Office of Thrift Supervision
Financial Reporting Division

June 2004

Financial Reporting Bulletin

June TFR Deadline (Including SB) — Friday, July 30
HC and CMR Deadline — Monday, August 16
2004 BOS Deadline — Monday, August 30

IN THIS ISSUE

The Office of Thrift Supervision publishes the Financial Reporting Bulletin quarterly and distributes it to all OTS regulated institutions. The bulletin's purpose is to provide the Thrift Financial Report preparer with reporting information and guidelines. Please send comments and suggestions on this bulletin to Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552 or by e-mail to tfr.instructions@ots.treas.gov.

SECOND QUARTER DEADLINES

You should complete and transmit your June 2004 TFR, **including Schedule SB**, as soon as possible after the close of the quarter. All schedules except HC and CMR are due no later than **Friday, July 30, 2004**. Schedules HC and CMR are due no later than Monday, August 16, 2004.

Institutions that are exempt from filing Schedule CMR but choose to voluntarily file must adhere to the filing deadlines. OTS will not be able to provide Interest Rate Risk reports to institutions that fail to meet the filing deadline. All voluntary filers should contact Doris Jackson at 972-277-9618 or doris.jackson@ots.treas.gov two days after transmitting CMR to confirm that it was received.

If you have any questions concerning the preparation of your report, please call your Financial Reporting Division contact in Dallas, Texas. You may email reporting questions to tfr.instructions @ots.treas.gov. If you have a problem with the electronic filing software or transmission, call 1-866-314-1744 or efs-info@ots.treas.gov. If you have any questions about your Interest Rate Risk report, you may contact Scott Ciardi at 202-906-6960 or scott.ciardi@ots.treas.gov.

2004 BRANCH OFFICE SURVEY

Your 2004 Branch Office Survey is due **Monday, August 30, 2004** – one week later than in previous years. **You must include escrows with deposits beginning with your 2004 BOS report.** This change will provide comparability of BOS data to that reported in the FDIC Summary of Deposits by commercial banks.

Report each branch's escrow amount with its deposits; do not aggregate escrows into one branch. You must transmit your June 2004 TFR report **prior** to transmitting your 2004 BOS report.

JUNE 2004 FILING SOFTWARE

EFS 5.1/FRS 2.0 CD Release

On June 21, 2004, OTS will release EFS Version 5.1 and Financial Reports Subscriber (FRS) Version 2.0. This version of EFS corrects some edit step inconsistencies that were reported in the March 2004 reporting cycle, includes the 2004 Branch Office Survey, and adds several new features.

EFS-Net, Internet-based Filing

With the March 2004 report cycle OTS introduced EFS-Net, an Internet-based filing option. EFS-Net allows institutions to transmit reports, download financial data and software updates, and offer feedback through an existing Internet connection. Institutions that have had difficulty connecting to OTS through the standard dial-up method of transmission have especially welcomed EFS-Net. In the first quarter of operation, nearly 60% of OTS-regulated institutions used EFS-Net.

With the release of EFS 5.1, EFS-Net capability has been expanded to include the submission of database problems. EFS-Net will allow institutions to report such problems and send a backup of their database through EFS-Net instead of through their email systems.

EFS-Net is fully certified and accredited to provide security and privacy of your data.

EFS-Net Availability of UTPRs and IRRs

Financial Reports Subscriber (FRS) Version 2.0 provides you with an option for downloading your Uniform Thrift Performance Reports (UTPRs) and your Interest Rate Risk (IRR) Reports through EFS-Net. Further details will be included in the documentation we will send with the EFS 5.1 CD. You will need to install FRS Version 2.0 from your EFS 5.1 CD to have this option available to you.

SOFTWARE CORNER

June 2004 CD

As mentioned above, the Electronic Filing System (EFS) Version 5.1 and Financial Reports Subscriber (FRS) Version 2.0 will be included on the CD scheduled to be mailed out on June 21st. We recommend that you install both programs as soon as you receive the CD. You should retain the CD in your files. If you have not received the software by July 9, contact Doris Jackson at doris.jackson@ots.treas.gov or 972-277-9618.

After installing the updated software, you can launch EFS or FRS through the Start button on your PC. Do not click on a desktop icon if you have created a shortcut to either program. Clicking on the icon may take you to an older version of the software. Always launch the OTS programs by clicking on ***Start***, ***Programs***, ***Office of Thrift Supervision***, and ***Electronic Filing System*** or ***Financial Reports Subscriber***.

To verify your software version within EFS, click on ***Help***, ***About Electronic Filing System*** and then confirm that the release cycle is 06-2004 and the System Database and System File versions are 5.1.0. To verify the software version within FRS, click on ***Help***, ***About Financial Reports Subscriber***, and then confirm that the release cycle is 06-2004 and FRS version is 2.0.

EFS-Net and EFS Dial-Up

You can now connect to the OTS Network using your Internet connection within the Electronic Filing System and Financial Reports Subscriber via EFS-Net. If you use a dial-up modem to access the Internet, you must open your Internet browser prior to connecting to EFS-Net.

To use your Internet connection within the EFS Transmit wizard, click the ***EFS-Net*** button instead of the ***mailbox*** icon to **"*Transmit Now*"** on Step 5 of 5. You will be prompted to **"*Log onto my Internet connection and connect to EFS-Net*"** to transmit your messages and financial data and download bulletins and/or updates. Within FRS, you also have the option to download your UTPR or IRR through EFS-Net or EFS Dial-Up. When you select the option to download a report via EFS-Net within either OTS program, you first submit a request for the report. You will then receive an e-mail when the report is available for download, and you may then reconnect to EFS-Net to download the report(s).

EFS-Net, Internet based communications requires that you have at least Internet Explorer version 5.0 and Windows 98 or higher installed on your workstation. Within Internet Explorer, click on ***Help***, ***About Internet Explorer*** to verify what version you are running. If you have any version prior to 5.0, or if when you attempt to log onto OTS, you receive an error message stating **"*page unavailable*"** or **"*certificate expired or not yet valid*,"** you should log onto Microsoft at http://www.microsoft.com/windows/ie to download the most recent version of Internet Explorer.

If you do not have Internet capability and are experiencing difficulty in connecting to the OTS Network using your dial-up modem, the OTS Diagnostic Utility program can assist you in troubleshooting problems with connecting. To access this program from your desktop, click on ***Start, Programs, Office of Thrift Supervision,*** and ***OTS Diagnostics***; or from within EFS, click on the ***Wheelchair*** icon on Step 5 of 5 of the Transmit Wizard. If necessary, you may need to involve your network administrator or IT personnel (in-house or contract) for further assistance.

Downloading EFS Software Updates

When you select to download an EFS update within EFS-Net, you will be prompted to ***Download File***. Do not select to ***Open*** the file. Select to ***Save*** it to a diskette or to your Software Updates folder within the OTS EFS directory (default: c:/program files/otsefs/software updates). When the download is complete, ensure that all programs and applications, including EFS, are closed. Locate the update file through your Windows Explorer and double-click on the filename to install the latest version. Upon completing installation of the update, restart your computer and launch EFS through the ***Start*** button on your desktop.

Amendments and Re-edits

After making an amendment to your report, click on the ***Diskette*** icon to save your changes to your database. Click on the red ***Checkmark*** icon to run a re-edit of your edit steps. When entering a Usernote as an edit explanation, give a specific reason as to why your data is correct. We recommend that you print an audit trail prior to transmitting your changes, by selecting ***System, Reports***, ***Amended Different Report***. As with all report transmissions, you should select to ***View Transmission Log*** to verify that the report(s) and/or messages are listed with an acknowledgement and date of transmission.

EFS Helpline

We want to remind you that the EFS Helpline is a message center. Calls are retrieved and returned during daytime business hours in the order they are received. Leaving multiple messages about the same issue will only delay the callback time. You can reach the EFS Helpline toll-free at 866-314-1744 or by e-mail at efs-info@ots.treas.gov. We request that you include your 5-digit docket number in the subject line of all e-mails to the EFS-Info account.

Institution Information

You should regularly review and correct, if necessary, the information you enter in the Institution Setup in EFS. This includes:

- Institution web address.
- Report preparer information: name, address and email address for each report type (TFR, CMR, etc).
- Additional control list contact.

This information enables OTS to contact the appropriate personnel at your institution when the need arises.

SCHEDULE NS – NARRATIVE STATEMENT

In March 2004, OTS added Schedule NS, Optional Narrative Statement, which allows institution management to describe certain events during the quarter that may be necessary to explain unusual amounts reported in the TFR. Schedule NS serves as a footnote to the TFR. The information you report on Schedule NS is publicly released and included with the Internet postings of your data. Therefore, you should ensure your statement does not contain notes intended only for your FRD analyst or the names or other identification of individuals, references to confidential (non-public) data items of the TFR, or any other information that you are not willing to have made public or that would compromise the privacy of your customers.

GENERAL VALUATION ALLOWANCES

The following general valuation allowance fields should have been deleted from the 2004 TFR form: VA36, VA37, VA70, VA820, and VA821, in connection with the removal of the related general valuation allowances from Schedule SC. The form will be corrected in March 2005. During 2004, we will block transmission to these fields. However, we will permit data to be entered in the specific valuation allowance fields.

Charge-offs on investment securities, real estate held for investment, and non-FASB 115 equity investments should be reported as follows:

Example I: Other-than-temporary impairment of an investment in commercial paper:

Report the expense on SO 321, Net Provision for Loss, and reduce the commercial paper reported on SC185, Investment Securities.

SO321 will flow through to VA120 and indirectly to VA118. Since this is a direct charge-off and does not involve a general valuation allowance, it should be included on VA158 (Charge-offs). Since there is no valuation allowance on an other-than-temporary impairment of a security, the loss does not flow through to VA168 (Ending Balance of Specific Valuation Allowances).

The amount of the loss as reported on VA118 and VA120 must also be reported on VA38, and thus included in adjusted net charge-offs.

Example II: Establishment of a specific valuation allowance on real estate held for investment:

Report the expense on SO321, Net Provision for Loss, and reduce the real estate held for investment reported on SC45.

SO321 will flow through to VA120 and indirectly to VA118. Since this is a specific valuation allowance, it will flow through to the ending specific valuation balance on VA168.

The amount of the loss as reported on VA118 must also be reported on VA72, and thus included in adjusted net charge-offs.

JUNE 2004 TFR INSTRUCTION MANUAL UPDATES

Enclosed are 61 updated pages to the TFR Instruction Manual. The updated pages are dated June 2004 and changes are marked by a bar in the right margin. The changes are as follows:

General Instructions – Page 103 – Corrected number of days in which to file an amendment for Schedule CMR.

Schedule SC – Page 208, Mortgage Loans – Corrected the line number in Schedule CC for reporting outstanding lines of credit secured by multi family residential property.

Schedule SC – Page 217, SC306, Commercial Lease Receivables – Includes ground rents on commercial property.

Schedule SC – Page 218, SC330, Consumer, Other, Including Lease Receivables – Includes ground rents on properties used for one-to-four dwelling units, overdrafts of consumer accounts, and open-ended person lines of credit extended to individuals.

Schedule SC – Pages 224 and 225, Intangible Assets – Corrected formatting and line sequence errors.

Schedule SC – Page 226, Other Asset Codes – Clarified that Code 19 includes receivables from any party, not only brokers, for unsettled transactions between trade and settlement dates.

Schedule SO – Page 303, SO185, Other Dividend Income – Clarified that the amount reported on SO185 should include dividends and interest on investments reported on SC540 using the cost method and that, where the investment is accounted for using the equity method, the net income or loss should be reported on SO488, using code 06.

Schedule SO – Page 305, SO321, Net Provision for Losses on Interest-Bearing Assets – Clarified that you should not include adjustments to or recording of a liability for off-balance-sheet commitments or contingencies. These should be reported in SO580, Other Noninterest Expense.

Schedule VA – Pages 404, 405, 409, 411, General Valuation Allowances – Deletes the following general valuation allowance fields: VA36, VA37, VA70, VA820, and VA821 in connection with the removal of the related general valuation allowances from Schedule SC in March 2004 as explained above.

Schedule LD – Page 601, General Instructions – Deleted obsolete reference.

Schedule CC – Page 702, CC280, CC290, CC300, Commitments to Originate Mortgages – Clarified reporting of lines of credit secured by real estate.

Schedule CC – Page 705, CC455, Total Principal Amount of all Assets Covered by Recourse Obligations or Direct Credit Substitutes – Clarified that assets covered by recourse obligations should be included even if the obligation is limited to 120 days or less.

Schedule CF – Page 802, CF148 and CF158, Mortgage-Backed Securities, Other Balance Changes – Clarified net reporting of other balance changes.

Schedule CF – Page 803, Mortgage Loans Disbursed on Permanent Loans – Deleted obsolete reference.

Schedule SI – Page 1004, IRS Domestic Building and Loan Test – Added reference for definition of the DBLA.

Schedule SI – Page 1009, Reconciliation of Equity Capital – Corrected two typographical errors.

Schedule SI – Page 1010, Transactions with Affiliates – Clarified that these line items, although not made public on an individual institution basis, will be available in the OTS aggregates.

Schedule HC – Page 1401, General Instructions – Clarified that the parent-only column should always include an investment in the subsidiary and under what circumstances consolidated statements may not be required.

Schedule HC – Page 1404, Investment in Subsidiaries – Clarified that if the holding company is the direct owner of the thrift, the investment in the thrift, using the equity method of accounting, is reported on HC330; however, if the holding company is not the direct owner of the thrift, the investment in the mid-tier holding company must be reported on HC340.

Schedule HC – Pages 1406 and 1407 – Dividends – Clarified that all dividends from subsidiaries, representing the distributed component of the subsidiary's net income, should be reported on these lines.

Schedule CCR – Page 1607, CCR190 – Corrected a reference to a line in Schedule SC.

Schedule CCR – Page 1609, CCR280, Accumulated Losses (Gains) on Certain available-For-Sale Securities and Cash Flow Hedges – Clarified that Adjusted Total Assets is adjusted for all unrealized gains and losses on available-for-sale securities included in assets except for losses on equity securities.

Schedule CCR – Page 1623, CCR460, Qualifying Single-Family Residential Mortgage Loans – Corrected an obsolete reference to Schedule SC.

Schedule CMR – Pages 1707, 1745, and 1746, Federal Home Loan Bank Stock – Changed the reporting in CMR of Federal Home Loan Bank stock to include it in CMR543, Miscellaneous I in order to provide a better valuation of it in the NPV model.

Schedule CMR – Page 1746, Bank-Owned Life Insurance – Clarified that bank-owned life insurance should be reported on CMR543, Miscellaneous I.

Schedule CMR – Page 1726, Second Mortgage Loans and Securities – Added back a sentence that was inadvertently deleted in March 2004. All secured, open-end revolving home equity loans and lines of credit, even if secured by a first lien, should be reported as second mortgage loans.

Schedule CMR, Appendix D – Corrected footnote numbers that had inadvertently been changed in March.

