to resell, is to be treated as a commercial loan, not as federal funds sold. Such transactions are sometimes referred to as *Term Fed Funds*.

SC180: State and Municipal Obligations

Report debt securities issued by state and local governments.

SC185: Other Investment Securities

Report investment securities and other instruments not reported on SC110 through SC180 or SC50.

Include:

1. Investments in commercial paper and corporate debt securities.
2. Promissory notes.
3. Mortgage-backed bonds and notes.
4. Securities collateralized by nonmortgage loans such as credit cards, including securitized residual interests.

SC190: Accrued Interest Receivable

Report accrued interest and dividends receivable on investment securities reported on SC110 through SC185 if collection was probable at the time of accrual. Place investment securities in a nonaccrual status when collection of interest is not probable.

SC199: General Valuation Allowances

Report all general valuation allowances established on investment securities that you reported on SC110 through SC190. You must include all valuation allowances in the reconciliation of valuation allowances in Schedule VA. You should not carry general valuation allowances on available-for-sale securities, as these securities are marked to market.

Do not include the following items, as these should directly adjust the asset balance:

1. Adjustments in the fair value of investment securities classified as trading or available-for-sale securities.
2. Specific valuation allowances.
3. Discounts and premiums on securities purchased at other than face value.

MORTGAGE POOL SECURITIES

A security must meet **all** of the following criteria for you to classify it as a mortgage pool security:

1. The security is collateralized by mortgage loans.
2. The security provides each investor with a proportional ownership interest in the underlying collateral.
3. Payments received by the issuer are passed through to the investor proportionate to ownership interest and with the same timing with which they are received.

You should report a security that meets item 1 but not 2 or 3 on SC150, Mortgage Derivative Securities, unless it is a mortgage-backed bond, in which case you report it on SC185, Other Investment Securities. You should report a security collateralized by loans that meets items 2 and 3 but does not meet item 1 on SC185, Other Investment Securities. Report a debt security that does not meet any of the above or meets only item 2 or item 3, but not both, on SC185, Other Investment Securities, except for those government securities reported on SC130 and SC180.

If the subordinate piece of a senior-subordinated security (1) exists solely for the purpose of credit enhancements and not for redirecting cash flows, (2) is no larger than necessary to provide the credit enhancement, and (3) meets the criteria of mortgage pass-through securities, above, then the senior piece is essentially a pass-through security, and you should report it in this section.

Include pass-through securities collateralized by home equity mortgages of the type reported as consumer loans on SC340.

In accordance with FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, mortgage-backed securities reported on SC210 and SC215 fall into one of the following three categories:

1. **Held-to-maturity securities:** Applies to mortgage-backed securities only if there is a positive intent and ability to hold these securities to maturity. You report held-to-maturity mortgage-backed securities at amortized cost.
2. **Trading securities:** Applies to mortgage-backed securities that are held for sale in the near term. You must report them at fair value, with unrealized gains or losses reported in earnings, on SO485. [Note: Mortgage-backed securities that are held for sale in conjunction with mortgage banking activities are reported as trading securities.]
3. **Available-for-sale securities:** Applies to securities not classified as trading or as held-to-maturity. You must report available-for-sale securities at fair value. The unrealized gains and losses of available-for-sale securities are excluded from earnings and reported, net of taxes, as a separate component of equity capital on SC860.

Adjust the balances in this section for:

1. Discounts and premiums on the purchase of the securities.
2. Specific valuation allowances.
3. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133.
4. The accumulated gain or loss – the change in fair value – on the security attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

Do not adjust the balances in this section for: General valuation allowances. Report on SC227.

Do not include:

Mortgage-backed securities purchased subject to repurchase agreements, securities held as collateral received for loans made to others. Report on SC170, Federal Funds Sold and Securities Purchased Under Agreements to Resell.

SC20: Total

The EFS software will compute this line as the sum of SC210 through SC220, less SC227.

SC210: Insured or Guaranteed by an Agency or Instrument of the United States

Report all mortgage pass-through securities insured or guaranteed by an agency or sponsored enterprise of the United States.

Include:

1. Freddie Mac participation certificates.
2. Ginnie Mae and Fannie Mae pools.

Do not include:

1. Fannie Mae and Freddie Mac bonds. Report on SC130, U.S. Government, Agency, and Sponsored Enterprise Securities.
2. Mortgage derivatives, including CMOs collateralized by Fannie Mae, Ginnie Mae, and Freddie Mac mortgage-backed securities. Report on SC150, Mortgage Derivative Securities.
3. Mortgage pass-through securities **not** insured or guaranteed by an agency or instrument of the United States, even if they are issued by a government-sponsored enterprise. Report on SC215.

SC215: Other Mortgage Pool Securities

Report mortgage pass-through securities that are not insured or guaranteed by an agency or sponsored enterprise of the United States.

SC220: Accrued Interest Receivable

Report accrued interest receivable on mortgage pool securities reported on SC210 and SC215 if collection was probable at the time of accrual. You must place securities on which collection of interest is not probable in a nonaccrual status.

SC227: General Valuation Allowances

Report all general valuation allowances established on mortgage pool securities reported on SC210 through SC220. You must include all valuation allowances in the reconciliation of valuation allowances in Schedule VA.

MORTGAGE LOANS

Report mortgage loans, contracts, and leases that are the functional equivalent of loans secured by real estate, whether you purchased or originated them. See 12 CFR § 560.41. Report as mortgage loans only loans that are fully secured by real estate and loans where the value of the security property is supported by an appraisal or evaluation pursuant to the requirements of 12 CFR § 564, Appraisals.

Mortgage loans reported on SC230 through SC265 fall into four categories:

1. **Those held for investment:** Report these at cost.
2. **Those originated for sale:** Report these at the lower of cost or market value at the reporting date.
3. **Those previously held for investment and now held for sale:** Report these at the lower of cost or market value at the reporting date.
4. **Those held in a trading portfolio:** Report these at market value at each reporting date by directly adjusting the asset balance. Do not include adjustments to mark a trading portfolio to market in valuation allowances

All loans are reported at recorded investment less specific valuation allowances. **Recorded investment** is the principal balance of a loan adjusted for:

1. Direct write-downs.
2. Deferred loan fees net of direct costs.
3. Discounts and premiums on the purchase of mortgage loans and contracts.
4. Application of lower-of-cost-or-market accounting treatment to mortgages held for sale but not in a trading account.
5. Any undisbursed balances of loans closed, loans-in-process. Report the undisbursed amounts as commitments on CC105-115.
6. The undisbursed portion of mortgage lines of credit. Report these amounts as commitments on CC410-420.
7. Unearned interest.
8. Interest receivable that is capitalized to the loan balance.
9. Deposits accumulated for the payment of loans, hypothecated deposits.
10. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133.
11. Accumulated gain or loss (change in fair value) on mortgage loans attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

Do not adjust the loan balances in this section for: Allowance for loan and lease losses. Report these on SC283.

Do not divide a loan between categories. You should report loans secured by property with more than one use, such as residential and commercial, in the data field that describes the property type comprising the largest percentage of the value of the property securing the loan.

Capitalized loans should include accrued interest receivable and advances for the payment of taxes and insurance in the mortgage loan balance. Report accrued interest and advances for taxes and insurance on all other loans on SC272 and SC275, respectively.

Include:

1. FHAVA and conventional first mortgage loans.
2. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option. In either case, reporting such instruments as mortgage loans is required under GAAP (including FASB Statement No. 140). Also, with respect to (a) report the related liability on SC760, Other Borrowings.
3. Junior or second mortgage loans, both open-end and closed-end.
4. Mortgage loans to unconsolidated subordinate organizations.
5. Your share of participating interests in loans.
6. Loans to commercial entities collateralized by mortgages of third-party borrowers, such as warehouse loans, provided the underlying loans are secured by real estate and meet the requirements of 12 CFR § 560.41.
7. Disbursed portion of open-end home equity loans if you secure the loan by a lien on real estate that meets the requirements of 12 CFR § 564 and § 560.100-101.
8. The unpaid balance of the gross loan in a wrap-around mortgage if you wrapped a loan held by a third party. Report the loan payable to the third party as a liability on SC760, Other Borrowings.
9. Loans on units in cooperative buildings.

Do not include:

1. Mortgage pool securities. Report on SC210 and SC215.
2. The portion of participations sold qualifying as a sale under GAAP; you should no longer report the sold portion in your statement of condition.
3. Mortgage-backed bonds. Report on SC185.
4. Real estate loans where the characteristics dictate treatment as an investment in real estate in accordance with GAAP. Report on SC45, Real Estate Held for Investment.
5. Foreclosed assets. Report on SC405 through SC428, Repossessed Real Estate.
6. Loans secured by assets that you physically possess, although foreclosure has not yet occurred, in-substance foreclosures. Report on SC405 through SC428, Repossessed Real Estate.
7. Loans purchased subject to agreements to resell, that is, you hold these loans as collateral received for loans made to others. Report on SC170, Federal Funds Sold and Securities Purchased Under Agreements to Resell.
8. Loan commitments that you have not yet taken down, even if you have received fees. Prior to disbursement of the loan, report refundable fees on SC783, Escrows and nonrefundable fees on SC796, Other Liabilities and Deferred Income as Code04.
9. Loans on timeshare arrangements. Report on SC330, Other Closed-end Consumer Loans.
10. Unsecured home improvement loans. Report on SC316, Home Improvement Loans.

SC23: Total

The EFS software will compute this line as the sum of SC230 through SC275 less SC283.

Construction Loans on:

SC230: 1-4 Dwelling Units

Report the outstanding balance of all construction loans secured by 1-4 dwelling units. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Construction loans to developers secured by tracts of land on which single-family houses, including townhouses, are being constructed.
2. Construction loans secured by single-family dwelling units in detached or semidetached structures, including manufactured housing.
3. Construction loans secured by duplex units and town houses, excluding garden apartment projects where the total number of units that will secure the permanent mortgage is greater than four.
4. Combination land and construction loans on 1-4 dwelling units regardless of the current stage of construction or development;
5. Combination construction-permanent loans on 1-4 dwelling units until construction is completed or principal amortization payments begin, whichever comes first.
6. Bridge loans to developers on 1-4 dwelling units where the buyer will not assume the same loan, even if construction is completed or principal amortization payments have begun.

Do not include:

Loans for the development of building lots unless the same loan finances the erection of building improvements. Report on SC265.

SC235: 5 or More Dwelling Units

Report the outstanding balance of all construction loans secured by 5 or more dwelling units. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Loans for the construction of apartment buildings including condominium and cooperative apartments.
 2. Loans for the construction of fraternity or sorority houses offering sleeping accommodations.
 3. Loans for the construction of living accommodations for students or staff of a college or hospital.
 4. Loans for the construction of retirement homes with sleeping and eating accommodations for permanent residents. Each bedroom equals one dwelling unit.
 5. Combination land-construction loans on 5 or more dwelling units regardless of the current stage of construction or development.
 6. Combination construction-permanent loans on 5 or more dwelling units until construction is completed or principal amortization payments begin, whichever comes first.
 7. Bridge loans to developers on 5 or more dwelling units where the buyer will not assume the same loan, even if construction is completed or principal amortization payments have begun.
 8. Loans for the construction of mobile home parks.
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SC240: Nonresidential Property

Report the outstanding balance of all construction loans secured by nonresidential property. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Loans for the construction of hospitals, nursing and convalescent homes, hotels, churches, stores, and other commercial properties.
2. Combination land and construction loans on nonresidential property regardless of the current stage of construction or development.
3. Combination construction and permanent loans on nonresidential property until construction is completed or principal amortization payments begin, whichever comes first.
4. Bridge loans to developers on nonresidential property where the buyer will not assume the same loan, even if construction is completed or principal amortization payments have begun.

Do not include:

1. Loans to purchase land. Report on SC265.
2. Loans to purchase land used for farming. Report on SC260.

Permanent Mortgages on:**1-4 Dwelling Units:****SC250: Closed-End First Mortgages and Junior Liens**

Report the outstanding balance of all closed-end loans secured by first and junior liens on 1-4 dwelling units. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Mortgages secured by previously occupied and newly built 1-4 dwelling units where construction has been completed.
2. Refinancing loans on 1-4 dwelling units where the original loan was a permanent mortgage.
3. Junior liens on 1-4 dwelling units where the senior lien is a permanent mortgage.

Do not include:

1. Combination land-construction loans regardless of the current stage of construction or development. Report on SC230.
2. Combination construction-permanent loans until construction is completed or principal amortization payments begin, whichever comes first. Report on SC230.
3. Bridge loans to developers where the buyer will not assume the same loan. Report on SC230.
4. Timeshare loans. Report on SC330, Consumer Loans, Other Closed End.

SC253: Revolving, Open-End Loans

Report the outstanding balance of all revolving, open-end loans secured by 1-4 dwelling units and extended under lines of credit, home equity loans, where you secured the loan with a lien on the real estate. Adjust balances as described above in the general instructions to mortgage loans.

All loans reported in this classification must meet the requirements of real estate loans as set forth in 12 CFR § 564. Report loans that do not have an appraisal or evaluation satisfying these guidelines but otherwise meeting the definition of this data field on SC340, Revolving Loans Secured by 1-4 Dwelling Units.

SC256: 5 or More Dwelling Units

Report the outstanding balance of all loans secured by 5 or more dwelling-unit property. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Mortgages on 5 or more dwelling units where construction has been completed.
2. Mortgages on apartment buildings.
3. Refinancing loans on 5 or more dwelling units where the original loan was a permanent mortgage.
4. Junior liens on 5 or more dwelling units where the senior lien is a permanent mortgage.
5. Permanent mortgages secured by fraternity or sorority houses offering sleeping accommodations.
6. Permanent mortgages secured by living accommodations for students or staff of a college or hospital.
7. Permanent mortgages secured by retirement homes with sleeping and eating accommodations for permanent residents, where the units are not condominiums or cooperatives. Each bedroom equals one dwelling unit. Report mortgages secured by retirement community condominiums or cooperatives on SC250.
8. Permanent mortgages secured by developed mobile home parks.

Do not include:

1. Mortgages on individual condominium units where the mortgage covers fewer than five units in the same project.
2. Combination land and construction loans regardless of the current stage of construction or development. Report on SC235.
3. Combination construction and permanent loans until construction is completed or principal amortization payments begin, whichever comes first. Report on SC235.
4. Bridge loans to developers where the buyer will not assume the same loan. Report on SC235.

SC260: Nonresidential Property, Except Land

Report the outstanding balance of all loans secured by nonresidential property excluding land. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Mortgages on nonresidential properties where construction has been completed.
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2. Mortgages on properties to be used extensively for farming, regardless of the presence or absence of a dwelling unit on the property.
3. Refinancing loans where the original loan was a permanent mortgage on nonresidential property.
4. Junior liens on property where the senior lien is a permanent mortgage on nonresidential property.
5. Permanent loans on hospitals, nursing and convalescent homes, hotels, churches, stores, and other commercial properties.

Do not include:

1. Combination land and construction loans regardless of the current stage of construction or development. Report on SC240.
2. Combination construction and permanent loans until construction is completed or principal amortization payments begin, whichever comes first. Report on SC240.
3. Bridge loans to developers where the buyer will not assume the same loan. Report on SC240.

SC265: Land

Report the outstanding balance of all mortgage loans secured by land. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Loans for the acquisition and development of land, that is, loans to finance the purchase of land and the accomplishment of all improvements to convert it to developed building lots.
2. Loans for the acquisition of developed building lots.
3. Loans secured by vacant land.
4. Refinancing loans where the original loan was a permanent mortgage on land.
5. Junior liens on land where the senior lien is a permanent mortgage.

Do not include:

1. Combination land-construction loans. Report on SC230 through SC240.
2. Land used for farming. Report on SC260, Permanent Mortgages on Nonresidential Property, Except Land.

SC272: Accrued Interest Receivable

Report accrued interest receivable on mortgage loans reported on SC230 through SC265 if collection was probable at the time of accrual. You should place loans on which collection of interest is not probable in a nonaccrual status.

Do not include:

1. Interest receivable if collection was not probable at the time it was recorded.
2. Interest receivable on loans or participations serviced for others. Report on SC690, Other Assets.
3. Interest receivable that is capitalized to the loan balance. Report with the loan balance on SC230 through SC265.