PUBLIC AVAILABILITY OF THE TFR

All data items reported by individual OTS-regulated institutions in 2004 are publicly available **except** for the following line items:

Schedule VA
- Classification of Assets:
  - VA960 – Special Mention
  - VA965 – Substandard
  - VA970 – Doubtful
  - VA975 – Loss

Schedule LD, Loan Data - All lines

Schedule SI
- Transactions with Affiliates, Lines SI750 and SI760

Schedule FS, Fiduciary and Related Services
- Income:
  - Lines FS310 through FS393, FS30, and FS35
- Fiduciary Settlements, Surcharges, and Other:
  - FS710 through FS742, FS70, FS71, and FS72

Schedule HC, Thrift Holding Company – All lines.

Schedule CMR, Consolidated Maturity/Rate – All lines.

When released by OTS, individual TFRs are first posted on the FDIC web site the Friday following the tenth day after the TFR due date (40 days after quarter end). The available reports are updated on the Internet every Friday. The final update takes place approximately 150 days after quarter end. All data items are available on an aggregate basis and are posted to the OTS web site approximately 60 days after quarter end.

Questions & Answers

We post TFR Questions and Answers on the OTS web site at www.ots.treas.gov/tfrqanda.html. If you have a question that you would like posted, please submit it to tfr.instructions@ots.treas.gov.

Q&A No. 239

SUBJECT: GNMA BUY-BACK PROGRAM
LINE(S): Schedule PD
DATE: June 4, 2004

Question 1: In the March 2004 Schedule PD Instructions, the "Do Not Include": paragraph states, "delinquent FHA, FmHA, or VA 1-4 dwelling unit, residential mortgages in foreclosure status...". Would following examples be considered in "foreclosure status"?

1. An FHA-insured loan greater than 30 days delinquent, but for which no formal communication of intent to foreclose has been provided to the borrower.
2. An FHA-insured loan for which formal communication of intent to foreclose has been provided to the borrower, but legal foreclosure has not yet taken place.
3. An FHA-insured loan currently in bankruptcy, and as a result the savings association may not immediately foreclose.

We would like to clarify this Schedule PD exclusion, because from a risk perspective, it appears that each of these scenarios has similar risk, and therefore we believe should be treated similarly in Schedule PD.

Answer 1: The term “foreclosure status” is not clearly defined. Until further guidance is issued, you may consider the term “in foreclosure status” as it applies to loans in, or previously in, the GNMA program to include loans that your institution intends to foreclose on. That is they are loans in your foreclosure pipeline.

Question 2: Our second question pertains to the same paragraph in the Schedule PD Instructions, where it states, "were required to return to your balance sheet". We would like to confirm that the OTS is referring to the delinquent Ginnie Mae Buybacks that are eligible for repurchase and therefore required to be shown on the balance sheet, as required by FASB Statement No. 140, even though those are not owned by the savings association.

Answer 2: Yes, that is the intent of that phrase.

Question 3: Our final question relates to how OTS may use Lines PD195, PD295, and PD395 on the UTPR Report. We are interested in whether OTS might deduct these loans from the Nonperforming Loans reported in the Asset Quality Section of the UTPR, since the savings association has minimal risk in those loans. If not, will the UTPR present the information from those lines separately.

Answer 3: The UTPR will present guaranteed loans separately, directly beneath total delinquent loans. That is, on one line we will present PD10; PD20; PD30 and PD20+PD30, and below it PD195; PD295; PD395; and PD295+PD395, and then another line for total past due loans less loans wholly or partially guaranteed by the U.S.

Q&A No. 240

SUBJECT: REVOLVING LINES OF CREDIT – AS REFINANCINGS
LINE(S): CF361
DATE: June 4, 2004

Question: We have revolving lines of credit secured by 1-4 dwellings and some secured by commercial property that expire in one year. If we renew these lines with the same terms at the end of the one-year expiration period, must we report them as refinancings on CF361? We continue these loans with the same loan number.

Answer: Yes. If the term of a loan is extended, the loan is modified and should be reported as a refinancing on CF361.

Q&A No. 241

SUBJECT: LINES OF CREDIT TO A SERVICE CORPORATION
LINE(S): SI588
DATE: June 4, 2004

Question: Must a savings association report on SI588 available lines of credit that the association has granted to its service corporation? While these are not loan balances outstanding currently, they may become outstanding balances in the future if drawn upon by the service corporation.

Answer: No. If the line of credit is unfunded or it is not otherwise recognized as a balance sheet asset, then the savings association is not required to include the amount of the line for purposes of calculating its aggregate investment (both debt and equity) in service corporations. Therefore, the association is not required to report the line of credit on SI588 (Aggregate Investment in Service Corporations).

Q&A No. 242

SUBJECT: TRANSACTIONS WITH AN AFFILIATED BANK
LINE(S): SI760
DATE: June 4, 2004

Question: An institution under a bank holding company buys and sells participations with its sister bank. Would these be reported on SI760?

Answer: No.

Under 12 CFR 223.52 (the Federal Reserve's 23B reg), sister bank transactions are not covered by 23B. It states that all transactions are covered *except for* transactions cited under 223.41, which cites the sister bank exception.

Q&A No. 243

SUBJECT: HOLDING COMPANY'S DIVIDENDS FROM THRIFT SUBSIDIARY
LINE(S): HC525
DATE: June 4, 2004

Question: Our holding company, in its parent only financial statements, does not treat dividends from its wholly-owned thrift subsidiary as income. Using the equity method of accounting, the holding company records the thrift subsidiary's net income as an increase in its investment in subsidiary (an asset), and as equity in net income of thrift subsidiary (an item of income). The holding company records dividends from the thrift subsidiary as an increase in cash or intercompany receivable, and as a reduction in its investment in subsidiary. Therefore, in the parent only column of Schedule HC, the holding company reports zero on HC525, Reflected in Net Income for the Quarter: Dividends: From Thrift Subsidiaries. Is this reporting correct?

Answer: No. In the parent only column of Schedule HC, your holding company should report dividends from its thrift subsidiary on HC525. Typically, under the equity method of accounting used for parent only financial statements, a holding company's equity in the net income or loss of its subsidiaries is presented as two separate components: (1) dividends from subsidiaries – that is, the distributed income component; and (2) equity in undistributed income or loss of subsidiaries – the undistributed income or loss component. Accordingly, your holding company should report on HC525 the distributed income component of the holding company's equity in income or loss of its thrift subsidiary.

For example, assume that the holding company's equity in the net income of its thrift subsidiary is \$10 million; and that dividends declared by, and received from, the subsidiary are \$3 million. The holding company's net income on a parent only basis reported on HC250, "Net Income for the Quarter", would include the \$10 million. The holding company would report the \$3 million on HC525. Note that the holding company's \$7 million (\$10 million - \$3 million) undistributed income component of its equity in income of the thrift subsidiary would not be reported separately on Schedule HC.

Q&A No. 244

SUBJECT: TRUST PREFERRED SECURITIES
LINE(S): HC445/HC670
DATE: June 4, 2004

Question: Our holding company (a) has a \$3 million investment in all the common stock of an entity that issued trust preferred securities of \$97 million to third parties, and (b) has borrowed \$100 million from that entity, which is all of the proceeds from that entity's issuance of common stock and trust preferred securities (\$3 million + \$97 million). During the quarter, our holding company incurred \$2 million in interest on the borrowing (which was equal to the dividends paid by the investee entity on the trust preferred securities). Pursuant to FASB Interpretation No. 46 and other relevant sources of GAAP, our holding company does <u>not</u> consolidate this investee entity. How should our holding company report these amounts on Schedule HC?

Answer: We understand that, for most financial institution holding companies, under GAAP, it is appropriate <u>not</u> to consolidate the investee entity that issues trust preferred securities. Accordingly, the holding company, on both a parent-only and a consolidated basis, reports separately: (a) its investment in the common stock of the entity (an asset); (b) its borrowing from the entity (a liability); and (c) its interest incurred on the borrowing (an expense).

Your holding company should report the amounts above as follows:

1. Include its \$3 million investment in the common stock of the entity on both HC210 (for parent only) and HC600 (for consolidated), "Total Assets".
2. Include the balance of its borrowing of \$100 million on both HC220 (for parent only) and HC610 (for consolidated), "Total Liabilities".
3. Report the balance of its borrowing of \$100 million on both HC445 (for parent only) and HC670 (for consolidated), "Included in Total Liabilities (Excluding Deposits): Trust Preferred Instruments".
4. Reflect the interest of \$2 million on the borrowing on both HC250 (for parent only) and HC640 (for consolidated), "Net Income for the Quarter".

5. Report the interest of $2 million on the borrowing on both HC545 (for parent only) and HC710 (for consolidated), "Reflected in Net Income for the Quarter: Interest Expense: Trust Preferred Instruments".

Q&A No. 245

SUBJECT: NET DEFERRED TAX ASSETS
LINE(S): CCR133/CCR270
DATE: June 4, 2004

Question 1: We have included in other assets on SC689 a net deferred tax asset (that is, deferred tax asset components, net of deferred tax liability components) of $2.4 million. Is this the amount that is subject to the regulatory capital limitation for deferred tax assets outlined in TB 56?

Answer 1: Not necessarily. The net deferred tax asset subject to the regulatory capital limitation is not simply the amount included on SC689. Rather, that amount should be adjusted for any additions or subtractions to the net deferred tax asset related to intangible assets, disallowed servicing assets, disallowed residual interests, other disallowed assets, and accumulated gains and losses on certain available-for-sale securities and cash flow hedges included on CCR265, CCR270, and CCR280, in computing adjusted total assets on CCR25.

For example, assume also that (1) available-for-sale (AFS) debt securities reflect unrealized losses of $1.0 million; (2) the net deferred tax asset of $2.4 million includes a deferred tax asset component of $0.4 million associated with the unrealized losses on AFS securities; and (3) equity capital reflects a reduction of $0.6 million for the unrealized losses on AFS securities of $1 million net of the associated deferred tax benefit of $0.4 million.

In this case, the net deferred tax asset subject to the regulatory capital limitation is $2.0 million (not $2.4 million). This $2.0 million is computed as $2.4 million less $0.4 million. The $0.4 million adjustment represents the deferred tax asset component associated with the unrealized losses on AFS securities of $1.0 million. You report $0.6 million on CCR180, representing the unrealized loss on AFS debt securities. This adds the unrealized losses on AFS securities, net of income taxes, to equity capital in computing Tier 1 (core) capital on CCR20. You also report $0.6 million on CCR280 to compute adjusted total assets on CCR27. The total amount included on CCR280 related to unrealized losses on AFS securities is a net addition of $0.6 million, representing a gross addition to AFS securities of $1.0 million for the pretax amount, net of a subtraction from the net deferred tax asset of $0.4 million for the associated income taxes.

Note the table as follows ($ in millions):

Net deferred tax asset included in other assets on SC689	$2.4
Adjustment for deferred tax asset component associated with unrealized losses on AFS securities included on CCR280	(0.4)
Net deferred tax asset subject to regulatory capital limitation	$2.0

Or, for example, assume instead that (1) AFS debt securities reflect unrealized gains of $1.0 million; (2) the net deferred tax asset of $2.4 million includes a deferred tax asset liability component of $0.4 million associated with the unrealized gains on AFS securities; and (3) equity capital reflects an increase of $0.6 million for the unrealized gains on AFS securities of $1 million net of the associated deferred tax liability of $0.4 million.

In this case, the net deferred tax asset subject to the regulatory capital limitation is $2.8 million (not $2.4 million). This $2.8 million is computed as $2.4 million plus $0.4 million. The $0.4 million adjustment represents the deferred tax liability component associated with the unrealized gains on AFS securities of $1.0 million. You report $0.6 million on CCR180. This deducts the unrealized gains on AFS securities, net of income taxes, from equity capital to compute Tier 1 (core) capital on CCR20. You also report $0.6 million on CCR280 to compute adjusted total assets on CCR27. The total amount included on CCR280 related to unrealized gains on AFS securities is a net reduction of $0.6 million, representing a gross reduction to AFS securities of $1.0 million for the pretax amount, net of an addition of the net deferred tax liability of $0.4 million for the associated income taxes.

Note the table below ($ in millions):

Net deferred tax asset included in other assets on SC689	$2.4
Adjustment for deferred tax asset component associated with unrealized losses on AFS securities included on CCR280	0.4
Net deferred tax asset subject to regulatory capital limitation	$2.8

As you can see, the net deferred tax asset subject to the regulatory capital limitation depends on the additions or subtractions to the net deferred tax asset related to various items, including accumulated gains and losses on certain AFS securities

Question 2: We have included in other assets on SC689 a net deferred tax asset (that is, deferred tax asset components, net of deferred tax liability components) of $2.4 million. As we made regulatory capital adjustments to this amount, the net deferred tax asset subject to the regulatory capital limitation outlined in TB 56 is $2.0 million. How do we determine the portion of this amount that is <u>includable</u> in Tier 1 (core) capital?

Answer 2: TB 56 requires you to limit the amount of net deferred assets under FASB Statement No. 109 that may count toward regulatory capital. Application of the limit depends on the possible sources of taxable income available to you. In other words, there may be sources of deferred tax assets that are not generally limited. These assets are:

- Taxes paid in prior carryback years.
- Future reversals of existing taxable temporary differences.

To the extent that realization of deferred tax assets depends on an institution's future taxable income generally, deferred tax assets (other than the ones listed above) are limited for regulatory capital purposes to the lesser of:

- The amount you can realize within one year, or
- 10% of core capital

For example, with respect to the net deferred tax asset that is subject to the limitation of $2.0 million, assume that (1) the amount that can be realized from taxes paid in prior carryback years is $0.9 million, and (2) realization of the remaining amount of $1.1 million ($2.0 million less $0.9 million) depends on your future taxable income - all of which can be realized within one year. Assume also that your Tier 1 (core) capital before the deduction for disallowed deferred tax assets is $10 million.

In this example, the net deferred tax asset includable in Tier 1 (core) capital is $1.9 million, computed as $0.9 million plus $1.0 million. The $1.0 million is computed as the Tier 1 (core) capital subtotal of $10 million times 10%. Note that the $0.9 million whose realization is <u>not</u> dependent on future taxable income is <u>not</u> subject to the limit, but that the $1.1 million whose realization is dependent on future taxable income is limited. With respect to the latter, the amount you can realize within one year of $1.1 million exceeds the 10% of Tier 1 (core) capital subtotal of $1.0 million, and therefore you must use the lower $1.0 million number.

Question 3: We have included in other assets on SC689 a net deferred tax asset (that is, deferred tax asset components, net of deferred tax liability components) of $2.4 million. As we made regulatory capital adjustments to this amount, the net deferred tax asset subject to the regulatory capital limitation outlined in TB 56 is $2.0 million. In addition, we have determined that the net deferred tax asset that is includable in Tier 1 (core) capital) is $1.9 million. What is the amount of the deduction for disallowed deferred tax assets that we should include on CCR133 and CCR270?

Answer 3: The amount of the deduction is $0.1 million, computed as $2.0 million less $1.9 million.

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The Financial Reporting Division uses voice mail extensively. If you reach the voice mail of the person you are calling, please leave a brief message, speaking slowly enough to be clearly understood. Include your name, phone number, region, and docket number. Your call will be returned as quickly as possible.

TFR REPORTING QUESTIONS AND ANSWERS

We post TFR Questions and Answers on the OTS web site at http://www.ots.treas.gov/ tfrqanda.html. If you have a question that you would like answered, you may submit it to tfr.instructions@ots.treas.gov.

EFS HELPLINE MESSAGE CENTER

If you have a question about Electronic Filing System and Financial Reports Subscriber software, call toll-free 1-866-314-1744 or email efs-info@ots.treas.gov.

INTEREST RATE RISK REPORTS

If you have a question about your Interest Rate Risk report, contact Scott Ciardi at 202-906-6960 or scott.ciardi@ots.treas.gov.

COPIES OF TFR MANUAL

OTS provides one free copy of the TFR Instruction Manual and Financial Reporting Bulletins to report preparers of all OTS-regulated institutions. You can also access the manual and bulletins on the OTS web site at http://www.ots.treas.gov/tfrpage.html.

June 8, 2004

MINIMUM AND PREFERRED REQUIREMENTS FOR ELECTRONIC FILING OF REGULATORY REPORTS

Minimum:	**Preferred:**
IBM-compatible PC - Pentium 200+ processor	IBM-compatible PC - Pentium 566+ processor
Windows 95	Windows 95, 98, NT4.0 Workstation, Windows 2000, XP, Me
64 Meg of installed RAM memory	256 Meg of installed RAM memory
150 Meg of available hard drive memory	200+ Meg of available hard drive memory
VGA or SVGA color monitor – 640x480, 256 colors screen	SVGA enhanced color monitor – 800x600, 256 colors or 24 bit true colors
CD-Rom drive	CD-Rom drive
HP Laserjet or Ink Jet-compatible printer	HP Laserjet or Ink Jet-compatible printer
Communications - Dialup	
2800 bps Hayes-compatible modem	56K bps Hayes-compatible modem
Communications - EFS-NET	
56K bps modem and active account with an Internet Access Service Provider	DSL, Internet Cable, T1-T3 Direct Line with online Internet access.
Internet Explorer 5.x or greater (for EFS-NET certificate compatibility)	Internet Explorer 5.x or greater (for EFS-NET certificate compatibility)

All institutions regulated by OTS as of the last day of the quarter are required to file the TFR for the entire quarter. If the documentation submitted to OTS by an institution reflects that the effective date of a charter conversion **to OTS-regulation** from another banking agency is either during the quarter or **prior to** the close of business on the last day of the quarter, the institution is required to file a TFR for that quarter. An institution with a charter conversion **from OTS to another banking regulator** or merger with a non-OTS regulated institution**,** effective **after** close of business on the last day of the quarter, is required to file a TFR for the entire previous quarter. Institutions changing banking charters are never required to file a partial report to their former banking regulator; they must file a financial report only with the agency regulating them on the last day of the quarter, reporting activities for the entire quarter. Therefore, an institution that is required to file a TFR is not required to file a Call Report and vice versa. If a newly formed OTS-regulated institution opens for business at any time during the quarter, even if on the last day of the quarter, it is required to file a TFR for the period of operations during the quarter.

5. RECORD RETENTION

You should retain at least one copy of your completed TFR for reference; do not send paper copies to OTS. Section 7(b)(5) of the Federal Depository Institutions Act requires each insured depository institution to maintain records for verifying the correctness of the institution's insurance assessment for five (5) years from the date of filing.

6. AMENDING THE TFR

To have amendments included in the first public release of the OTS data file, you must transmit your TFR within **45 calendar days** of the end of the quarter; that is, within 15 days after the TFR due date. Amendments submitted after the 45-day period should have the approval of FRD in Dallas, before transmission. In no case can OTS process amendments beyond 135 days after the end of the quarter. **With every amendment you file, you should send a user note explaining the reason for the amendment.**

You may correct material errors in prior-period TFRs in one of the following ways depending on the time period being corrected:

1. If you can file an amendment within 135 days of the end of the quarter being corrected, transmit the amendment correcting the TFR in which the error occurred after you discuss it with your FRD analyst in Dallas.
2. If the correction is to an income statement in a quarter that can no longer be amended and is within the current calendar year, include the correction with the current TFR in the same data field that would have carried it in the original report. If the adjustment distorts yields or results in negative numbers in fields that do not permit negatives, you may include the amendment in Other Noninterest Income, SO488, or Other Noninterest Expense, SO580.
3. If the correction is to an income statement for a quarter from a prior calendar year that can no longer be amended, make the adjustment directly to retained earnings on SI668, Prior Period Adjustments.

You must file TFR amendments electronically, rather than by phone or fax in order to automatically update your EFS files on your computer. Please direct questions regarding the electronic filing of amended TFRs to the EFS Helpline Message Center at 866-314-1744 or email efs-info@ots.treas.gov.

The amendment filing deadlines above also apply to amending Schedule CMR. All amendments to Schedule CMR must be submitted within 135 days of the end of the quarter.

7. REPORTING BASIS

Prepare the TFR on a consolidated basis in accordance with generally accepted accounting principles (GAAP) unless specifically stated otherwise, and based on calendar year reporting. Unless otherwise specified, all data is reported as of the end of the calendar quarter or in the case of income, expense, and other activity data, for the period of one calendar quarter. Note that Schedule FS requires reporting income and expense on a calendar year-to-date basis.

Report subordinate organizations that are not GAAP-consolidated subsidiaries using the equity or cost methods of accounting. **Subordinate organization** is defined by OTS regulation. It includes any corporation, partnership, business trust, association, joint venture, pool, syndicate, or other similar business organization in which a savings association has a direct or indirect ownership interest. It excludes an ownership interest that qualifies as a pass-through investment pursuant to 12 CFR § 560.32 and is so designated by the reporting savings association. GAAP-consolidated subsidiaries as defined in 12 CFR § 559.2 mean entities in which a savings association has a direct or indirect ownership interest and whose assets are consolidated with those of the savings association for purposes of reporting under GAAP.

You should apply GAAP unless we specifically state otherwise in these instructions. Accordingly, the instructions for each data field reflect, to the extent possible, GAAP applicable to savings associations. Note, however, that financial statements of savings associations prepared in accordance with GAAP have flexible presentation formats and may require significantly less detail on a less frequent basis than the TFR. The TFR collects additional detail to facilitate supervision by the OTS and to provide uniform information on industry activities. Certain GAAP reporting and presentation concepts may not be consistent with the conventions and frequency of the TFR. In these cases, the TFR instructions override GAAP presentation practices.

The amounts reported on the TFR must be readily reconcilable to the savings association's books and records.

8. EXEMPTION FROM FILING SCHEDULE CMR

Savings associations with less than $300 million in assets and with risk-based capital ratios in excess of 12 percent for two consecutive quarters are exempt from filing Schedule CMR. All savings associations newly regulated by the OTS are exempt from filing Schedule CMR for the first two quarters that they are under OTS regulation.

You lose your exemption from filing Schedule CMR if you do not meet the exemption criteria for two consecutive quarters. You must file Schedule CMR beginning the quarter after the second consecutive quarter in which you do not meet the criteria. For example, you fail the criteria in March and June, therefore, you must file Schedule CMR for the September quarter, and each quarter thereafter until your OTS Regional Director reinstates the exempt status.

You may also lose your exempt status if your OTS Regional Director requires you to file Schedule CMR. You must continue to file Schedule CMR until your OTS Regional Director reinstates the exemption in writing.

9. TFR PREPARATION

a. Round all dollar amounts to the nearest thousand. If any balance sheet data field or other balance as of the end of the reporting period is less than $500, enter a **1** in the data field to indicate that the amount is not zero. This does not apply to the data fields representing income, expense, and other activity. Where necessary for balancing purposes, make adjustments to the appropriate **other** category.

or Ginnie Mae: REMICs, IO and PO strips, collateralized mortgage obligations (CMOs), securitized residual interests of such derivatives, and other subordinated tranches.

SC222: Other

Report the outstanding balance, as determined in accordance with GAAP, of all other mortgage-backed securities not reported on SC210 through SC219. Include: REMICs, IO and PO strips, collateralized mortgage obligations (CMOs), securitized residual interests of such derivatives, and other subordinated tranches.

SC228: Accrued Interest Receivable

Report accrued interest receivable on mortgage backed securities reported on SC210 through SC222.

SC229: General Valuation Allowances

Report all general valuation allowances established on mortgage-backed securities reported on SC210 through SC222. Report all valuation allowances in the reconciliation of valuation allowances in Schedule VA.

MORTGAGE LOANS

Mortgage loans are defined as all real estate loans subject to 12 CFR 560.100-101 (real estate lending standards) and OTS Thrift Bulletin 72a and include all loans predicated upon a security interest in real property. When a loan to finance a small business is primarily secured by a single-family residence, you may classify the loan as either a single-family mortgage loan or a commercial nonmortgage loan.

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.

Report all loans at recorded investment reduced by specific valuation allowances, but not reduced by the allowance for loan and lease losses.

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 on 1-4 dwelling units. Report these amounts as commitments on CC412.
7. The undisbursed portion of mortgage lines of credit on multifamily residential property. Report these amounts as commitments on CC290.
8. Unearned interest.
9. Interest receivable that is capitalized to the loan balance.
10. Deposits accumulated for the payment of loans, hypothecated deposits.
11. Accumulated fair value gain or loss on mortgage loans attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

Report the related allowance for loan and lease losses on SC283. Report accrued interest and advances for taxes and insurance on SC272 and SC275, respectively.

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.

SC306: Lease Receivables

Report all direct financing leases and leveraged leases to corporations, partnerships, and individuals for business purposes. Include ground rents on commercial properties.

Consumer Loans:

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

SC35: Total

The EFS software will compute this line as the sum of SC310 through SC330.

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 (Not Secured by Real Estate)

Report all unsecured home improvement loans, insured or uninsured, for the equipping, alteration, repair, or improvement of 1-4 dwelling units.

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 SC251.

SC320: Education Loans

Report 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, Secured Commercial Loans.
2. Loans on motorcycles. Report on SC330, Other Consumer Loans, Including Lease Receivables.
3. Loans on recreational vehicles such as boats and airplanes. Report on SC330, Other Consumer Loans, Including Lease Receivables.
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.

SC328: Credit Cards

Report the disbursed portion of open-end consumer credit cards.

Do not include:

1. Credit extended under credit card plans to business enterprises; report as commercial loans on SC303.
2. Credit extended to individuals through credit cards secured by real estate; report as mortgage loans.
3. Credit extended to individuals under prearranged overdraft plans; report on SC330.

SC330: Other, Including Lease Receivables

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

Include:

1. Loans on timeshare units.
2. Loans on motorcycles.
3. Loans on boats.
4. Loans on airplanes.
5. Loans on other recreational vehicles.
6. Open-ended personal lines of credit extended to individuals including prearranged overdraft lines of credit.
7. Overdrafts of consumer accounts.
8. Ground rents on properties used for one-to-four dwelling units.

Do not include:

Loans on units in cooperative buildings. Report on SC254 or SC255, Permanent Mortgages on 1-4 Dwelling Units.

SC540: Other

Report (1) investments in all unconsolidated subordinate organizations, and (2) pass-through investments, where such investments are accounted for at either cost or using the equity method. Include in the reported amount any advances (secured or unsecured) to the investee entity.

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 that you only partially occupy.
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:

SC59: Total

The EFS software will compute this line as the sum of SC615 through SC689 less SC699.

Bank-Owned Life Insurance:

SC615: 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. You generally surrender these policies when the key employee leaves your institution or when the borrower pays off his loan.

SC625: Other

Report the cash surrender value of all bank-owned life insurance that you do not consider key-person insurance, and therefore that you do not include on SC615.

Intangible Assets:

Servicing Assets on:

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

Adjust the carrying amount for:

1. 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.
2. 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 SC665, 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.

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 SC665.
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.

SC665: 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 SC217 through SC222, Other Mortgage-Backed 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.

SC689: 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 SC26.

Memo: Detail of Other Assets

Report the three largest items constituting the amount reported in SC689. 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 SC689. 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 No longer used

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.

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.

15 No longer used

16 No longer used

17 No longer used

18 No longer used

19 Receivables from a broker for unsettled transactions.

Include all receivables from a broker or other party for unsettled transactions between trade and settlement dates.

20 Fair value of all derivative instruments reportable as assets under FASB Statement No. 133.

21 No longer used

22 Unapplied loan disbursements.

SO171: Consumer Loans and Leases

Report income including any yield adjustments on consumer loans reported on SC35. Include with yield adjustments the amortization of credit card fees.

DIVIDEND INCOME ON EQUITY INVESTMENTS NOT SUBJECT TO FASB STATEMENT NO. 115

SO18: TOTAL

The EFS software will compute this line as the sum of SO181 and SO185.

SO181: FEDERAL HOME LOAN BANK STOCK

Report cash and stock dividends on FHLBank stock reported on SC510.

SO185: OTHER

Report dividend and interest income on investments reported on SC540 accounted for using the cost method, including interest income on advances (secured and unsecured) that are included in SC540. Do not include net income or loss recorded under the equity method; include this on SO488, Other Noninterest Income, using Code 06.

INTEREST EXPENSE

SO21: TOTAL

The EFS software will automatically compute this line as the sum of SO215 through SO260, less SO271.

SO215: DEPOSITS

Report the sum of the following:

1. All interest expense on deposits that you reported on SC710, Deposits.
2. The amortization of yield adjustments to deposits that you reported on SC715, Unamortized Yield Adjustments, less the amount for penalties charged to depositors for early withdrawals.

Do not include:

Interest on escrow accounts that you reported on SC712, Escrows. Report the interest on escrow accounts on SO225.

SO225: ESCROWS

Report interest expense on escrows reported on SC712, Escrows.

SO230: ADVANCES FROM FHLBANK

Report interest expense and the amortization of any related yield adjustments on FHLBank advances that you reported on SC720, Advances from FHLBank.

Generally FHLBank prepayment penalties should be expensed on SO580, Other Noninterest Expense. However, in limited circumstances (outlined in EITF Issue No. 96-19), prepayment penalties may be deferred and amortized as a yield adjustment increasing interest expense.

SO240: SUBORDINATED DEBENTURES (INCLUDING MANDATORY CONVERTIBLE SECURITIES)

Report interest, dividends, and the amortization of yield adjustments on all subordinated debentures, mandatory convertible securities, and REIT preferred stock that you or your consolidated subsidiaries issued and that you reported on SC736, Subordinated Debentures (Including Mandatory Convertible Securities and Limited Life Preferred Stock).

SO250: MORTGAGE COLLATERALIZED SECURITIES ISSUED

Report interest expense and amortization of yield adjustments on all mortgage collateralized securities that you issued and that you reported on SC740 and SC745, Mortgage Collateralized Securities Issued.

SO260: OTHER BORROWED MONEY

Report interest expense and amortization of yield adjustments on borrowings not included above.