SC275: Advances for Taxes and Insurance

Report amounts you paid by on behalf of borrowers for taxes and insurance on loans reported on SC230 through SC265. This line primarily contains negative balances in tax and insurance escrows for loans you own.

Do not include:

1. Credit balances. Report on SC783, Escrows.
2. Advances for taxes and insurance on loans and participations **serviced for others**. Report on SC690, Other Assets, as Code 09.
3. Advances for taxes and insurance on capitalized loans. Report these in the mortgage loan balance on SC230 through SC265.

SC283: Allowance for Loan and Lease Losses

Report all allowances for loan and lease losses (ALLL) established to recognize credit losses on mortgage loans reported on SC230 through SC275. You must include all ALLL in the reconciliation of valuation allowances in Schedule VA.

Do not include:

1. Mark-to-market adjustments to mortgage loans held in a trading portfolio; these directly adjust the asset balance.
2. Specific valuation allowances; these directly adjust the asset balance.

NONMORTGAGE LOANS

Adjust the balances in this section for:

1. Specific valuation allowances.
2. Deferred loan fees net of direct costs.
3. Discounts and premiums on the purchase of nonmortgage loans and contracts.
4. Applications of lower-of-cost-or-market accounting treatment to loans held for sale but not in a trading account.
5. Any undisbursed balances of closed-end loans, loans-in-process. Report the undisbursed amount on CC125.
6. The undisbursed portion of lines of credit. Report the undisbursed amount on CC410-420.
7. Unearned interest, such as add-on interest of loans issued at a discount.
8. Deposits accumulated for the payment of loans, hypothecated deposits.
9. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of Statement No. 133.
10. Accumulated gain or loss (change in fair value) on nonmortgage loans attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

Do not adjust the balances in this section for: Allowance for loan and lease losses. Report these on SC357.

Include:

1. Unsecured loans.
2. Loans secured with tangible property other than real estate, except as noted below.

Do not include:

1. Investments in securities collateralized by nonmortgage loans. Report these securities on SC185, Other Investment Securities. **Note:** Although you report pass-through securities backed by nonmortgage loans **with** nonmortgage loans in Schedule CMR, in Schedule SC report securities backed by nonmortgage loans with Other Investment Securities on SC185.
2. Loan commitments that you have not yet taken down, even if you have received fees. Prior to disbursement of the loan, report refundable fees on SC783, Escrows, and nonrefundable fees on SC796, Other Liabilities and Deferred Income, as Code 04.

SC30: Total

The EFS software will compute this line as the sum of SC300 through SC348 less SC357.

Commercial Loans:

SC32: Total

The EFS software will compute this line as the sum of SC300 through SC306.

SC300: Secured, Other than Mortgage

Report all loans to corporations, partnerships, and individuals for business purposes and secured by tangible property and real estate where the loan cannot be classified as a mortgage or where you chose to classify it as a nonmortgage commercial loan.

Include:

1. Loans secured by commercial properties that do not qualify as mortgage loans.
2. Secured loans for farming operations.
3. Floor-planning, inventory and wholesale, loans to dealers for automobiles or mobile homes.
4. Retail auto loans if the autos are for commercial use.
5. Nonmortgage loans insured or guaranteed by state or municipal government authority or an agency of the federal government, including Farmers Home Administration, Agency for International Development, and the insured portion of unsecuritized Small Business Administration (SBA) loans.
6. Secured nonmortgage loans to unconsolidated subordinate organizations.
7. Outstanding balances of secured commercial lines of credit.
8. Loans secured by residential property to finance small businesses if the loans are not reported as mortgages.

Do not include:

1. Commercial financing leases. Report on SC306.
2. The uninsured portion of SBA loans. Report on SC303.

SC303: Unsecured

Report all unsecured loans to corporations, partnerships, and individuals for business purposes.

Include:

1. Unsecured construction loans to builders.
2. Unsecured loans for the improvement of multifamily and other commercial property.
3. The outstanding balance of unsecured commercial lines of credit, overdrafts on commercial demand deposits, and business credit cards.
4. Unsecured loans for farming operations.
5. Term Federal Funds

Any lending of immediately available funds where the loan has an original maturity of more than one business day, other than securities purchased under agreements to resell, is to be treated as a loan. Such transactions are sometimes referred to as *Term Fed Funds*.

6. All other unsecured loans made for commercial purposes.

Do not include:

1. Unsecured loans to unconsolidated subordinate organizations. Report on SC50, Investment in Unconsolidated Subordinate Organizations.

2. Corporate debt securities even if included in calculating OTS commercial loan limitations. Report on SC185.

SC306: Financing Leases

Report all direct financing leases and leveraged leases to corporations, partnerships, and individuals for business purposes.

Consumer Loans:

You should report loans issued at a discount net of the related unearned interest in accordance with APB No. 21.

SC34: Total

The EFS software will compute this line as the sum of SC310 through SC345.

Closed End:

Closed-end loans have a fixed amount to be disbursed where the entire amount is expected to be disbursed. By contrast, overdraft privileges, credit cards, and lines of credit are **open-end** loans because, although they have a fixed ceiling, you may not necessarily disburse the full amount.

SC310: Loans on Deposits

Report share loans and other loans to individuals for household, family, and other personal expenditures fully secured by the pledge or assignment of the borrower's deposits or other credits held by your institution. When a loan is secured by a lien on real estate or chattel and is also secured by a pledge on deposits, you should classify the entire loan based on what you consider the loan's primary collateral.

SC316: Home Improvement Loans

Report all closed-end, unsecured home improvement loans, insured or uninsured, for the equipping, alteration, repair, or improvement of 1-4 dwelling units. These loans are unsecured, are not fully secured by the real estate, or lack documents supporting the value of the real estate collateral; that is they do not have an appraisal.

Do not include:

1. Unsecured loans for the improvement of multifamily housing, 5 or more dwelling units, or for nonresidential property. Report on SC303, Unsecured Commercial Loans.
2. Home equity lines of credit. Report on SC340.

SC320: Education Loans

Report closed-end loans originated solely for funding educational expenses.

SC323: Auto Loans

Report all loans to consumers secured by automobiles, including pickup or panel trucks, vans, and sport utility vehicles that are primarily for personal use.

Do not include:

1. Loans on cars or trucks intended primarily for commercial, industrial, and professional purposes. Report on SC300, Commercial Loans: Secured, Other than Mortgage.
2. Loans on motorcycles. Report on SC330, Other Closed-end Consumer Loans, Including Leases.
3. Loans on recreational vehicles such as boats and airplanes. Report on SC330, Other Closed-end Consumer Loans, Including Leases.
4. Floor-planning loans, both inventory and wholesale. Report on SC300, Secured Commercial Loans.

SC326: Mobile Home Loans

Report consumer loans secured by mobile homes.

Do not include:

Floor-planning loans, both inventory and wholesale. Report on SC300, Secured Commercial Loans.

SC330: Other, Including Leases

Report closed-end loans to individuals for household, family, and other personal expenditures not included elsewhere, and direct financing leases to consumers.

Include loans on:

1. Timeshare units.
2. Motorcycles.
3. Boats.
4. Airplanes.
5. Other recreational vehicles.

Do not include:

Loans on units in cooperative buildings. Report on SC250, Closed-end First Mortgages and Junior Liens on 1-4 Dwelling Units.

Open-end:

Report loan amounts actually disbursed and still outstanding. Report undisbursed amounts on CC410, Unused Lines of Credit, Open-end Consumer Lines.

SC340: Revolving Loans Secured by 1-4 Dwelling Units

Report the disbursed portion of all revolving, open-end loans secured by 1-4 dwelling units and extended under lines of credit, open-end home equity loans, that do not meet the requirements of 12 CFR § 564. These loans are not fully secured by the real estate or lack documents supporting the value of the real estate collateral, that is, they do not have an appraisal.

Do not include:

1. Closed-end home improvement loans. Report on SC316.
2. Equity loans on commercial property. Report on SC300, Secured Commercial Loans.

SC345: Credit Cards and Related Plans

Report the disbursed portion of open-end **consumer** credit, including both unsecured credit and non-real-estate-secured credit.

Include:

1. Credit extended in connection with consumer credit cards.
2. Overdrafts of consumer NOW and demand accounts. Do not net against deposits reported on SC710, Deposits.