Include interest on:

1. SC730, Federal Funds Purchased and Securities Sold Under Agreements to Repurchase.
2. SC760, Other Borrowings.

Report the gross amount of interest that you pay on securities sold under agreements to repurchase and loans sold with recourse accounted for as financings. Do not reduce the amount of interest that you paid for such securities or loans by the amount of interest income you received on the securities and loans sold under such agreements.

SO271: CAPITALIZED INTEREST

Report all capitalized interest costs in accordance with FASB Statement No. 34, *Capitalization of Interest Costs*. Do not use an interest rate that exceeds the weighted average rate for total interest-bearing deposits and other liabilities. Capitalized interest will be deducted from interest expense. Therefore, report this as a positive number even though it will always be a credit balance.

SO312: NET INTEREST INCOME (EXPENSE) BEFORE PROVISION FOR LOSSES ON INTEREST-BEARING ASSETS

The EFS software will automatically compute this line as SO11 plus SO18 less SO21.

SO321: NET PROVISION FOR LOSSES ON INTEREST-BEARING ASSETS

Report the provision for losses on all interest-bearing assets. Report credit balances as negative.

For a discussion on how to calculate provision for losses, refer to the general instructions for Schedule VA.

Do not report adjustments to valuation allowances as prior period expenses. Report adjustments to valuation allowances as an expense in the period in which you determined the amount of the loss even if the loss actually occurred in a prior period.

Include:

Losses you recognized in marking loans to fair value at the time of foreclosure or in-substance foreclosure.

Do not include:

1. Adjustments to available-for-sale securities for unrealized gains or losses in accordance with FASB Statement No. 115. Report the adjustments on SC860, Unrealized Gains (Losses) on Available-for-Sale Securities.
2. Adjustments to trading assets. Report on SO485, Net Income (Loss) from Trading Assets (Realized and Unrealized).
3. Recoveries of valuation allowances at the time of sale. Include these in the gain or loss on the sale.
4. Provisions for losses on noninterest-bearing assets. Report the provision for losses on SO570, Net Provision for Losses on Non-interest-bearing Assets.
5. Adjustments to or recording of a liability for off-balance-sheet commitments or contingencies; include these in SO580, Other Noninterest Expense.

SO332: NET INTEREST INCOME (EXPENSE) AFTER PROVISION FOR LOSSES ON INTEREST-BEARING ASSETS

The EFS software will automatically compute this line as SO312 less SO321.

NONINTEREST INCOME

Do not include material adjustments to income from prior calendar years; refer to page 3 of the General Instructions for procedures to correct prior periods.

SO42: TOTAL

The EFS software will compute this line as the sum of SO410 through SO488.

SO410: MORTGAGE LOAN SERVICING FEES

Include:

1. Fees earned from servicing mortgage loans for others.
2. Impairment losses on servicing assets reported on SC642.

Do not include:

Servicing fees for nonmortgage loans. Report the servicing fees on nonmortgage loans on SO420, Other Fees and Charges.

Report the difference between the net interest retained from mortgage loan servicing and the amortization or other write-down of mortgage servicing assets. Do not deduct servicing expenses.

SO420: OTHER FEES AND CHARGES

Report all fees and charges not reported on SO410.

Include:

1. Loan servicing fee income on nonmortgage loans, including credit card servicing income.
2. Trust fee income.
3. Loan charges such as prepayment fees, late charges, and assumption fees.
4. Amortization of commitment fees when it is unlikely that the borrower will exercise the commitment.
5. Brokerage fee income.
6. Annuity fee income.
7. Insurance premiums, fees, and commissions.
8. Transaction account fees.
9. Credit enhancement fees.
10. All other fees not reported on SO410.

The total provision for loss consists of the provision for loss on interest-bearing assets, SO321, and the provision for loss on non-interest-bearing assets, SO570. Do not include the LOCOM adjustments for assets held for sale, SO465, because LOCOM adjustments are due to changes in interest rates, and not due to credit losses. You should not establish a valuation allowance for the credit to assets resulting from LOCOM adjustments, but rather should directly reduce the asset.

You may record a negative provision for loss when management determines that the valuation allowance is higher than required. If this occurs, management should consider whether it has analyzed all possible situations and determine if the previously established valuation allowances were higher than necessary. To reverse a portion of the valuation allowance, report a negative amount in the provision for loss on SO321 or SO570.

Sales

When you sell an asset with a previously established valuation allowance or that had been reduced by a direct charge-off, compute the gain or loss as follows: Sales price minus the asset's carrying value, which is net of the specific valuation allowance and charge-off.

The sale of an asset in excess of its carrying value is not a recovery when reconciling valuation allowances. Do not report profits from this type of sale in the net provision for loss. Report the profit as a gain on sale.

To remove an existing specific valuation allowance after selling the related asset, you must report the valuation allowance on VA158, Charge-offs of Specific Valuation Allowances.

Foreclosures

In cases involving foreclosure, including in-substance foreclosure, compare the **recorded investment** to the current fair value less cost to sell. Classify as **loss** any excess of recorded investment over fair value less cost to sell. Record this excess as a charge-off against the existing specific valuation allowance. If the specific valuation allowance is not sufficient to absorb the loss, you should record an additional charge-off against the loan. Record assets acquired through in-substance foreclosures as REO at the fair value less cost to sell at date of transfer. You should apply the same procedures described above.

VALUATION ALLOWANCE RECONCILIATION

VA105, 108, AND 110:BEGINNING BALANCE

The EFS software automatically generates beginning balances from the prior quarter's ending balances. Generally, the beginning balances must equal the amounts reported on VA165, 168 and 170, Ending Balances, from the immediately preceding reporting period.

If during the quarter you have consummated a business combination accounted for under the purchase method, report the beginning balance of the surviving association only. Report valuation allowances on purchased assets on VA145, 148, and 150, Adjustments.

ADD OR DEDUCT:

Report increases in valuation allowance accounts, net credits, as positive numbers and decreases in valuation allowance accounts, net debits, as negative numbers.

VA115, 118, and 120: Net Provision for Loss

The EFS software automatically generates the total net provision for loss, VA120, from SO321 plus SO570. The EFS software also automatically generates VA118 after you enter VA115.

A net credit to assets increases valuation allowances and charge-offs and flows through to the Statement of Operations as a debit, which is an expense. You should report a net credit as a positive number. Conversely, a net debit to assets decreases valuation allowances and flows through to the Statement of Operations as a credit or income. Report a net debit as a negative number on these lines.

VA125 and 128: Transfers

Report transfers between general and specific valuation allowances. VA125 and VA128 will have opposite signs even though they are always equal. Once you enter VA125, the transfer from general valuation allowances, the EFS software automatically generates VA128, the corresponding transfer to specific valuation allowances.

ADD:

VA135 and 140: Recoveries

You should report any amount recovered during the quarter due to repayment of assets previously charged off. Refer to the discussion of recoveries in the general instructions to Schedule VA. VA135 always equals VA140, and VA 140 is the sum of VA371, 47, 57, and 931. Therefore, once you enter VA371, 47, 57, and 931, the EFS software automatically sums these and generates VA135 and 140.

VA145, 148, and 150: Adjustments

Acquisitions

Report the amount of valuation allowances on assets you purchased but for which you did not take a direct charge-off. Under certain circumstances, you may carry the existing valuation allowances of assets that you purchase forward to your books. You should include any valuation allowances acquired in a business combination accounted for under the purchase method. You should also include necessary adjustments that resulted from purchasing or selling a consolidated subsidiary, where the valuation allowances on the books of the subsidiary are consolidated with yours. The EFS software automatically generates VA150, which is the sum of VA145 and VA148.

Do not include:

Additional valuation allowances established after an acquisition, even if previous management should have established the valuation allowances. Report such additions to the valuation allowances in VA120, Net Provision for Loss.

Adjustments for Charge-Offs on Credit Card Loans

On VA145, report as a positive number that portion of charge-offs included on VA556 that reduce an account other than a valuation allowance (for example, interest income). This reporting will permit the valuation allowance reconciliation to balance, because on VA556 you should report **all** charge-offs on credit card loans, including those that do not reduce valuation allowances.

DEDUCT:

VA155, 158 and 160: Charge-Offs

VA155 equals the sum of the charge-off detail below, VA370, 46, 56, 60, and 930. The EFS software automatically generates VA 155 once you enter charge-offs on VA370, 46, 56, 60, and 930. The software also generates VA160, total charge-offs. VA160 is the sum of VA155, charge-offs against general valuation allowances, and VA158, charge-offs against specific valuation allowances.

Report charge-offs as positive amounts, since EFS will deduct them from the ending valuation allowance balance.

If there is no specific valuation allowance established for the asset you are charging off, report charge-offs in the detail below and on VA155. If there is a specific valuation allowance for the asset, report the charge-off on VA158 for purposes of reconciliation. You should not report charge-offs of specific valuation allowances in the detail below because they have no effect on the balance sheet, Schedule SC, or on the income statement, Schedule SO.

Include:

1. Charge-offs to mark repossessed assets, including in-substance foreclosures, to fair value.
2. Charge-offs to eliminate valuation allowances of sold assets. See **Sales** above.
3. Charge-offs on credit card loans that do not reduce valuation allowances, as described in the instructions for VA556.

Do not include:

1. Charge-offs due to recognizing unrealized losses on trading assets.
2. Charge-offs in connection with marking assets to market in a business combination accounted for as a purchase.

VA165, 168 AND 170: ENDING BALANCE

The EFS software automatically generates these balances as the sum of the General, Specific, and Total columns, and brings them forward as the beginning balances for the next reporting period. VA165 must equal the sum of the general valuation allowances that you reported in Schedule SC on SC229, SC283, SC357, SC441, and SC699.

CHARGE-OFFS, RECOVERIES, AND SPECIFIC VALUATION ALLOWANCE ACTIVITY

CHARGE-OFFS

Report the amount of loss that you charged off during the quarter against general valuation allowances. You should only include charge-offs for which no specific valuation allowance has previously been established.

The sum of VA370, 46, 56, 60, and 930 must equal VA155. The EFS software automatically generates VA155 once you enter charge-offs on VA370, 46, 56, 60, and 930.

VA36: Deposits and Investment Securities

Leave this line blank.

VA370: Mortgage-Backed Securities

Report the amount of loss that you charged off on SC210 through SC228, Mortgage-Backed Securities.

Mortgage Loans:

Report charge-offs of mortgage loans, accrued interest receivable, and advances for taxes and insurance in the appropriate mortgage loan category below.

Include charge-offs to mark repossessed assets to fair value at the date of foreclosure.

VA46: Total

The EFS software automatically generates this amount as the sum of VA420, 430, 440, 446, 456, 466, 470, 480, and 490.

Construction:

VA420: 1-4 Dwelling Units

Report the amount of loss that you charged off on SC230, Construction Loans on 1-4 Dwelling Units.

VA430: Multifamily (5 or More) Dwelling Units

Report the amount of loss that you charged off on SC235, Construction Loans on 5 or More Dwelling Units.

VA440: Nonresidential Property

Report the amount of loss that you charged off on SC240, Construction Loans on Nonresidential Property.

Permanent:

VA446: 1-4 Dwelling Units: Revolving, Open-End Loans

Report the amount of loss that you charged off on SC251, Permanent: 1-4 Dwelling Units: Revolving, Open-End Loans.

VA616: Multifamily (5 or More) Dwelling Units

Report the amount of loss that you charged off on SC425, Repossessed 5 or More Dwelling Unit Real Estate.

VA625: Nonresidential (Except Land)

Report the amount of loss that you charged off on SC426, Repossessed Nonresidential Real Estate, Except Land.

VA628: Land

Report the amount of loss that you charged off on SC428, Repossessed Land.

VA630: Other Repossessed Assets

Report the amount of loss that you charged off on SC430, Other Repossessed Assets.

VA70: Real Estate Held for Investment

Leave this line blank.

VA820: Equity Investments Not Subject to FASB Statement No. 115

Leave this line blank.

VA930: Other Assets

Report the amount of loss that you charged off on SC689, Other Assets.

Do not include:

1. Write-downs of office buildings, leasehold improvements, furniture, fixtures, equipment, and automobiles. Report these write-downs as an adjustment of depreciation on SO440, Net Income (Loss) from Office Building Operations, and SO530, Office Occupancy and Equipment Expense.
2. Write-downs on SC660, Goodwill and Other Intangible Assets. Report these write-downs as an adjustment of amortization on SO560, Amortization of Goodwill.

RECOVERIES

Report the amount of recoveries during the quarter due to the repayment of assets previously charged off in the recovery column. For additional information, see the general instructions to Schedule VA.

The EFS software automatically generates VA135 once you enter recoveries on VA371, 47, 57, and 931.

Do not include:

1. Sale of an asset at a sales price exceeding the carrying value. Report this amount in income on SO430 and SO467 through SO477.
2. Payments received on assets for which a valuation allowance has been established. Adjust the ending balance of the valuation allowance appropriately.

VA37: Deposits, and Investment Securities

Leave this line blank.

VA371: Mortgage-Backed Securities

Report the amount of recoveries on mortgage-backed securities that you reported on SC210 through SC228.

Mortgage Loans

Include recoveries of accrued interest receivable and advances for taxes and insurance in the appropriate mortgage loan category below. Report recoveries on deficiency judgments in the mortgage loan category to which the judgment applies.

VA47: Total

The EFS software automatically generates this amount as the sum of VA421, 431, 441, 447, 457, 467, 471, 481, and 491.

Construction:

VA421: 1-4 Dwelling Units

Report the amount of recoveries on SC230, Construction Loans on: 1-4 Dwelling Units.

VA431: Multifamily (5 or More) Dwelling Units

Report the amount of recoveries on SC235, Construction Loans on: 5 or More Dwelling Units.

VA441: Nonresidential Property

Report the amount of recoveries on SC240, Construction Loans on: Nonresidential Property.

Permanent:

VA447: 1-4 Dwelling Units: Revolving, Open-End Loans

Report the amount of recoveries on SC251, Permanent: 1-4 Dwelling Units: Revolving, Open-End Loans.

VA457: 1-4 Dwelling Units: Secured By First Liens

Report the amount of recoveries on SC254, Permanent: 1-4 Dwelling Units: Secured By First Liens.

VA467: 1-4 Dwelling Units: Secured by Junior Liens

Report the amount of recoveries on SC255, Permanent: 1-4 Dwelling Units: Secured by Junior Liens.

VA471: Multifamily (5 or More) Dwelling Units

Report the amount of recoveries on SC256, Permanent Mortgages on: 5 or More Dwelling Units.

VA481: Nonresidential Property (Except Land)

Report the amount of recoveries on SC260, Permanent Mortgages on: Nonresidential Property (Except Land).

VA491: Land

Report the amount of recoveries on SC265, Permanent Mortgages on: Land.

Nonmortgage Loans

Report recoveries of nonmortgage loans and accrued interest receivable in the appropriate loan category below.

VA57: Total

The EFS software automatically generates this amount as the sum of VA521, VA511, VA517, 531, 541, 551, 557, and 561.