Do not include:

1. Unsecured credit extended for **commercial** purposes. Report on SC303, Commercial Loans: Unsecured.
2. Unused portion of credit extended to individuals. Report only the disbursed portion.
3. Credit cards secured by 1-4 dwelling units. Report on SC340.

SC348: Accrued Interest Receivable

Report accrued interest receivable on nonmortgage loans reported on SC300 through SC345, if collection was probable at the time of accrual. You must place loans on which the collection of interest is not probable in a nonaccrual status.

Do not include:

1. Interest receivable if collection was not probable at the time it was recorded.
2. Interest receivable on loans or participations serviced for others. Report on SC690, Other Assets.
3. Interest receivable that is capitalized to the loan balance. Report with the loan balance on SC300 through SC345.

SC357: Allowance for Loan and Lease Losses

Report all allowances for loan and lease losses (ALLL) established to recognize credit losses on nonmortgage loans reported on SC300 through SC348. You must include all ALLL in the reconciliation of valuation allowances in Schedule VA.

REPOSSESSED ASSETS

Throughout these instructions, we use **foreclosure** and **repossession** and other forms of those terms interchangeably. In addition, **foreclosed assets** and **repossessed assets** include in-substance foreclosures.

Foreclosed assets are deemed held for sale and are initially recorded at the lower of: (1) recorded investment in the loan, carrying value before deduction for valuation allowances, or; (2) fair value, less cost to sell, of the foreclosed asset.

At foreclosure, any excess of recorded investment over fair value less cost to sell is classified **Loss** and is charged off. This loss classification may not be represented by a valuation allowance. Accordingly, the lower of: (1) recorded investment in the loan, or (2) fair value less cost to sell of the foreclosed asset, becomes the new recorded investment in the foreclosed asset. Legal fees and direct costs of acquiring title to foreclosed assets are to be expensed as incurred, and thus are not part of the recorded investment.

After foreclosure, any excess of recorded investment over the current fair value less cost to sell is classified **Loss** and is charged off, or may be represented by a specific valuation allowance. Deduct valuation allowances from recorded investment to arrive at carrying value. You should report repossessed assets net of specific valuation allowances.

For a foreclosed asset subject to a third-party liability – a lien senior to that settled by the foreclosure, you should report the third-party liability on SC760, Other Borrowings. Therefore, you do not offset the carrying value of such a foreclosed asset by the third-party liability.

Include:

1. Real estate and other assets for which you have acquired a marketable title by foreclosure or by a deed in lieu of foreclosure.
2. Real estate and other assets acquired through in-substance foreclosure for which you have not yet acquired a marketable title.
3. Real estate and other assets you acquired as part of a troubled debt restructuring.
4. Capitalized costs for repossessed assets during construction not exceeding fair value less cost to sell.
5. Property that a loan servicer has acquired through foreclosure on your behalf, including in-substance foreclosures, where there is no recourse to a third party.
6. Real estate originally acquired for future use by you but no longer intended for that purpose.

Do not include:

1. Real estate held for investment or development. Report on SC45, Real Estate Held for Investment.
 2. Real estate intended for your future use. Report on SC55, Office Premises and Equipment.
 3. Real estate acquired by foreclosure or deed in lieu of foreclosure on VA or FHA-HUD loans while the title is held pending conveyance to that agency. Report on SC690, Other Assets.
 4. Foreclosed real estate from a loan treated as an investment in real estate in accordance with GAAP; continue to report these on SC45, Real Estate Held for Investment.
 5. Foreclosed real estate from loans to entities such as joint ventures in which you or your subsidiaries are investors. Report these on SC45, Real Estate Held for Investment.
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SC40: Total

The EFS software will compute this line as the sum of SC405 through SC430 less SC441.

Real Estate:**SC405: Construction**

Report repossessed real estate that is under construction. Do not include land being developed into building lots prior to constructing improvements, which you report on SC428.

SC415: 1-4 Dwelling Units

Report repossessed property consisting of 1-4 dwelling units that is not under construction.

SC425: 5 or More Dwelling Units

Report repossessed property consisting of 5 or more dwelling units that is not under construction.

SC426: Nonresidential, Except Land

Report repossessed nonresidential property. Do not include land, which you report on SC428.

SC428: Land

Report repossessed land.

Include:

1. Vacant land.
2. Developed building lots on which no building construction has begun.
3. Land being subdivided and developed into lots.

SC430: Other Repossessed Assets

Report all repossessed property, excluding real estate.

SC441: General Valuation Allowances

Report all general valuation allowances established on repossessed assets.

Do not include:

1. Specific valuation allowances; these must directly reduce the asset balance.
2. Write-downs to mark repossessed assets to fair value less cost to sell at foreclosure; these must directly reduce the asset balance.

3. Valuation allowances established prior to transfer to REO.

SC45: REAL ESTATE HELD FOR INVESTMENT

Report the recorded investment of all real estate you acquired for development, investment, or resale, net of specific valuation allowances, general valuation allowances reported on SC481, and accumulated depreciation.

Include:

1. Real estate acquired and held for investment purposes.
2. Real estate loans that are accounted for as investments in real estate in accordance with GAAP.
3. Real estate that you formerly occupied, unless you are holding it for sale, in which case you report it on SC55.
4. Real estate you acquired through foreclosure that no longer qualifies as repossessed real estate because of the length of time you have held it or the purpose for which you are holding it.
5. Capitalized carrying costs of real estate under construction in accordance with FASB Statement No. 34, *Capitalization of Interest Costs*.

Do not include:

1. Office buildings and land that you own and use in your business operations. Report on SC55, Office Premises and Equipment.
2. Real estate acquired as part of a troubled debt restructuring. Report on SC405 through SC428, Repossessed Assets: Real Estate.
3. Real estate acquired indirectly through an entity designated as a pass-through investment as described in 12 CFR § 560.32. Report the pass-through investment on SC50, Equity Investment Not Subject to FASB Statement No. 115.
4. The share of investments owned in real estate joint ventures qualifying as unconsolidated subordinate organizations. Report on SC50.
5. Real estate originally acquired for your future use but no longer intended for that purpose. Report as REO on SC405 through SC428.

SC481: Memo: General Valuation Allowances

This item has already been deducted from SC45 and therefore is a memo item and you do not include it in the summation of assets for SC60, Total Assets. Report all general valuation allowances established on real estate held for investment that you reported on SC45. You must include all valuation allowances in the reconciliation of valuation allowances in Schedule VA.

SC50: EQUITY INVESTMENTS NOT SUBJECT TO SFAS NO. 115, EXCLUDING FHLB STOCK

Report your investment in all unconsolidated subordinate organizations and pass-through investments, even though they are not subordinate organizations, that are accounted for by either the equity or cost method. Include unsecured loans to unconsolidated subordinate organizations. Report secured loans to

unconsolidated subordinate organizations in the appropriate loan category according to the underlying collateral of the loan.

Equity Method

You should generally use the equity method as described in APB No. 18 when an investor owns 20 percent to 50 percent of the voting shares of an investment or is otherwise able to exert significant influence over the operation of the entity.

The carrying value of the savings association's investment in common stock is initially recorded at cost. The investment is adjusted to record the savings association's proportionate share of the entity's earnings or losses after the elimination of intercompany profits and is decreased by the amount of dividends from the entity. If it is appropriate to reduce an investment below zero, you should not offset it against other equity investments, but reclassify it to SC796, Other Liabilities and Deferred Income, as Code 08.

Cost Method

Use the cost method when you own less than 20 percent of the voting shares of the investment and cannot exert significant influence over its operations.

Record the carrying value of your investment at cost, and do not adjust it for net income or loss or dividends. Record cash dividends received as income from the investment on SO491, Other Noninterest Income.

SC529: Memo: General Valuation Allowances

This item is a memo item that has already been deducted from SC50 and therefore do not include it in the summation of assets for SC60, Total Assets. Report all general valuation allowances established on amounts reported on SC50 to recognize losses pertaining to your investment in and unsecured loans to your unconsolidated subordinate organizations. Include all valuation allowances in the reconciliation of valuation allowances in Schedule VA.

Do not include:

1. Specific valuation allowances.
2. Valuation allowances established at the subordinate organization level.
3. Permanent declines in value; these must be written off directly against the equity investment.

SC55: OFFICE PREMISES AND EQUIPMENT

Report the book value of all premises and equipment that are used in your business operations net of accumulated depreciation whether they were purchased directly or acquired by means of a capital lease. In a sale-leaseback where the resulting lease is a capital lease, report the capital lease net of the unamortized deferred gain or loss.

Report depreciation expense for the quarter on SO530, Office Occupancy and Equipment Expense.

Include:

1. All land, buildings, and parking lots occupied by you, including those only partially occupied.
2. Land or improved real estate intended for future use in your business operations.

3. Real estate you formerly occupied, if the real estate is held for sale.
4. Capital leases for your office premises and equipment.
5. Carrying costs capitalized during the construction of your premises.
6. The unamortized balance of all improvements to leased quarters and any capital improvements made to land leased for your use.
7. Office furniture, fixtures, equipment, and vehicles you own.

Do not include:

1. Repossessed assets, unless you used them on other-than-a-temporary basis. Report on SC405 through SC430.
2. Real estate held for investment. Report on SC45.
3. Real estate you originally acquired for future use but no longer intend to use for that purpose. Report as REO on SC405 through SC428.
4. Real estate you formerly occupied and did not actively hold for sale. Report on SC45.
5. Real estate you acquired as part of a troubled debt restructuring. Report on SC405 through SC428, Repossessed Real Estate.
6. Technology-based intangible assets, such as computer software. Report on SC660.

OTHER ASSETS:**SC58: Total**

The EFS software will compute this line as the sum of SC642 through SC690 less SC699.

Servicing Assets on:

Report the carrying amount of servicing assets accounted for under FASB Statement No. 140.

Adjust the carrying amount for:

1. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133.
2. Accumulated gain or loss (change in fair value) on the servicing asset attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.
3. Any valuation allowances.

Servicing assets are subject to certain regulatory capital limitations. Refer to the instructions for data field CCR133.

Do not include amounts for any rights to future interest income from the serviced loans that exceed contractually specified servicing fees, defined below. Such rights are not servicing assets. Report such amounts on SC655, Interest-only Strip Receivables and Certain Other Instruments.

Contractually specified servicing fees are all amounts that, per the contract, are due to you as the servicer in exchange for the servicing. In other words, you would no longer receive them if the beneficial owners of

the serviced assets were to exercise their actual or potential authority under the contract to shift the servicing to another servicer.

SC642: Mortgage Loans

Report servicing assets on mortgage loans only.

SC644: Nonmortgage Loans

Report servicing assets of loans other than mortgages, such as automobile and credit card loans.

SC655: Interest-only Strip Receivables and Certain Other Instruments

Report the amortized cost of certain nonsecurity financial instruments (CNFIs) accounted for under FASB Statement No. 140. CNFIs include interest-only strip receivables, loans receivable, other receivables, or retained interests in securitizations that can be contractually prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded investment. Adjust the carrying amount for: (1) accumulated gain or loss (change in fair value) on CNFIs attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133; and (2) any valuation allowances.

Do not include interest-only strips **in security form**. Report on SC150, Mortgage Derivative Securities, or SC185, Other Investment Securities, as appropriate.

In general, CNFIs are initially recorded at cost, which often approximates fair value. Subsequent to initial recording, CNFIs are measured at fair value, like investments in debt securities classified as available for sale or trading under FASB Statement No. 115. All CNFIs should be reported on either SI375 or SI385, depending on whether they are classified as held for trading or available-for-sale pursuant to FASB Statement No. 115.

SC660: Goodwill and Other Intangible Assets

Report the unamortized balance of goodwill and other intangible assets.

Include:

1. Goodwill.
2. Core deposit premium.
3. Intangible pension assets recorded pursuant to FASB Statement No. 87.
4. Technology-based intangible assets, such as computer software.
5. Other intangible assets, excluding servicing assets reported on SC642 and SC644.

Do not include:

1. Servicing assets; report on SC642 and SC644.
2. Interest-only strip receivables and certain other instruments; report on SC655.
3. Organization costs, which should be expensed as incurred.

Goodwill, an unidentifiable intangible asset, arises in a purchase method business combination accounted for under APB No. 16 or FASB Statement No. 141. The amount initially recognized as goodwill is the excess of cost of the acquired entity over the net of the amounts (generally, fair value) assigned to tangible and identifiable intangible assets acquired and liabilities assumed.

SC690: Other Assets

Report the total of assets not reported elsewhere on Schedule SC. You can find examples of the types of assets to be included in the memo items detailing other assets below.

Do not include:

1. Premiums on deposits and borrowed money that you purchased. Report premiums on deposits on SC715 and premiums on borrowed money with the related borrowing.
2. Deferred credits, deferred income, that do not have a related asset. Report on SC796, Other Liabilities and Deferred Income.
3. Accounts with a material credit balance that are not contra-assets. Report on SC796, Other Liabilities and Deferred Income.
4. Identified core deposit intangibles. Report on SC660, Goodwill and Other Intangible Assets.
5. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option. Report with mortgages included on SC23.

Memo: Detail of Other Assets

Report the three largest items constituting the amount reported in SC690. You should select codes best describing these items from the list below and report them on SC691, 693, and 697; report the corresponding amounts on SC692, 694, and 698. You must complete this detail if you report an amount on SC690. You should combine similar accounts, for example, all prepaid expenses should be combined and reported as 07. However, you should not combine unlike accounts in reporting code 99. You may have more than one code 99 if you cannot find codes describing the items you report.

SC691, 693 and 697: Codes

- 01 Federal Home Loan Bank Stock.
- 02 Accrued Federal Home Loan Bank dividends.
- 03 Federal, state, or other taxes receivable, whether as the result of prepayment or net operating loss carrybacks.
- 04 Net deferred tax assets in accordance with FASB Statement No. 109.
- 05 Insured portion of real estate acquired by foreclosure or deed in lieu of foreclosure on VA or FHA-HUD loans while the title is held pending conveyance to that agency.
- 06 Prepaid deposit insurance premiums.
- 07 Prepaid expenses.
- 08 Deposits for utilities and other services.
- 09 Advances for loans serviced for others, including advances for taxes and insurance and advances to investors.

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- 10 Property leased to others under an operating lease as provided in 12 CFR § 560.41, net of accumulated depreciation.
- 11 Deferred issuance costs related to subordinated debentures, mandatory convertible securities, and redeemable preferred stock.
- 12 Amounts receivable under interest rate swap agreements.
- 13 Non-interest-bearing accounts receivable from a holding company or affiliate.
- 14 Other miscellaneous, non-interest-bearing, short-term accounts receivable.
- 16 Unamortized options fees.
- 19 Receivables from a broker for unsettled transactions.
- 20 Fair value of all derivative instruments reportable as assets under FASB Statement No. 133.
- 22 Unapplied loan disbursements.
Include only those loan disbursements that you cannot categorize.
- 24 Bank-owned life insurance
Include the cash surrender value of all bank-owned life insurance that you do not consider key-person insurance, and therefore that you would not include in Code 25 below. Include accruals of income related to increases in cash surrender value.
- 25 Key-person life insurance.
Include the cash surrender value of bank-owned life insurance that you consider key-person insurance, where the intended purpose is to provide the institution protection against the potential for losses arising from the untimely death of a key employee or borrower. These policies are generally surrendered when the key employee leaves your institution or when the borrower pays off his loan. Include accruals of interest related to increases in cash surrender value.
- 99 Other. **Use this code only for those items not identified above.**

SC692, 694, and 698: Amounts

Report the dollar amounts corresponding to the codes reported on SC691, 693, and 697.

SC699: General Valuation Allowances

Report all general valuation allowances established to recognize credit losses on receivables included in Other Assets.

You must include all valuation allowances in the reconciliation of valuation allowances in Schedule VA.

SC60: TOTAL ASSETS

The EFS software will compute this line as the sum of SC10, SC20, SC23, SC30, SC40, SC45, SC50, SC55, and SC 58. This amount must equal SC90, Total Liabilities, Redeemable Preferred Stock, Minority Interest, and Equity Capital.

LIABILITIES

SC710: DEPOSITS

Report all deposits at their face value except zero-coupon deposits, which you report at face value net of the unamortized discount.