VA521: Commercial Loans

Report the amount of recoveries on Commercial Loans on SC300, Commercial Loans: Secured, SC303, Commercial Loans: Unsecured, and SC306, Commercial Loans: Financing Leases.

Consumer Loans

VA511: Loans on Deposits

Report the amount of recoveries on SC310, Closed-End Consumer Loans: Loans on Deposits.

VA517: Home Improvement Loans

Report the amount of recoveries on SC316, Closed-End Consumer Loans: Home Improvement Loans.

VA531: Education Loans

Report the amount of recoveries on SC320, Closed-End Consumer Loans: Education Loans.

VA541: Auto Loans

Report the amount of recoveries on SC323, Closed-End Consumer Loans: Auto Loans.

VA551: Mobile Home Loans

Report the amount of recoveries on SC326, Closed-End Consumer Loans: Mobile Home Loans.

VA557: Credit Cards

Report the amount of recoveries on SC328, Credit Cards.

VA561: Other

Report the amount of recoveries on SC330, Consumer Loans: Other, Including Lease Receivables.

VA821: Equity Investments Not Subject to FASB Statement No. 115

Leave this line blank.

VA931: Other Assets

Report the amount of recoveries on all other financial assets that you did not include above. Include recoveries on miscellaneous receivables that you reported on SC689, Other Assets.

Do not include:

1. Gains on the sale of REO. Report these gains on SO461, Operations and Sale of Repossessed Assets.

2. Recoveries on deficiency judgments or other recoveries of loans foreclosed upon. Report these recoveries as a recovery of the loan in the appropriate loan category above.

SPECIFIC VALUATION ALLOWANCE PROVISIONS & TRANSFERS FROM GENERAL ALLOWANCES

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances during the quarter. This applies to any specific valuation allowance activity with the exception of charge-offs and acquisitions.

SCHEDULE LD — CONSOLIDATED LOAN DATA

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.

GENERAL INSTRUCTIONS

You should report on this schedule only information about your loans and those of your consolidated subsidiaries. Do not include information of your holding company, affiliates, or unconsolidated subsidiaries.

HIGH LOAN-TO-VALUE LOANS SECURED BY 1-4 FAMILY RESIDENTIAL PROPERTIES, WITHOUT PMI OR GOVERNMENT GUARANTEE

Report data on 1-4 family real estate loans that meet both of the following conditions:

- The loan-to-value equals or exceeds 90 percent.
- There is no private mortgage insurance (PMI) or government guarantee, such as FHA or VA.

For reporting 1-4 family, high loan-to-value loans on this schedule, include small business loans secured by single-family residences classified as commercial loans on Schedule SC, as well as loans reported as mortgages. The only 1-4 family real estate loans that you can exclude are those that the borrower has otherwise substantially secured and where you take the mortgage as an abundance of caution (for example secured auto loans), and where you have not made the terms more favorable than they would have been in the absence of the real estate lien. Report all loans at recorded investment less specific valuation allowances. See the instructions for mortgage loans in Schedule SC for a definition of **recorded investment**. Note that the amount you report as the loan value may differ from the amount used in the calculation of LTV as explained below.

You may exclude from this schedule loans that you intend to sell within 90 days from origination, without recourse, to a financially responsible third party. However, you must include any uninsured, high LTV loans originated for sale that are more than 90 days old.

Include both permanent and construction loans secured by 1-4 family dwellings. Include conventional construction loans that have been approved for PMI that will be effective when the loan converts to a permanent loan, but where the construction loan is not yet covered by PMI.

In determining the LTV ratio, you must combine all loans secured by the same property regardless of whether you classify the loan as a mortgage or consumer loan in Schedule SC. **If you hold a junior lien, you must include all liens senior to your lien in the LTV calculation, even if you do not hold all the senior liens.**

In calculating LTV, use the recorded investment of the loan as the numerator. **Do not deduct specific valuation allowances.** If you have not yet disbursed the entire loan and you are legally bound to fund an undisbursed commitment, for the numerator use the recorded investment plus the undisbursed commitment, including letters of credit.

Use the borrower’s purchase price of the real estate or appraised value at origination, whichever is less, for the denominator in the LTV calculation. Subsequent to origination if the real estate market has changed significantly and the value of the real estate has increased, you may use a current market valuation. You must support this valuation by a current appraisal or evaluation performed in accordance with 12 CFR 564. However, if the value of the real estate has decreased, you may use the appraised value at origination; we do not require that you use a lower current appraisal unless you have refinanced the loan or disbursed additional funds. When the borrower has paid down his loan below 90% LTV, you no longer have to report the loan in Schedule LD.

If you make an adjustable rate mortgage loan where the loan contract permits negative amortization when interest rates rise, such that the loan could exceed 90 percent LTV, you do not need to report the loan as a high LTV loan until the balance of the loan reaches 90 percent of the value of the property. See definitions in 12 CFR § 560.101.

Example 1: You make a loan with a principal balance of $90,000 on the purchase of a house, with deferred fees net of origination costs of $2,000. At origination the appraised value is $100,000. There is no PMI on this loan. The recorded investment at origination is $88,000 ($90,000 less $2,000). Therefore, at origination the LTV equals 88 percent and the loan is not reported as a high LTV loan in Schedule LD.

Example 2: You purchase a loan with a principal balance of $88,000 at a premium of $3,000. The originator appraised the property at $100,000. Your recorded investment is $91,000 ($88,000 plus $3,000), and thus the LTV is 91 percent. There is no PMI on this loan. You must include your recorded investment in this loan in the 90 up to 100 LTV category.

Example 3: You make a legally binding commitment of $9 million on a construction loan on a project of single-family homes, with a projected value at completion of $10 million. Therefore, the LTV equals 90 percent. There is no PMI on this loan. At the reporting date, you have disbursed $3 million on this loan; this is the recorded investment. You must report the $3 million in the 90 up to 100 LTV category.

Example 4: You make an adjustable rate mortgage loan with a principal balance of $85 thousand on the purchase of a house for $100 thousand. There is no PMI on this loan. The loan document guarantees that the monthly payment will not exceed $750. The LTV at origination is 85 percent, and you, therefore, do not report the loan as a high LTV loan. Interest rates rise to the point that, if you fully amortized the loan, the loan payment would exceed $750. Each month you add the amount of the loan amortization in excess of $750 to the recorded investment of the loan. In time, the recorded investment of the loan reaches 90 percent. At that time, you must include the recorded investment of the loan in the 90 up to 100 LTV category.

SCHEDULE CC — CONSOLIDATED COMMITMENTS AND CONTINGENCIES

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.

COMMITMENTS OUTSTANDING

Report all commitments outstanding that will close in your name. In the case of securities held by an agent, report commitments made on your behalf.

In reporting commitments to originate loans on CC280 through CC310, do not include the portion of refinancings, including wrap-around loans, that will not involve your disbursing cash. Report only the amount you will disburse. Do not report the gross commitment amount.

Report commitments to purchase or sell loans or securities on CC320 through CC375 on a gross basis. Do not net commitments to sell against commitments to purchase, even if the commitments are for the same or similar investments and even if no cash will be disbursed or received. For example, report a commitment to swap mortgages for mortgage pool securities as a commitment to sell mortgages and purchase mortgage pool securities, even though no cash will be involved in the transaction. Do not include resale agreements accounted for as financings.

UNDISBURSED BALANCE OF LOANS CLOSED (LOANS-IN-PROCESS EXCLUDING LINES OF CREDIT)

Report loan distributions on loans closed, but not disbursed.

Include:

1. All undisbursed amounts relating to construction loans reported on SC230, SC235, and SC240.
2. Loans disbursed according to a specified schedule or upon completion of specified terms.
3. Loans awaiting completion of certain contractual terms prior to disbursal.
4. Loans where you have executed the documents but have not yet disbursed loan proceeds.

Do not include:

1. The undisbursed portion of open-ended lines of credit, including home equity loans.
2. Borrower’s advances or deposits that are reported on SC710, Deposits, or SC783, Escrows.

CC105: Mortgage Construction Loans

Report undisbursed amounts (loans-in-process) on mortgage construction loans of the types reported on SC230 through SC240.

CC115: Other Mortgage Loans

Report the undisbursed balance of closed-end permanent mortgage loans of the types reported on SC254 through SC265.

CC125: Nonmortgage Loans

Report the undisbursed balance of closed-end nonmortgage loans of the types reported on SC300 through SC330.

TO ORIGINATE MORTGAGES SECURED BY

Report outstanding commitments made to builders, owners, or purchasers of real estate to originate mortgage loans that will close in your name, classified by the type of property securing the loan.

CC280: 1-4 Dwelling Units

Report outstanding commitments to originate mortgage loans secured by 1-4 dwelling units. Include the full amount committed for revolving lines of credit <u>not yet closed</u> that will be secured by 1-4 dwelling units. Once the revolving line of credit has closed, report the unused line on CC412.

CC290: Multifamily (5 or More) Dwelling Units

Report outstanding commitments to originate mortgage loans secured by multifamily (5 or more) dwelling units. Include unused lines of credit committed for revolving lines of credit secured by permanent mortgages on multifamily (5 or more) dwelling units.

CC300: All Other Real Estate

Report outstanding commitments to originate mortgage loans on nonresidential property and land. Include unused lines of credit committed for revolving lines of credit secured by permanent mortgages on nonresidential property.

CC310: TO ORIGINATE NONMORTGAGE LOANS

Report outstanding commitments to originate nonmortgage loans that will close in your name.

CC320: TO PURCHASE LOANS

Report outstanding commitments to purchase whole mortgage and nonmortgage loans and participating interests.

You may find it helpful to review the definitions in 12 CFR 567.1. While that section does not include a specific definition for subordinated securities, in context you should consider subordinated securities as a type of direct credit substitute.

You also use these lines to report exposures arising through a nonsecurity financial instrument under FASB Statement No. 140.

CC455: TOTAL PRINCIPAL AMOUNT OF ALL ASSETS COVERED BY RECOURSE OBLIGATIONS OR DIRECT CREDIT SUBSTITUTES

Report the outstanding principal balance of assets you enhance, fully or partially, by recourse obligations, credit-enhancing interest-only strips, residual interests, subordinated securities, or direct credit substitutes.

Include:

1. The full amount of assets enhanced by your recourse obligations, requiring you to absorb credit losses on assets held by a third party.

   Example: If you sell $1000 in loans, and agree to absorb the first 10% of losses, you report $1000 on this line, and $100 on line CC468.

2. The full amount of assets enhanced by your residual interests.

   Example: If you create and securitize a $1000 pool of loans and you sell $900 and retain a “first loss” residual interest of $100, you report $1,000 on this line and $100 on line CC468.

3. The full amount of assets enhanced by your subordinated securities:

   Example: If you buy a subordinated security in a senior/subordinated structure, the total structure is $1,000, and your subordinated security is $200, you report $1,000 on this line and $200 on line CC465.

4. The full amount of assets enhanced by your letters of credit, or other direct credit substitutes, both collateralized and uncollateralized, to cover credit obligations of another party.

   Example: If you provide a simple line of credit of $100 to another party, you report $100 on this line, and $100 on line CC465.

   Example: If you provide a line of credit of $100 to another party that is available to enhance the other party’s “first loss” or otherwise subordinate obligation on a $1,000 loan pool, you report $1000 on this line and $100 on line CC465.

5. Assets covered by recourse obligations even if the obligation is limited to 120 days or less.

Do not Include:

Positions subordinate to your own.

Example: If you have retained a $100 mezzanine “second loss” security in a $1000 pool of assets that you have securitized or purchased and you have sold the $100 first loss security (subordinate to your security) and the $800 security (senior to your security), you report $900 on this line and $100 on line CC468.

CC465: AMOUNT OF DIRECT CREDIT SUBSTITUTES ON ASSETS IN CC455

Include the amount of direct credit substitutes, including purchased credit-enhancing interest-only strips, purchased subordinated securities, and other similar exposures that you have purchased from another party.

Report the face amount of the exposure, residual, or security that you have purchased from another party, or the face amount of a letter of credit that you supply to another party. Refer to the examples in item 4, CC455 above.

CC468: AMOUNT OF RECOURSE OBLIGATIONS ON ASSETS IN CC455

Include the amount of recourse obligations, residuals, credit-enhancing interest-only strips, and subordinated securities that arise from your own securitization activities.

Report the face amount of the exposure, residual, or security that arises from your own securitization activities. Include letters of credit issued on behalf of affiliates or on behalf of any securitization trust that you have created. Refer to the examples under CC455 above.

CC480: OTHER CONTINGENT LIABILITIES

Report all contingent liabilities that you do not report elsewhere in this schedule or in Schedule SC.

CC490: CONTINGENT ASSETS

Report all contingent assets not reported elsewhere in this schedule or Schedule SC.

SCHEDULE CF — CONSOLIDATED CASH FLOW INFORMATION

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.

GENERAL INSTRUCTIONS

You should report on this schedule only the activity of you and your consolidated subsidiaries. Do not include activity of your holding company, affiliates, or unconsolidated subsidiaries. **Do not report as new activity the following: bulk sales and purchases of loans and deposits, branch purchases and sales, and assets and deposits acquired through a merger.** In the case of a **merger** of depository institutions, you should report activity for all institutions involved in the merger **for the entire quarter**. If you have been acquired by a holding company where you used **pushdown accounting**, you should report your activity for the **entire quarter** regardless of the date of acquisition.

MORTGAGE-BACKED SECURITIES

Report purchases and sales of securities included on SC210 through SC222, including those that you purchased and sold during the same quarter.

PASS-THROUGH:

CF143: Purchases

Report the purchase price of mortgage-backed securities reported on SC210 and SC215 that you purchased during the quarter.

CF145: Sales

Report the carrying value of mortgage pool securities reported on SC210 and SC215 that you sold during the quarter.

CF148: Other Balance Changes

Report other balance changes of mortgage pool securities reported on SC210 and SC215. Include cash repayments of principal, adjustments pursuant to FASB Statements 115 and 133, and amortization of discounts and premiums. Report as negative amounts decreases in the security balance, and as positive amounts, increases in the security balance.

OTHER MORTGAGE-BACKED SECURITIES:

CF153: Purchases

Report the purchase price of mortgage-backed securities reported on SC217 through SC222 that you purchased during the quarter.

CF155: Sales

Report the carrying value of mortgage-backed securities reported on SC217 through SC222 that you sold during the quarter.

CF158: Other Balance Changes

Report other balance changes of mortgage-backed securities reported on SC217 through SC222. Include cash repayments of principal, adjustments pursuant to FASB Statements No. 115 and No. 133, and amortization of discounts and premiums. Report as negative amounts decreases in the security balance, and as positive amounts, increases in the security balance.

MORTGAGE LOANS

MORTGAGE LOANS DISBURSED:

Report the amount disbursed for mortgage loans during the quarter. Note that you report all amounts net of loans-in-process, LIP. Report additional disbursements in the quarter in which you make them.