Include:

1. All deposits whether interest-bearing or not.
2. Deposits exceeding SAIF insurance limits, including those collateralized by your assets, such as deposits of public funds.
3. Unposted credits, such as:
 - a. Deposit transactions that you include in a general ledger account and have not yet posted to a deposit account.
 - b. Deposits you received in one branch for deposit into another branch, typically another branch in another state or outside of continental USA.

You should report unposted credits net of unposted debits. We define unposted debits as cash items in your possession that are drawn on you and immediately chargeable, but not yet charged, against your deposits at the close of business on the reporting date.

Exclude the following from unposted credits:

- a. Cash items drawn on other financial institutions.
- b. Overdrafts and nonsufficient fund (NSF) items.
- c. Cash items returned unpaid to the last endorser for any reason.
- d. Drafts and warrants that are payable at or payable through you for which there is no written authorization from the depositor and no state statute allowing you at your discretion to charge the items against the deposit accounts of the drawees.

Report the above excluded unposted debit amounts in assets on SC110. **Note:** If the total of unposted credits is negative, that is, a debit, you can deduct it from SC710.

4. Outstanding cashier's checks, money orders, or other official checks drawn on an internal account issued in the usual course of business for any purpose, including, without being limited to, those that you issued in payment for your debts or expenses, or payable to a third party named by a customer making the withdrawal.
5. Accounts pledged by your directors and organizers as protection against operating deficits and other nonwithdrawable accounts, whether or not they are used in determining compliance with minimum capital requirements.
6. U.S. Treasury tax and loan accounts that represent funds received as of the close of business of the reporting date. Do not include funds credited prior to the reporting date that are automatically converted into open-ended interest-bearing notes. Report such balances on SC796, Other Liabilities and Deferred Income.
7. Unapplied loan balances, such as receipts from borrowers that have not yet been classified as principal, or interest, unless you credit the applicable customer accounts as of the date you initially received the funds.

8. Credit balances in credit card accounts, credit card customer overpayments.
9. Funds you received or held in connection with drafts or checks that you have drawn on another depository institution, a Federal Home Loan Bank, or a Federal Reserve Bank. The funds reported here are only those drawn either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, including accounts where you remit funds only when the checks or drafts are presented. For example, funds received from a customer for a cashier's check that is drawn on a zero-balance account in another financial institution.
10. Dealer reserve accounts, when considered a liability under GAAP. **Dealer reserve accounts** are refundable amounts held as collateral in the purchase of installment notes from a dealer. For example, a savings association purchases \$100,000 in installment notes from a dealer for the full face amount, for which it pays \$90,000 to the dealer and holds the remaining \$10,000 as collateral. The \$10,000 held is a dealer reserve account, which you should report as a deposit. If you hold dealer reserves that under GAAP are reported as contra-assets, then you should report the assets net of these dealer reserves in Schedule SC, and report the dealer reserves on SI247 or SI248, as appropriate.
11. Outstanding travelers' letters of credit and other letters of credit you issued for cash or its equivalent (prepaid letters of credit), less outstanding drafts accepted against the letters of credit.
12. Funds you hold as security for an obligation due to the bank or others, except hypothecated deposits, and funds deposited by a debtor to meet maturing obligations, such as amounts pledged against sinking fund mortgages and as collateral for loans.

Certain items should be added back to the appropriate deposit control totals and reported on SC690, Other Assets, as Code 99. Such items are: the gross amount of debit items (rejects) that you cannot post to the individual deposit accounts without creating overdrafts or that you cannot post for some other reason, such as stop payment, missing endorsement, post or stale date, or account closed, but which have been charged to the control accounts of the various deposit categories on the general ledger.

You should report assets and liabilities in Schedule SC in accordance with GAAP. Certain items defined in the Federal Deposit Insurance Act as includable in the deposit premium assessment base may, under GAAP, be considered contra-assets rather than liabilities. Report assets in Schedule SC net of such items, but you must also report these items on SI239 or SI243 through SI248, as appropriate, so that they will be included in the deposit premium assessment base.

You should report reciprocal balances with commercial banks and other savings associations on a net basis where the right of set-off exists. Reciprocal demand balances arise when two depository institutions maintain deposit accounts with each other.

Do not include:

1. Escrow accounts. Report on SC783, Escrows.
2. Custodial accounts established pursuant to loan servicing agreements. Report on SC783, Escrows.
3. Deposit accounts that you set up in your own name for which there is a corresponding cash account in assets. Eliminate the cash account from assets and the same amount from deposits. See item 4 under **Include** above concerning outstanding checks.
4. Outstanding checks drawn on, or payable at or through, a non-zero-balance account at a Federal Reserve Bank or a Federal Home Loan Bank. Deduct these amounts from cash-in-bank, typically, from amounts on SC110 or SC162, as appropriate, and also report them on SI239 for inclusion in the deposit base for FDIC insurance assessment purposes. See item 9 under **Include** above concerning outstanding checks drawn on zero-balance accounts.

5. Outstanding checks written against accounts in other depository institutions, as defined by the Federal Deposit Insurance Act. Deduct these from the related deposit reported on SC110 or SC166.
6. Discounts and premiums that result from marking assets and liabilities to fair value because of an acquisition, merger, or change in control. Report on SC715, Unamortized Yield Adjustments on Deposits.
7. Deductions for commissions and other capitalized items. Report on SC715, Unamortized Yield Adjustments on Deposits.
8. Deductions for customers' overdrafts in NOW and demand accounts unless the right of set-off under a valid cash management arrangement exists for accounts of the same legal entity. Report as loans on SC303, Unsecured Commercial Loans, or SC345 Open-end Unsecured Consumer Loans.
9. U.S. Treasury tax and loan account balances credited prior to the reporting date that are automatically converted into open-ended interest-bearing notes. Report such balances in liabilities on SC796, Other Liabilities and Deferred Income.
10. Hypothecated deposits, deposits accumulated for the payment of loans. Deduct these from the related loan.
11. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133. Report on SC715, Unamortized Yield Adjustments on Deposits.
12. Accumulated gain or loss, change in fair value, on deposits attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133. Report on SC715, Unamortized Yield Adjustments on Deposits.

SC783: ESCROWS

Report all escrow funds held by your savings association and your consolidated subsidiaries on behalf of others. Include only those accounts where the institution or its consolidated subsidiary is a party to the escrow agreement.

Include:

1. Tax and insurance escrows for mortgage loans.
 2. Escrow accounts you have established pursuant to loan servicing agreements, including both tax and insurance and principal and interest escrows.
 3. Custodial accounts you have established pursuant to loan servicing agreements.
 4. Credit balances of uninvested trust funds that you hold. Do not offset balances of different accounts. Report only accounts with credit balances; accounts with debit balances should be reported as loans. However, we permit netting for overdrafts in principal or income cash in individual trust accounts maintained in the same right and capacity.
 5. Amounts that you hold in conjunction with the sale of travelers' checks, money orders, and similar instruments.
 6. Amounts you hold and have not yet remitted in conjunction with the sale or issuance of government bonds, mutual funds, or other securities.
 7. Refundable loan commitment fees you have received prior to loan disbursement.
 8. Refundable amounts you have received from stock subscribers for unissued stock.
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9. Amounts that you have withheld from employee compensation for payment to a third party such as withholding taxes, health and life insurance premiums, and pension funds.
10. Interest you have withheld from deposits for remittance to taxing authorities.
11. Interest you have accrued on escrows included above.

Do not include:

1. Advances for borrowers' taxes and insurance, T&I escrow accounts with debit balances. If you or your consolidated subsidiaries own the related loan, report the advances on SC275, Advances for Taxes and Insurance. If you service the related loan for others, report them on SC690, Other Assets, as Code 09.
2. Advances to investors for loans you serviced for others prior to receipt from the borrower. Report as assets on SC690, Other Assets, Code 09.
3. Custodial accounts held by a depositor for another for example, a custodial account held for a minor where the parent or some other depositor is the custodian. Report as deposits on SC710.
4. IRA and Keogh accounts. Report as deposits on SC710.
5. Escrows where the funds are deposited in other depository institutions. Report as liabilities on SC796, Other Liabilities, Code 99.
6. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133. Report on SC715, Unamortized Yield Adjustments on Deposits.
7. Accumulated gain or loss (change in fair value) on escrows attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133. Report on SC715, Unamortized Yield Adjustments on Deposits.
8. Escrows where your holding company or unconsolidated affiliate is a party to the escrow agreement and where you are not a party to the escrow agreement. Report on SC710, Deposits.

SC715: UNAMORTIZED YIELD ADJUSTMENTS ON DEPOSITS

Report the unamortized balance of discounts and premiums on deposits. Report the face amounts of the related deposits on SC710, Deposits. These yield adjustments are amortized to interest expense on SO215, Interest Expense on Deposits. This data field may be negative, representing a debit.

Include:

1. Discounts and premiums resulting from initially recording purchased deposits and escrows at fair value.
2. Discounts and premiums related to accounting for a derivative instrument embedded in deposits and escrows as either a separate asset or liability, when required by FASB Statement No. 133.
3. The accumulated gain or loss (the change in fair value) on deposits and escrows attributable to the designated risk being hedged on a qualifying fair value hedge under FASB Statement No. 133.
4. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133.

Do not include:

1. Yield adjustments related to advances and borrowings; these directly reduce the related borrowing.
2. Core deposit intangibles resulting from an acquisition, merger, or change in control. Report on SC660, Goodwill and Other Intangible Assets.

BORROWINGS

Adjust borrowings for (1) discounts and premiums in accordance with APB No. 21, Paragraph 16; (2) unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133, and (3) the accumulated gain or loss (change in fair value) on borrowings attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133. Amortize the discounts and premiums to interest expense. Report issuance costs related to borrowings in SC690, Other Assets.

SC72: Total

The EFS software will compute this line as the sum of SC720 through SC760

SC720: Advances from FHLBank

Report all FHLBank borrowings.

Include:

1. All FHLBank advances.
2. Deferred commitment fees you paid on FHLBank advances; these reduce the outstanding balance.

Do not include:

1. Amounts due a FHLBank in the form of securities sold under agreements to repurchase. Report on SC730.
2. Accrued interest. Report on SC766, Other Accrued Interest Payable.
3. FHLBank advances that have been defeased in substance in accordance with GAAP, as principally prescribed in FASB Statement No. 76, *Extinguishment of Debt*, and FASB Technical Bulletin 84-4, *In-substance Defeasance of Debt*. You do not report these advances and the related assets in your statement of condition.

SC730: Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

Include:

1. Funds you received from securities sold under agreements to repurchase that do not meet the criteria for a sale under FASB Statement No. 140, including retail repurchase, dollar-reverse-repurchase, and dollar-roll agreements.
2. Amounts due a FHLBank in the form of securities sold under agreements to repurchase.
3. Federal Funds purchased.

Include in the gain or loss on the sale funds received from transactions accounted for as a sale, such as, yield maintenance, dollar-reverse-repurchase agreements, and certain dollar-roll transactions. **Note** that the repurchase transaction and subsequent investment of these borrowed funds are independent transactions. Therefore, you should not offset any income generated by this subsequent investment by the interest expense incurred in the reverse repurchase transaction. Report interest income on SO110, Interest Income on Deposits and Investment Securities, and interest expense on SO260, Interest Expense: Other Borrowed Money.

SC735: Subordinated Debentures (Including Mandatory Convertible Securities)

Report subordinated debentures and mandatory convertible securities you or your consolidated subsidiaries issued net of premiums and discounts. Report issuance costs related to subordinated debentures and mandatory convertible securities on SC690, Other Assets.

Mortgage-Collateralized Securities Issued:

Report only those mortgage-collateralized securities that are not recorded as sales in accordance with GAAP as principally prescribed by FASB Statement No. 77, *Reporting by Transferors for Transfers of Receivables with Recourse*, and FASB Technical Bulletin 85-2, *Accounting for Collateralized Mortgage Obligations (CMOs)*.

SC740: CMOs (including REMICs)

Report all collateralized mortgage obligations (CMOs) issued by you and your consolidated subsidiaries adjusted for issuance costs, discounts, and premiums.

SC745: Other

Report all mortgage collateralized securities, other than CMOs, that you or your consolidated subsidiaries issued that are not recorded as sales in accordance with GAAP.

SC760: Other Borrowings

Report all other borrowings not included on SC720 through SC745.

Include:

1. Redeemable preferred stock issued by consolidated subsidiaries to third parties.
2. Mortgages and other encumbrances on your office premises or real estate owned for which you are liable.
3. Obligations of an employee stock ownership plan (ESOP) to a lender other than yourself, when such reporting is required under GAAP, including AICPA SOP No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.
4. The underlying mortgage in a wrap-around loan unless the holder of the underlying mortgage has accepted a subordinated position, in which case you deduct the underlying loan against the related loan.
5. Senior liens on foreclosed real estate.
6. Overdrafts in your transaction accounts in other depository institutions, where there is no right of set-off against other accounts in the same financial institution. If the overdraft is in a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, you should include in deposits the funds received or held in connection with checks drawn on the other depository institutions.
7. Commercial paper that you have issued.
8. Liabilities for capital leases related to assets that you've reported on SC55.
9. Eurodollar issues.
10. The liability from a *sale* of loans with recourse accounted for as a financing. Refer to FASB Statement No. 77, *Reporting by Transferors for Transfers of Receivables with Recourse*.
11. REIT preferred stock issued by a consolidated subsidiary to a third party, where you elect to report the instrument as a liability rather than as a minority interest on line SC799.
12. The related liability for delinquent mortgage loans previously securitized with Ginnie Mae, where you have an unconditional repurchase option. The recording of such mortgage loans and the related liability is required under GAAP (including FASB Statement No. 140).

Do not include:

1. Accrued interest due and payable. Report on SC766, Other Accrued Interest Payable.
2. Redeemable preferred stock you have issued. Report on SC799, Redeemable Preferred Stock and Minority Interest.

You must charge the interest and dividends on all borrowings and yield adjustments reported on this line to expense on SO260, Other Borrowed Money. You must not net the interest expense against the interest income on the related asset.

OTHER LIABILITIES

SC75: Total

The EFS software will compute this line as the sum of SC763 through SC796.

SC763: Accrued Interest Payable - Deposits

Report accrued interest that has not been credited to deposit accounts.

Do not include:

Interest withheld from deposits for remittance to taxing authorities. Report on SC783, Escrows.

SC766: Accrued Interest Payable - Other

Include:

Accrued interest and dividends due on borrowings that you have reported on SC720 through SC760.

SC776: Accrued Taxes

Include:

1. Current portion of federal, state, and local income taxes.
2. Real estate taxes.
3. Employer's share of payroll taxes.
4. Other miscellaneous taxes.

Do not include:

1. Taxes withheld from employees' salaries. Report on SC783, Escrows.
2. Tax accrual accounts with debit balances. Report as accounts receivable on SC690, Other Assets, as Code 03.
3. Interest withheld from deposits for remittance to taxing authorities. Report on SC783, Escrows.

SC780: Accounts Payable

Report the amount accrued for services, supplies, materials, and other expenses.

Reclassify accounts payable with material debit balances to accounts receivable. Report on SC690, Other Assets, as Code 14.

SC790: Deferred Income Taxes

Report net deferred income taxes with a credit balance. Report deferred income taxes from the same jurisdiction net. Report net debit balances as deferred tax assets on SC690, Other Assets, Code 04.

SC796: Other Liabilities and Deferred Income

Report the total of liabilities not reported elsewhere on Schedule SC. You can find a list of the types of liabilities to be included in the memo items detailing other liabilities below.

Memo: Detail of Other Liabilities

Report the three largest items constituting the amount reported on SC796. You should select codes best describing these items from the list below and report them on SC791, 794, and 797; report the corresponding amounts on SC792, 795, and 798. You must complete this detail if you report an amount on SC796. You should combine similar accounts, for example, all nonrefundable loan fees received prior to loan disbursement should be combined and reported as 04. However, you should **not** combine **unlike** accounts in reporting code 99. You may have more than one code 99 if you cannot find codes describing the items you report.