Include:

1. All loans closed in your name. Report all loans closed, even if a third party funds the loans or you immediately transfer the loans to a third party. Include loans whether or not you, an affiliate, or another entity performs the actual closing. Do not report subsequent transfers to you from the closing entity as purchases. This is because you already reported the loans as your originations.
2. Increases in loan balances of existing loans such as the following:
   a. Disbursement of LIP.
   b. Disbursement of a previously closed but undisbursed mortgage.
   c. Negative amortizations.
   d. Additional disbursements of home equity loans.
   e. The amount disbursed for refinanced loans.

3. Combination construction-permanent loans both when the construction loan closes and when the loan converts to permanent financing, even if you disburse no new funds. Report the construction loan on CF350 at the time of conversion, so that the mortgage loan reconciliation will balance.
4. All loans meeting the above definitions, even if you immediately securitize or sell the loans. Also report these loans on CF310 through CF330.

Do not include:

1. Loans closed in the name of an affiliated unconsolidated entity. If you subsequently acquire mortgages closed in the name of an affiliated unconsolidated entity, you should report the acquisition as a purchase on CF280 through CF300.
2. The undisbursed portion of construction and open-end home equity loans. Report as contingencies on Schedule CC.
3. Mortgages closed by brokers under warehouse lines of credit where you closed the loans, but disbursed no money. Report only as you disburse funds as described in item 2 under Include above.

Construction Loans On:

CF190: 1-4 Dwelling Units

Report the amount of construction loans disbursed during the quarter of the type on SC230, Construction Loans on 1-4 Dwelling Units.

Do not include:

Construction loans secured by condominium projects. Report on CF200.

CF200: Multifamily (5 or More) Dwelling Units

Report the amount of construction loans disbursed during the quarter of the type on SC235, Construction Loans on 5 or More Dwelling Units.

Include:

Construction loans secured by apartment buildings including condominium and timeshare projects.

CF210: Nonresidential

Report the amount of construction loans disbursed during the quarter of the type on SC240, Construction Loans on Nonresidential Property.

Permanent Loans On:

When a single loan provides permanent financing for more than one type of property, you should report the entire loan in the data field describing the type of property representing the largest use of loan proceeds.

CF225: 1-4 Dwelling Units

Report the amount of mortgage loans disbursed during the quarter of the type reported on SC251, SC254, and SC255. Include the amounts disbursed for open-end home equity loans, revolving, open-end loans secured by 1-4 dwelling units and extended under lines of credit.

CF245: Multifamily (5 or More) Dwelling Units

Report the amount of mortgage loans disbursed during the quarter of the type reported on SC256, permanent mortgages on multifamily residential property.

CF260: Nonresidential (Except Land)

Report the amount of mortgage loans disbursed during the quarter of the type on SC260, Permanent Mortgages on Nonresidential Property (Except Land).

CF270: Land

Report the amount of mortgage loans disbursed during the quarter of the type on SC265, Permanent Mortgages on Land.

Include:

1. Developed building lots.
2. Land in the acquisition or development stage such as loans for making improvements required to convert to developed building lots.
3. Unimproved land.

Do not include:

1. Land used for farming. Report on CF260.
2. Combination land and construction loans. Report on CF190 through CF210.

LOANS AND PARTICIPATIONS PURCHASED, SECURED BY:

Include:

The purchase price of mortgage loans and participations purchased from other entities after adjusting for discounts, premiums, and LIP.

Do not include:

1. Transfers from an unconsolidated affiliate where you closed the loans in your name. Report as mortgage loans disbursed when originated.
2. Acquisitions of mortgage-backed securities. Report on CF143 and CF153.

2. Loans serviced by you for others, where the loans have been securitized, whether or not you own the securities and whether or not you have reported any servicing assets.
3. Loans serviced by you for others, where you have transferred the loans to others, but have not reported the transaction as a sale.
4. Loans and securities serviced by you under a contract to a third party who owns the servicing rights.

Do not include:

1. Loans and securities where you own the servicing rights and where the servicing has been subcontracted to a third party.
2. Loans and securities serviced for you by a consolidated subsidiary or a subsidiary depository institution.

RESIDUAL INTERESTS

Residual interests are defined in 12 CFR Part 567.1 as any balance sheet asset that represents an interest, including a beneficial interest, created by a transfer of financial assets that qualifies as a sale under GAAP and that exposes the institution to a credit risk that exceeds a pro rata share of the institution's claim on the transferred assets. The transfer of assets may be through securitization or otherwise; the credit risk may be directly or indirectly associated with the transferred assets; and the exposure to credit risk may be through either subordination provisions or other credit enhancement techniques.

This definition of residual interests is for regulatory reporting purposes, and, therefore, is **not** the same as **purchased or retained beneficial interests in securitized financial assets**, as that term is used in authoritative accounting literature.

Examples of residual interests include, but are **not** limited to, credit-enhancing interest-only strips defined below, spread accounts, cash collateral accounts, and retained subordinated interests.

You report all residual interests somewhere on Schedule SC, typically on SC182, SC185, SC217 through 222,SC665, or SC689. The total of lines SI402 and SI404 should equal all residual interests, as defined above, that you have included on Schedule SC.

In addition, you should report the appropriate amounts in Schedule CC, on CC455 and CC465 or CC468, related to direct credit substitutes and recourse obligations. Also, as residual interests are subject to specialized regulatory capital treatment pursuant to 12 CFR Parts 567.6 and 567.12, you should report the appropriate amounts in Schedule CCR, on CCR133, CCR270, CCR375, and CCR605.

SI402: RESIDUAL INTERESTS IN THE FORM OF INTEREST-ONLY STRIPS

Report residual interests as defined above in the form of credit-enhancing interest-only strips.

Credit-enhancing interest-only strips are defined in 12 CFR Part 567.1 as any on-balance-sheet asset that, in form or in substance, represents the contractual right to receive some or all of the interest due on transferred assets, and that through subordination provisions or other credit enhancement techniques exposes the institution to credit risks that exceed its pro rata claim on the transferred assets.

Report both retained and purchased credit-enhancing interest-only strips. However, do not include interest-only strips issued by government-sponsored entities or other interest-only strips that do not function in a credit enhancing or otherwise subordinate capacity.

SI404: OTHER RESIDUAL INTERESTS

Report any other residual interests and on-balance-sheet recourse assets that you have not reported on SI402. Include purchased subordinated interests, purchased subordinated securities, and any other type of residual or recourse position that you have purchased from others. Do not include interest-only strips issued by the government or government sponsored enterprises, unless they meet the definition of residual interest in 12 CFR 567.1.

QUALIFIED THRIFT LENDER TEST

SI581, SI582, AND SI583: ACTUAL THRIFT INVESTMENT PERCENTAGE AT MONTH-END

To be a Qualified Thrift Lender, QTL, you must either meet the Home Owners' Loan Act, HOLA, QTL test or the Internal Revenue Service tax code Domestic Building and Loan Association, DBLA, test.

If you use the HOLA QTL test, report the ATIP from the OTS QTL worksheets, OTS Form 1427, for the three months. If you use the IRS DBLA test, leave lines SI581, 582, and 583 blank, and complete SI585 and SI586.

IRS DOMESTIC BUILDING AND LOAN TEST:

Complete these lines only if you do not use the Home Owners' Loan Act (HOLA) Qualified Thrift Lender (QTL) test, but instead use the IRS Domestic Building and Loan Association (DBLA) test (IRS regulation 26 CFR § 301.7701-13A) to determine if you are a Qualified Thrift Lender. Refer to Appendix A of the OTS Thrift Activities Regulatory Handbook, Section 270.

SI585: PERCENT OF ASSETS TEST

SI586: DO YOU MEET THE DBLA BUSINESS OPERATIONS TEST?

SI588: AGGREGATE INVESTMENT IN SERVICE CORPORATIONS

Report your aggregate investment in the capital stock, loans and obligations, and other securities of all service corporations, determined in a manner consistent with 12 CFR Part 559.

Loans and obligations include all loans and other debt instruments, and all guarantees or take-out commitments of such loans or debt instruments.

Other comprehensive income includes the change in:

1. Accumulated unrealized fair value gains and losses on available-for-sale securities, net of taxes.
2. Accumulated fair value gains and losses on cash flow hedges, net of taxes.
3. Any minimum pension liability adjustment recognized in accordance with FASB Statement No. 87, *Employers' Accounting for Pensions*, net of taxes.
4. Cumulative foreign currency translation adjustments and qualifying foreign currency transaction gains and losses, net of taxes.

SI662 should equal the change during the quarter in SC86, Accumulated Other Comprehensive Income.

SI668: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments for purposes of the TFR include:

1. Changes in equity capital required to be accounted for as prior period adjustments pursuant to APB Opinion No. 20.
2. Corrections to an income statement for a quarter from a prior calendar year where the TFR for that quarter can no longer be amended.

Also refer to item number 6 in the General Instructions for the TFR.

Do not include:

1. Audit adjustments and prior period adjustments within the current calendar year. Correct these through an amended report within 140 days of the report date or report them currently in Schedule SO.
2. Corrections of accruals. Report these in the current period in the same data field in Schedule SO that they would have been reported had the accruals been made when incurred.

SI671: OTHER ADJUSTMENTS

Report other adjustments to equity capital that cannot be included elsewhere in SI610 through SI668.

Include:

1. Issuance costs of common stock offerings.
2. The change in SC891, Other Components of Equity Capital.

Do not include:

1. Property distributions to stockholders; report as a negative amount on SI655.
2. Prior period adjustments to prior calendar years; report on SI668.
3. Additional contributions of paid-in capital; report on SI655.
4. Adjustments within the current calendar year. Correct these through an amended report within 135 days of the report date, or report them currently in Schedule SO.
5. Corrections of accruals. Report these in the current period in the same data field in Schedule SO that they would have been reported had the accruals been made when incurred.

SI680: ENDING EQUITY CAPITAL

The EFS software automatically calculates this as the sum of SI600, SI610, SI640, SI655, SI660, SI662, SI668, and SI671 less SI620, SI630, and SI650. SI680 must equal SC80, Total Equity Capital, on the current TFR.

TRANSACTIONS WITH AFFILIATES:

The following two line items parallel 12 CFR 563.41, Transactions with Affiliates. Section 563.41(c)(3) requires each association to maintain records that reflect all transactions between a savings association and its affiliates.

Section 563.41 implements the affiliate transactions regulation found in Sections 23A and 23B of the Federal Reserve Act, as codified in 12 CFR Part 223 (Regulation W). Sections 23A and 23B of the Federal Reserve Act are made applicable to savings associations by Section 11(a)(1) of the Home Owners' Loan Act. You should include transactions subject to the quantitative limits of Section 23A in SI750. Include all other covered affiliate transactions in SI760, including transactions subject only to Section 23B.

Affiliate and ***covered transaction*** are defined in Regulation W, as modified as appropriate for savings associations in Section 563.41. Generally, an ***affiliate*** is defined as:

1. Your parent company.
2. Any company controlled by your parent company that is not a subsidiary of yours (except a bank or thrift subsidiary of yours).
3. Any company that you or another affiliate sponsors or advises.
4. Any company which shares a majority of the same directors with you or your parent company.

Information in this section is not made public on an individual institution basis, but is available in the OTS aggregates.

SI750: ACTIVITY DURING THE QUARTER OF COVERED TRANSACTIONS WITH AFFILIATES SUBJECT TO QUANTITATIVE LIMITS

Report all covered affiliate transactions subject to quantitative limits. Generally, these include:

- All purchases of assets by you from affiliates. This includes all commitments outstanding at the end of the quarter to purchase assets entered into with affiliates that will close in your name. Report such commitments on a gross basis. Do not net commitments to sell against commitments to purchase, even if the commitments are for the same or similar items and even if you will disburse or receive no cash.
- All extensions of credit to affiliates. This includes, but is not limited to, loans and receivables whether or not supported by a loan document or contract; purchasing a note or other obligation of an affiliate, as well as loan guarantees or letters of credit on behalf of an affiliate.
- Acceptance of a security issued by an affiliate as collateral for an extension of credit to any third party.

Include all transactions that occurred during the quarter, regardless of whether you have paid affiliates during the quarter or owe the amount as of the end of the quarter.

SCHEDULE HC — THRIFT HOLDING COMPANY

*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.*

GENERAL INSTRUCTIONS

Complete this schedule if you are owned by a thrift holding company, except if your holding company is a registered Bank Holding Company supervised by the Federal Reserve. If your holding company owns more than one thrift institution, we will advise you which institution should file this report. We will also advise you which holding company(ies) to report if you are owned by more than one. You should continue to report for each holding company designated until advised otherwise.

Unless otherwise instructed, report all dollar amounts in accordance with GAAP for each designated holding company filing Schedule HC. (See the note below for insurance companies preparing financial statements under statutory accounting principles.) Where it is appropriate under GAAP to consolidate one or more of the holding company's subsidiaries (which may or may not include your thrift), the amounts in the "Consolidated" column should reflect consolidation of those subsidiaries. The amounts in the "Parent Only" column must reflect the holding company's investment in subsidiaries, and the operations of those subsidiaries, under the equity method of accounting.

In the infrequent circumstance where it is not appropriate under GAAP to consolidate any of the holding company's subsidiaries – such as a designated holding company filing Schedule HC that is a minority shareholder of the thrift and controls no other subsidiaries – the amounts in the "Consolidated" column should be left blank.

If the holding company has a quarter end other than a calendar quarter end, you may use data from the fiscal quarter ending within the reporting calendar quarter. For example, if the holding company's calendar year end is October, its **fiscal quarter ends** are January, April, July, and October. You should use its fiscal quarter ending January 31 for the March 31 TFR, April 30 for June 30, July 31 for September 30, and October 31 for December 31.

If your holding company is an insurance company, **and** does not prepare financial statements for external use in conformity with GAAP, you may file data from financial statements prepared in conformity with statutory accounting principles in the "Parent Only" column. If periodic consolidated financial statements are prepared under GAAP – such as for annual reports to policyholders – data from these statements should be used in filing Schedule HC in the appropriate "Consolidated" and "Parent Only" columns.

Answer Supplemental Questions (HC810 through HC880) for each designated holding company and its subsidiaries for activities that occurred during the quarter. HC810 through HC875 require either a **Yes** or **No** answer. HC876 through HC880 may be left blank if not applicable.

For purposes of the Supplemental Questions only (HC810 through HC880), the term ***subsidiary*** means any company that is controlled (as defined in 12 CFR §574.4) directly or indirectly by the holding company. A ***significant subsidiary*** is a subsidiary that accounts for five percent or more of the consolidated assets of the company or five percent or more of the consolidated gross revenue of the company, or engages in transactions with the thrift.

You must file Schedule HC no later than the 45th day following the end of the **calendar** quarter. We do **not** make public Schedule HC data for individual holding companies. We do make public aggregate data for Schedule HC.

HC100: HOLDING COMPANY NUMBER

Report the OTS docket number of the holding company for which you are reporting. All holding company docket numbers begin with an H.

HC110: FISCAL YEAR END

Enter the month of your current fiscal year-end for audited financial statement purposes. In some cases this may not correspond to the tax year-end.

HC125: STOCK EXCHANGE TICKER SYMBOL

List the symbol if the stock of the holding company is traded on a public exchange.

HC 130: SEC FILE NUMBER

If the holding company must file periodic securities disclosure documents with the SEC pursuant to the Securities Exchange Act of 1934, report the SEC file number. Examples of disclosure documents are Form 10-K and Form 10-Q.

If the reporting holding company does not file periodic securities disclosure documents with the SEC but its parent or top tier holding company does file, you should report the SEC file number of that parent or top tier holding company.

HC140: WEBSITE ADDRESS

If one exists, report the Internet address of the reporting holding company or of the appropriate entity within the corporate structure where publicly available financial information is available.

HC210/HC600: TOTAL ASSETS

Report total assets.

HC220/HC610: TOTAL LIABILITIES

Report total liabilities.

HC620 MINORITY INTEREST

Report minority interest in common or preferred stock of consolidated subsidiaries where it is appropriate under GAAP to report this amount in a "mezzanine" category, that is, between liabilities and equity. Do not report on this line if the amount is included in line HC220/HC610, Total Liabilities.

HC240/HC630: TOTAL EQUITY

Report total equity.

HC250/HC640: NET INCOME FOR THE QUARTER

Report net income for the quarter.

INCLUDED IN TOTAL ASSETS:

RECEIVABLE FROM SUBSIDIARIES:

HC310: Thrift

Report the holding company's receivable from thrift subsidiaries, which is sometimes referred to as "advances to" or "due from".

HC320: Other Subsidiaries

Report the holding company's receivable from subsidiaries other than thrift subsidiaries, which is sometimes referred to as "advances to" or "due from".

INVESTMENT IN SUBSIDIARIES:

HC330: Thrift

Report the holding company's direct investment in thrift subsidiaries in a manner that reflects the equity method of accounting.

Report zero if this holding company is not the direct owner of the thrift.

HC340: Other Subsidiaries

Report the holding company's investment in subsidiaries other than thrift subsidiaries in a manner that reflects the equity method of accounting. If this holding company is not the direct owner of the thrift, report the holding company's investment in the mid-tier holding company.

INTANGIBLE ASSETS

HC350/HC650: Mortgage Servicing Assets

Report the carrying amount of mortgage servicing assets.

HC360/HC655: Nonmortgage Servicing Assets and Other

Report the balance of nonmortgage servicing assets and other intangible assets.

Include on this line the following intangible assets taken from examples provided in FASB Statement No. 141:

1. Goodwill.
2. Customer relationships and customer lists, including core deposit premiums.
3. Employment agreements.
4. Noncompete agreements.
5. Lease agreements.
6. Computer software costs.

HC370/HC660: DEFERRED POLICY ACQUISITION COSTS

Report deferred policy acquisition costs incurred by insurance companies. DPAC includes variable acquisition costs such as commissions and underwriting and policy issuance expenses related to both new and renewal insurance policies and annuities.

INCLUDED IN TOTAL LIABILITIES (EXCLUDING DEPOSITS):

Borrowings, as the term is used here, means short-term or long-term debt, negotiated with specified terms, usually including interest rates and repayment dates. ***Borrowings*** exclude deposits and transactional liabilities, such as accounts payable, income taxes payable, and accrued liabilities.

PAYABLE TO SUBSIDIARIES:

Thrift Subsidiaries:

HC410: Transactional

Report the holding company's payable to thrift subsidiaries, which is sometimes referred to as "advances from" or "due to". Do not include amounts reported on HC420.

HC420: Debt

Report the amount of borrowings the holding company owes to the reporting thrift. Do not include amounts reported on HC410.

Other Subsidiaries:

HC430: Transactional

Report the holding company's payable to subsidiaries other than thrift subsidiaries, which is sometimes referred to as "advances from" or "due to". Do not include amounts reported on HC440.

HC440: Debt

Report the balance of the holding company's borrowings from its subsidiaries other than thrift subsidiaries. Do not include amounts reported on HC430 and HC445.

HC445/HC670: TRUST PREFERRED INSTRUMENTS

Trust preferred securities are typically issued to third party investors by a wholly owned investee of the holding company. The holding company typically borrows from the investee substantially all the net proceeds from issuance of the trust preferred securities.

Report on HC445 the balance of the holding company's borrowings from the investee that issued the trust preferred securities.

Where the holding company's financial statements reflect consolidation of the financial statements of the investee that issued the trust preferred securities, report on HC670 the balance of the trust preferred securities - not the balance of the holding company's borrowings from the investee. Where the investee's financial statements are consolidated with those of the holding company, the holding company's borrowings from the investee are eliminated in consolidation.

Where the holding company's financial statements do not reflect consolidation of the financial statements of the investee that issued the trust preferred securities, report on HC670 the balance of the holding company's borrowings from the investee that issued the trust preferred securities - not the balance of the trust preferred securities.

HC450/HC680: OTHER DEBT MATURING IN 12 MONTHS OR LESS

Report all borrowings excluding deposits, payable to subsidiaries, and trust preferred securities that you would classify as current liabilities if the holding company were to present a classified balance sheet. Include such borrowings that, within the next 12 months, either (1) contractually mature; (2) are callable at the option of the lender; or (3) otherwise become due and payable.

Callable, as the term is used here, refers to an option by the lender to require repayment of the borrowing before its contractual maturity.

A ***classified balance sheet*** is one that includes subtotals for current assets and current liabilities. Most thrift holding companies do not present a classified balance sheet. However, for purposes of HC450/HC680 and HC460/HC690, classify all borrowings as either current or noncurrent. The parameters of current liabilities are detailed in Accounting Research Bulletin No. 43, *Restatement and Revision of Accounting Research Bulletins*, Chapter 3A, as revised by SFAS No. 78, *Classification of Obligations That Are Callable by the Creditor*.

Example: A holding company's borrowings, on a consolidated basis, include a FHLBank advance where the contractual maturity date is beyond the next 12 months. However, beginning on a date within the next 12 months, the FHLBank may exercise its option to require immediate repayment of the advance. You should include that advance in line HC450/HC680.

HC460/HC690: OTHER DEBT MATURING IN MORE THAN 12 MONTHS

Report all borrowings (other than payables to subsidiaries and trust preferred securities) **except**:

1. Debt maturing in 12 months or less reported on HC450/HC680.
2. Deposit and escrow liabilities held by you or any other subsidiary depository institution.

REFLECTED IN NET INCOME FOR THE QUARTER:

DIVIDENDS:

As stated in the General Instructions to Schedule HC, the amounts in the "Parent Only" column should reflect the holding company's investment in subsidiaries, and the operations of those subsidiaries, under the equity method of accounting. Consistent with those instructions, the holding company's net income on a "Parent Only" basis, as reported on HC250, should reflect the holding company's equity in net income or loss of its subsidiaries. Typically, such income or loss is presented as two separate components:

1. Dividends from subsidiaries – that is, the **distributed** component, and
2. Equity in **undistributed** income or loss of subsidiaries.

Accordingly, report on HC525 and HC535 the dividends-from-subsidiaries component of the holding company's equity in income or loss of its directly owned subsidiaries.

For example, assume that the holding company's equity in the net income of its thrift subsidiary is $10 million; and that dividends declared by, and received from, the subsidiary are $3 million. The holding company's net income on a parent only basis reported on HC250, "Net Income for the Quarter", would include the $10 million. The holding company would report the $3 million on HC525. Note that the holding company's $7 million ($10 million - $3 million) undistributed income component of its equity in income of the thrift subsidiary would not be reported separately on Schedule HC.

HC525: From Thrift Subsidiaries

Report dividends from thrift subsidiaries in which you have direct ownership. Such dividends should be recognized by the holding company under the equity method of accounting.

HC535: From Other Subsidiaries

Report dividends from non-thrift subsidiaries recognized by the holding company under the equity method of accounting.

INTEREST EXPENSE:

HC545/HC710: Trust Preferred Instruments

Report on HC445 the interest expense on the holding company's borrowings from the investee that issued the trust preferred securities.

Where the holding company's financial statements reflect consolidation of the financial statements of the investee that issued the trust preferred securities, report on HC710 the dividends paid on the trust preferred securities - not the interest expense on the holding company's borrowings from the investee. When the investee's financial statements are consolidated with those of the holding company, the interest expense on the holding company's borrowings from the investee is eliminated in consolidation.

Where the holding company's consolidated financial statements do not reflect consolidation of the financial statements of the investee that issued the trust preferred securities, report on HC710 the interest expense on the holding company's borrowings from the investee that issued the trust preferred securities - not the dividends paid on the trust preferred securities.

HC555/HC720: All Other Debt

Report interest expense, excluding interest expense on trust-preferred instruments and on deposit and escrow liabilities held by a subsidiary depository institution.

HC565/HC730: NET CASH FLOW FROM OPERATIONS FOR THE QUARTER

Report the net increase or decrease in cash and cash equivalents from operating activities for the quarter, as it would appear in a statement of cash flows prepared in accordance with FASB No. 95. Do not include any change in cash and cash equivalents from investing and financing activities.

SUPPLEMENTAL QUESTIONS

HC810: Have any significant subsidiaries of the holding company been formed, sold, or dissolved during the quarter?

Check ***Yes*** only if this activity occurred during this quarter. Do not include any organizational structure changes that occurred during a prior period. A significant subsidiary accounts for five percent or more of the consolidated assets of the structure or five percent or more of the consolidated gross revenue of the structure, or engages in covered transactions with the thrift as described in §563.41. If you are an insurance company, do not include a response for activity in Separate Accounts.

Is the holding company or any of its subsidiaries:

Check ***Yes*** for each that may apply to any organization within the holding company structure, including the holding company itself. More than one may be checked if appropriate. Answer ***No*** if not applicable. The term "subsidiary" means any company which is owned or controlled directly or indirectly by a person, and includes any service corporation owned in whole or in part by a savings association, or a subsidiary of such service corporation. As the term is used here, a "subsidiary" may be a company whose assets and liabilities are not consolidated with those of the holding company.

HC815: A broker or dealer registered under the Securities Exchange Act of 1934?

HC820: An investment adviser regulated by the Securities Exchange Commission or any State?

HC825: An investment company registered under the Investment Company Act of 1940?

HC830: An insurance company subject to supervision by a State insurance regulator?

HC835: Subject to regulation by the Commodity Futures Trading Commission?

HC840: Regulated by a foreign financial services regulator?

HC845: Has the holding company appointed any new senior executive officers or directors during the quarter?

Check ***Yes*** if there has been a change during the quarter.

HC850: Has the holding company or any of its subsidiaries entered into a new pledge, or changed the terms and conditions of any existing pledge, of capital stock of any subsidiary savings association that secures short-term or long-term debt or other borrowings of the holding company?

Check ***Yes*** if there has been a change during the quarter.

HC855: Has the holding company or any of its subsidiaries implemented changes to any class of securities that would negatively impact investors?

Check ***Yes*** if there has been a change during the quarter. Examples of a change that could negatively impact investors could include, but is not limited to: default, collateral substitution, changes in repayment dates, interest dates, voting rights, or conversion options.

HC860: Has there been any default in the payment of principal, interest, a sinking or purchase fund installment, or any other default of the holding company or any of its subsidiaries during the quarter?

Check ***Yes*** if there has been a default during the quarter.

HC865: Has there been a change in the holding company's independent auditors during the quarter?

Check ***Yes*** if there has been a change during the quarter.

HC870: Has there been a change in the holding company's fiscal year-end during the quarter?

Check ***Yes*** if there has been a change during the quarter.

HC875: Does the holding company or any of its GAAP consolidated subsidiaries (other than the reporting thrift) control other U. S. depository institutions?

Check **Yes** if the holding company controls a U. S. depository institution (federal or state chartered) and it is included in its consolidated financial statements.

HC876 Through HC880: If located in the U.S. or its territories, provide the FDIC certificate number:

If the answer to HC875 is ***Yes***, list the five digit FDIC certificate number for each institution. If the answer to HC875 is ***No***, the lines should be left blank.

2. Accumulated Gains and Losses Related to Qualifying Cash Flow Hedges

Equity capital on SC80 includes a separate component for accumulated gains and losses on qualifying cash flow hedges. See SC865, Gains (Losses) on Cash Flow Hedges. However, you cannot include that separate component of equity capital in regulatory capital.

Report the result on CCR180 as follows:

- When the amount on this line represents **gains**, net of losses, report a **negative** number **reducing** capital.
- When the amount on this line represents **losses**, net of gains, report a **positive** number **increasing** capital.

Report the corresponding adjustment to assets on CCR280. See the instructions for CCR280 for additional information.

CCR185: Qualifying Intangible Assets

Report PCCRs included on SC660 and CCR115. Note, however, that PCCRs are subject to deduction on CCR133.

CCR190: Minority Interest in Includable Consolidated Subsidiaries Including REIT Preferred Stock Reported as a Borrowing

Report minority interest in common and noncumulative perpetual preferred stock of **includable, consolidated** subsidiaries that you report on SC800, Minority Interest. Also include REIT preferred stock of an includable, consolidated subsidiary that you report on **either SC736 or SC800**, to the extent the amount is eligible for inclusion in Tier 1 (core) capital. See the instructions for CCR105 for a definition of nonincludable subsidiaries. Minority interest in nonincludable subsidiaries is not grandfathered; do not include it on CCR190.

The EFS software will add this line to equity capital in calculating Tier 1 (core) capital.

CCR195: Other

Report other items permitted to be added to Tier 1 Capital that are not included in CCR180 through CCR190.

CCR20: Tier 1 (Core) Capital

The EFS software will compute this line as follows: CCR100 less CCR105, CCR115, CCR133, and CCR134, plus CCR180, CCR185, CCR190, and CCR195.

CALCULATION OF ADJUSTED TOTAL ASSETS

CCR205: Total Assets

Report total assets of the consolidated entity as reported on SC60, Total Assets. The EFS software will compute this line from SC60, Total Assets.

Deduct:

CCR260: Assets of "Nonincludable" Subsidiaries

Report the entire amount of the assets of nonincludable subsidiaries included in Schedule SC. For consolidated subsidiaries, this amount should equal total assets of the subsidiary less any assets eliminated in consolidation. For subsidiaries accounted for under the equity method, this amount should equal your investment account plus all advances to the subsidiary.

Report this as a positive amount. The EFS software will deduct this line from total assets in calculating Tier 1 (core) capital.

CCR265: Goodwill and Certain Other Intangible Assets

This line will equal SC660, Goodwill and Other Intangible Assets, with the exception of certain intangible assets such as intangible pension assets and computer software. Accordingly, the EFS software will automatically generate this line from SC660. However, if you have an intangible asset that is not required to be deducted from Tier 1 capital, such as intangible pension assets or capitalized computer software costs, you may change the generated amount.

Report this as a positive amount. The EFS software will deduct this line from total assets in calculating Tier 1 (core) capital.