SC791, 794 and 797: Codes

- 01 Dividends payable on stock.
- 02 Financial options fees received.
- 04 Nonrefundable loan fees received prior to loan disbursement.
- 05 Deferred gains from sale/leaseback where the resulting lease is an operating lease.
- 06 Balances in U.S. Treasury tax and loan accounts administered under the note option that provide for the conversion of the previous day's balance to an interest-bearing demand note.
- 07 Deferred gains from the sale of real estate recorded under the percentage-of-completion or deposit methods pursuant to FASB Statement No. 66, *Accounting for Sales of Real Estate*.
- 08 Negative investments in entities accounted for under the equity method.
- 09 Fees received for standby contracts and other option arrangements where the savings association is obligated to purchase or sell securities at the option of the other party.
- 10 Amounts due brokers for unsettled transactions.
- 11 The liability recorded for pensions and other postretirement benefits.
- 12 Negative goodwill.
- 13 Amounts payable under interest-rate-swap agreements.
- 14 Unapplied loan payments received for which the customer's account will be credited as of the date of receipt.
- 15 Liability when the benefits of a loan servicing contract are not expected to adequately compensate the servicer.
- 16 Recourse loan liability.
- 17 Non-interest-bearing payables due to holding companies and affiliates.
- 18 Litigation reserves.
- 19 Nonrefundable stock subscriptions. Note that refundable stock subscriptions are reported as escrows on SC783.

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- 20 Fair value of all derivative instruments reportable as liabilities under FASB Statement No. 133.
99 Other. **Use this code only for those items not identified above.**

Do not include:

1. Escrows. Report on SC783, Escrows.
2. Deferred credits classified as contra-assets, such as loans in process and deferred loan fees.
3. Yield adjustments on deposits. Report on SC715, Unamortized Yield Adjustments on Deposits.
4. Yield adjustments, commitment fees, and issue costs on FHLBank advances and other borrowings. Report as part of the borrowings' balance.
5. Accrued interest on escrow accounts. Report on SC783, Escrows.
6. U.S. Treasury tax and loan accounts administered under the remittance option requiring the remittance of the previous day's balance to a federal reserve bank. Report on SC710, Deposits.
7. Unapplied loan payments received for which the customer's account will be credited as of the date of transfer rather than the date of receipt from the customer. Report on SC710, Deposits.

SC792, 795, and 798: Amount

Report the dollar amounts corresponding to the codes reported on SC791, 794, and 797.

SC70: TOTAL LIABILITIES

The EFS software will compute this line as the sum of SC710, SC783, SC715, SC72, and SC75.

SC799: REDEEMABLE PREFERRED STOCK AND MINORITY INTEREST

Report items that have characteristics of both liabilities and equity capital and that in accordance with GAAP should not be classified as equity capital.

Include:

1. Redeemable preferred stock you issued.
2. Common and perpetual preferred stock issued by consolidated subsidiaries to third parties constituting a minority interest.
3. REIT preferred stock issued by a consolidated subsidiary to a third party, where you elect to report the instrument as a minority interest rather than as a liability on line SC760.

Do not include:

1. Redeemable preferred stock issued by consolidated subsidiaries to third parties. Report on SC760, Other Borrowings.
2. Preferred stock, both redeemable and perpetual, that consolidated subsidiaries issued to you or your other subordinate organizations. When you are making your consolidating entries, you must eliminate this preferred stock of the consolidated subsidiary.
3. Deferred issuance costs. Report on SC690, Other Assets.

For common or preferred stock issued by a consolidated subsidiary that is accounted for as a minority interest and that is included on this line, report the allocation of net income (for the common stock) or declaration of dividends (for the preferred stock) on SO580, Other Noninterest Expense, using Code 18.

EQUITY CAPITAL

PERPETUAL PREFERRED STOCK

Include:

1. Preferred stock you issued that is nonredeemable by the purchaser and that qualifies as equity capital under GAAP.
2. Perpetual preferred stock and permanent income capital certificates (PICCs) you issued to the FSLIC Resolution Fund, less related outstanding FSLIC notes receivable.
3. Preferred stock convertible into common stock.

Report preferred stock net of issuance costs, premiums, and discounts. If you issued preferred stock above par value, include the amount paid in excess of par with the par value.

Dividends on perpetual preferred stock reduce retained earnings when declared. Report them on SI620, Dividends Declared on Preferred Stock.

Do not include:

1. Redeemable preferred stock you issued. Report on SC799, Redeemable Preferred Stock and Minority Interest.
2. Redeemable preferred stock issued by a consolidated subsidiary. Report on SC760, Other Borrowings.
3. Permanent preferred stock issued by a consolidated subsidiary. Report as minority interest on SC799, Redeemable Preferred Stock and Minority Interest.
4. Income capital certificates (ICCs) you issued to the FSLIC Resolution Fund. Report on SC799, Redeemable Preferred Stock and Minority Interest.

SC812: Cumulative

Report permanent preferred stock where the stockholders are entitled to receive unpaid dividends before the payment of dividends on other classes of stock.

SC814: Noncumulative

Report permanent preferred stock whose dividends do not accumulate if unpaid.

COMMON STOCK

SC820: Par Value

Report the par value of all outstanding common stock – permanent, reserve, or guaranty stock – that you have issued.

If the par value of common stock issued is less than \$500, report **1** in this data field to indicate that it is not zero, and, if necessary, reduce the amount that you report on SC830 by one.

You must reduce retained earnings at the time that you declare dividends on common stock. Report the reduction of retained earnings on SI630, Dividends Declared on Common Stock.

Do not include deductions for:

1. Stock you reacquired – treasury stock. Report as a negative on SC890, Other Components of Equity Capital.
2. Unallocated ESOP shares. Report as a negative on SC890, Other Components of Equity Capital.

SC830: Paid in Excess of Par

Include:

1. Amounts paid in excess of par value from the issuance of common stock for cash or nonmonetary assets. Deduct the costs of issuing common stock.
2. Permanent capital contributions by the stockholders not related to the purchase of stock.

Do not include:

1. Paid-in capital from the issuance of preferred stock. Report on SC812 or SC814, Perpetual Preferred Stock.
2. FSLIC capital contributions. Report as a reduction from goodwill on SC660, Goodwill and Other Intangible Assets.

SC860: UNREALIZED GAINS (LOSSES) ON AVAILABLE-FOR-SALE SECURITIES

Report unrealized gains (losses), net of taxes, for you and your subordinate organizations on available-for-sale securities and on certain nonsecurity financial instruments, CNFIs, classified as available for sale, pursuant to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*.

You do not report gains and losses that are reported in this data field in the statement of operations until either the asset is sold, a loss is considered other than temporary, or it is amortized in accordance with the following paragraph.

Include the unamortized amount of the unrealized gain or loss at the date of transfer of debt securities transferred from available-for-sale to held-to-maturity category. Continue to report this gain or loss on this line until it is completely amortized over the remaining life of the security as an adjustment of yield in the same manner as a discount or premium.

You do not report unrealized gains (losses) on securities and CNFIs as valuation allowances and, therefore, do not include them in Schedule VA.

Report this data field as negative when your unrealized losses exceed unrealized gains.

Do not include declines in fair value that you judge to be other than temporary. Report such losses in earnings on SO321, Net Provision for Losses on Interest-Bearing Assets.

SC880: RETAINED EARNINGS

Retained earnings are your accumulated net income since inception less distributions to shareholders and amounts transferred to other equity capital accounts.

Include:

1. Undistributed income – net income from interim periods of operation prior to closing your books;
2. Retained earnings from prior operating periods.
3. Restrictions or appropriations of retained earnings as designated by your board of directors.
4. If you are in receivership, a deduction for the amount by which liabilities exceed identified assets, because you may not report goodwill upon conversion to receivership. Refer to EITF Consensus No. 85-41.

SC890: OTHER COMPONENTS OF EQUITY CAPITAL

Report amounts reported under GAAP as separate components of equity capital. In most cases the amounts in this data field will be negative, as these items typically reduce equity capital.

Include:

1. Treasury stock.
2. Unearned employee stock ownership plan (ESOP) shares, when such reporting is required under GAAP, including AICPA SOP No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.
3. Minimum pension liability.
4. Accumulated gains and losses associated with cash-flow hedges pursuant to FASB Statement No. 133.

SC80: TOTAL EQUITY CAPITAL

The EFS software will compute this line as the sum of SC812 through SC890.

SC90: TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK, MINORITY INTEREST, AND EQUITY CAPITAL

The EFS software will compute this line as the sum of SC70, SC799, and SC80. This line must equal SC60, Total Assets.