CCR270: Disallowed Servicing Assets, Disallowed Deferred Tax Assets, Disallowed Residual Interests, and Other Disallowed Assets

For most savings associations this line will equal CCR133. Accordingly, the EFS software will automatically generate this line from CCR133. However, this amount may change in certain cases. For example, deferred tax liabilities are deductible from servicing assets on CCR133, but are not deductible from servicing assets on CCR270. In which case you may override the generated amount.

Report this as a positive amount. The EFS software will deduct this line from total assets in calculating Tier 1 (core) capital.

CCR275: Other

Report other items required to be deducted from Adjusted Total Assets not included in CCR260 through CCR270.

Add:

CCR280: Accumulated Losses (Gains) on Certain Available-For-Sale Securities and Cash Flow Hedges

Report on this line:

1. Accumulated Unrealized Gains and Losses on Certain Available-for-Sale (AFS) Securities

Report amounts included in total assets for accumulated unrealized gains and losses on certain AFS securities, including any related component of income tax assets. Calculate the amount included on this line for unrealized gains and losses on certain AFS securities as follows:

- The amount included in SC60, Total Assets, that corresponds to the separate component of equity capital on SC860.
- Add to this amount: As a positive number, any amount included in SC60 that represents net unrealized **losses** on **equity** securities. That is, you include all unrealized gains and losses on available-for-sale securities included in assets except for those losses on equity securities.

2. Derivative Instruments Reported as Assets Related to Qualifying Cash Flow Hedges

Report amounts included in total assets for derivative instruments related to qualifying cash flow hedges, including any related component of income tax assets. Do not include derivative instruments reported as liabilities.

Report the result on CCR280 as follows:

- When the amount on this line represents a net amount that **increased assets** reported on Schedule SC, report a **negative** number that will deduct this amount from total assets for regulatory capital purposes.
- When the amount on this line represents a net amount that **decreased assets** reported on Schedule SC, report a **positive** number that will add this amount back to total assets for regulatory capital purposes.

Report the corresponding adjustment to equity capital on CCR180. See the instructions for CCR180 for additional information.

CCR285: Qualifying Intangible Assets

For most savings associations, this line will equal CCR185; therefore, the EFS software will generate the amount from CCR185. In certain cases, it may be appropriate to change this amount. For example, where you have deducted deferred tax liabilities from corresponding PCCRs on CCR185, you must override the generated amount and enter the gross amount of PCCRs.

CCR290: Other

Report other items permitted to be added to Adjusted Total assets that are not included in CCR280 or CCR285.

CCR25: Adjusted Total Assets

The EFS software will compute this line as follows: CCR205 less CCR260, CCR265, CCR270, and CCR275 plus CCR280, CCR285 and CCR290.

CCR27: Tier 1 (Core) Capital Requirement

This represents the Tier 1 capital necessary for adequate capitalization pursuant to 12 CFR § 565.

The EFS software will compute this line as CCR25, Adjusted Total Assets, multiplied by four percent. If we have assigned you a composite CAMELS rating of one, you should override the calculated amount and report CCR25 multiplied by three percent.

If you have an individual minimum capital requirement (IMCR) set by OTS that requires the maintenance of a capital level in excess of the minimum requirement, you should override the calculated amount and report your IMCR.

This amount should never be less than three percent of CCR25.

When you hold the first lien and junior liens on a 1-to-4-family residential property and no other party holds an intervening lien, view the loans as a **single** extension of credit secured by a first lien on the underlying property. Use this treatment to determine the LTV ratio, as well as for risk weighting. Assign the combined loan amount to either the 50 percent or 100 percent risk category, depending on whether the credit satisfies the criteria for 50 percent risk weighting. In determining the LTV ratio, you need not include loans classified in Schedule SC as commercial loans made to businesses and secured by residential property when you calculate the CLTV ratio for that property. If such loans are not included in the CLTV ratio for that property, you should risk weight such commercial loans at 100 percent.

If there is an intervening lien, do not combine the loans because another entity holds the second lien (the intervening lien). For example, you hold a first mortgage and third lien as a home equity line. In this case, you risk weight the carrying value of the loan secured by the first lien at 50 percent if the LTV is less than 90 percent and it otherwise meets the 50 percent risk-weight criteria. You risk weight the carrying value of the loan secured by the third lien at 100 percent, regardless of the CLTV.

In addition, include the following types of loans in the definition of single-family mortgage loans. These loans must meet the criteria above to be risk weighted at 50 percent:

1. Loans on interests in cooperative buildings.
2. Loans to individuals to fund the construction of their own home that meet the definition of a qualifying residential construction loan in 12 CFR § 567.1. You may include any accrued interest receivable in the loan balance.
3. Mortgage loans on mixed-use properties that are primarily single-family residential properties.

Do not include:

1. The combined carrying value of mortgage and consumer loans secured by first or second liens on the same property when the CLTV ratio exceeds 90 percent. Report the combined carrying value of these loans on CCR506, 100% Risk weight: All Other Assets.
2. The combined carrying value of mortgage and consumer loans secured by first and second liens on the same property if any of the extensions of credit are nonperforming (nonaccrual) or more than 90 days past due. Report on CCR506, 100% Risk weight: All Other Assets.
3. A loan to a consumer collateralized by a junior lien when another lender holds an intervening lien. For example, you hold the second lien and another lender holds the first lien, or you hold the first lien and the third lien, but do not hold the second lien (intervening lien). Report the junior lien on CCR506, 100% Risk weight: All Other Assets.
4. Foreclosed real estate. Report on CCR506, 100% Risk weight: All Other Assets.
5. Loans to individuals to construct their own home that are not qualifying residential construction loans as defined in 12 CFR § 567.1. Report on CCR506, 100% Risk weight: All Other Assets.
6. The portion of loans guaranteed by FHA that may be risk weighted at 20 percent. Report on CCR450.
7. Loans to commercial entities collateralized by mortgages of third-party borrowers (warehouse loans), or small business loans collateralized by a lien on a residential property. Report on CCR506, 100% Risk weight: All Other Assets.

CCR465: Qualifying Multifamily Residential Mortgage Loans

Qualifying Multifamily Mortgage Loans (12 CFR § 567.1) Under Current Rule

Report the carrying value plus accrued interest receivable, of permanent, first mortgages secured by first liens on multifamily residential properties consisting of five or more dwelling units that meet **all** the following criteria:

1. Amortization of principal and interest occurs over a period of not more than 30 years.
2. Original minimum maturity for repayment of principal on the loan is not less than seven years.
3. At the time you placed the loan in the 50 percent risk-weight category, the owner had made all principal and interest payments on the loan for the preceding year on a timely basis according to the loan terms (not 30 days or more past due).
4. The loan is performing and not 90 days or more past due.
5. You made the loan according to prudent underwriting standards.
6. The current outstanding loan balance does not exceed 80 percent (75 percent for variable rate loans) of the value of the property securing the loan. “Value of the property” (when you originate a loan to purchase a multifamily property) means the lower of either the purchase price or the amount of the initial appraisal, or if appropriate, the initial evaluation. Where a purchaser is not purchasing a multifamily property, but taking a new loan on his currently owned property, determine the value of the property by the most current appraisal, or if appropriate, the most current evaluation.
7. For the property’s most recent fiscal year, the ratio of annual net operating income generated by the property, before payment of any debt service on the loan, to annual debt service on the loan is not less than 120 percent, (115 percent for variable-rate loans). In the case of cooperative or other not-for-profit housing projects, the property generates sufficient cash flows to provide you comparable protection.

In cases where a borrower refinances a loan on an existing property, instead of complying with criteria (3) and (7) above, a loan may qualify by satisfying the following criteria:

1. For the preceding year, the owner made all principal and interest payments on the loan being refinanced on a timely basis, not 30 days or more past due, according to the loan terms.
2. The net income on the property for the preceding year would have supported timely payment of principal and interest on the new loan according to the applicable debt service requirement.

12 CFR § 567.1 defines residential property as houses, condominiums, cooperative units, and manufactured homes. This definition does not include hospitals and nursing homes. Manufactured homes are those subject to HUD regulations under Title VI of the U.S. Code.

Include mortgage loans on mixed-use properties that are primarily multifamily residential properties if they satisfy the criteria for qualifying multifamily mortgage loans.

Grandfathered Qualifying Multifamily Mortgage Loans

Qualifying multifamily mortgage loans include multifamily mortgage loans that on March 18, 1994, met the criteria of qualifying multifamily mortgage loans under our capital rule on March 17, 1994, and continue to meet those criteria, namely:

1. An existing property consisting of 5 to 36 dwelling units secures the mortgage.

SC40, Repossessed Assets, equals CMR525

SC45, Real Estate Held for Investment, equals CMR520

SC55, Office Premises and Equipment, equals CMR535

SC59, Other Assets, plus SC510, FHLB Stock, equals the sum of the following items:

CMR541 CMR543 CMR544

Liabilities and Equity Capital

The sum of **SC710**, Deposits, **SC72**, Borrowings, and **SC715**, Unamortized Yield Adjustments on Deposits, equals the sum of the following line items:

CMR645	CMR715	CMR762	CMR765	CMR768
CMR771	CMR782	CMR784	CMR785	

Plus:

(1) Variable-rate, fixed-maturity liabilities reported as codes 200, 220, and 299 in the section Supplemental Reporting for Assets and Liabilities and (2) Structured borrowings reported as codes 280 through 290 in the section Supplemental Reporting of Market Value Estimates.

Less the following item: CMR755

The sum of **SC75**, Other Liabilities, and **SC712**, Escrows, equals the sum of the following items:

CMR775 CMR777 CMR779 CMR786 CMR787

SC800, Redeemable Preferred Stock and Minority Interest in Consolidated Subsidiaries, equals the sum of CMR755 and CMR793.

SC80, Total Equity Capital, equals CMR796.

ASSETS

TERMS USED IN THE ASSETS SECTION

Dwelling Unit: A dwelling unit is a unified combination of rooms, whether existing or under construction, designed for residence by one family. This classification does not change because of incidental use for business purposes.

Single Family Mortgages: Single-family mortgages include all permanent loans and combination construction-permanent loans where the permanent financing interest rate has already been set. They may be secured by any of the following types of properties:

1. One-family dwellings in detached or semi-detached structures.

2. Individual permanently financed units in a condominium, cooperative, or timesharing arrangement where the owner of each unit has an undivided proportional interest in the underlying real estate and common elements of the structure.
3. Structures consisting of two- to four-dwelling units.

Multifamily Mortgages: Multifamily mortgages include all permanent loans and combination construction-permanent loans where the permanent financing interest rate has already been set. They are secured by residential property containing five or more dwelling units and include the following types of properties:

1. Mortgages on fraternity or sorority houses offering sleeping accommodations.
2. Living accommodations for students or staff of a college or hospital.
3. Retirement homes with sleeping and eating accommodations that are not condominiums or cooperatives.

In these cases, the number of bedrooms determines the number of dwelling units.

Nonresidential Mortgages: Nonresidential mortgages include all permanent loans and combination construction-permanent loans where the permanent financing interest rate has already been set. They are secured by properties not covered by the definition of single-family dwelling units, multifamily dwelling units, or land loans. This category includes the following types of properties regardless of the incidental use of the property as a dwelling unit:

1. Mobile home parks.
2. Hospitals.
3. Nursing homes.
4. Churches.
5. Stores.
6. Other commercial property.
7. Properties used for farming.

Construction and Land Loans: Construction and land loans include land loans and the funded portion of construction loans as a single balance. This category includes most loans classified as construction or land loans in Schedule SC including the following types of properties:

1. Loans to acquire and develop land.
2. Loans for developed building lots.
3. Loans for unimproved land.
4. Construction loans secured by single-family, multifamily, or nonresidential properties.
5. Loans to developers secured by land where the developer is constructing any of these properties.

Construction and land loans do not include combination construction-permanent mortgages on any type of property where the permanent financial interest rate has already been set; include such loans with permanent mortgages in the relevant category.

Nonperforming Loans: Nonperforming loans are nonaccrual loans and loans that are still accruing interest and are at least 90 days past due, or an equivalent number of cycles – see the instructions for Schedule PD.

Teaser ARMs: Teaser ARMs are adjustable rate mortgages originated at introductory rates below the fully indexed rate, teaser rates, and that remain at their introductory rates – that is, they have not reset.

prime rate as an index and the remaining 40 percent use the one-year Treasury rate as an index, you would report the code for the prime rate, code 830.

CMR297: Margin

For the adjustable-rate balances tied to the index on CMR295, calculate the weighted-average margin as described in the general instructions to Schedule CMR. Report the result, in basis points. Do not include adjustable-rate construction loans tied to indices other than the one on CMR295.

CMR299: Reset Frequency

For the adjustable-rate construction and land loans tied to the index on CMR295, report the coupon reset frequency, in months. For loans with payments and accrual rates that reset with different frequencies, report the accrual rate reset frequency. If loans tied to the index on CMR295 reset with varying frequencies, calculate the weighted-average reset frequency in the same manner as described for the WARM in the general instructions to Schedule CMR.

Fixed-Rate

Report the following items for performing fixed-rate construction and land loans:

CMR292: Balances

Report the outstanding balance of fixed-rate construction and land loans.

CMR294: Weighted-Average Remaining Maturity (WARM)

Report the WARM, calculated as described in the general instructions to Schedule CMR, for all fixed-rate construction and land loans. For combination construction-permanent loans, use the number of months remaining in the construction phase of the loan.

CMR298: Weighted-Average Coupon (WAC)

For the fixed-rate balances on CMR292, calculate the WAC as described in the general instructions to Schedule CMR. Report the result, in percent.

Supplemental Reporting

If you hold adjustable-rate construction and land loans tied to a variety of different indices you may wish to report those balances disaggregated by index type in the Supplemental Reporting Section. The additional detail provided by such reporting improves the estimates produced by the OTS Model. For more information, see the instructions for Supplemental Reporting for Assets and Liabilities.

SECOND MORTGAGE LOANS AND SECURITIES

Report information about performing second mortgage loans on single-family dwellings and pass-through securities backed by such loans. Report all mortgages where you hold a junior lien, even if you also hold the first lien. Include the outstanding balance of all secured, open-end revolving home equity loans and lines of credit even if secured by a first lien.

Report loans that were once adjustable-rate but are now fixed-rate for their remaining term and ARMs with coupons that are currently at their lifetime caps, as fixed-rate mortgages.

Adjustable-Rate

Report the following items for performing adjustable-rate second mortgage loans and pass-through securities backed by such loans. Report pay-through securities in Cash, Deposits, and Securities on CMR461 through CMR481 or as code 121 in Supplemental Reporting of Market Value Estimates, as appropriate.

CMR311: Balances

Report the outstanding balance of the following items:

1. Adjustable-rate second mortgage loans.
2. The pro rata share of the outstanding balances of participations in adjustable-rate second mortgage loans.
3. The outstanding balances of securities backed by adjustable-rate second mortgage loans.

CMR313: Weighted-Average Remaining Maturity (WARM)

Calculate the WARM for adjustable-rate, second mortgage loans as described in the general instructions to Schedule CMR.

For balloon mortgages, use the remaining time until payment of the balloon. For loans made under open-end lines of credit, calculate maturity as if the borrower will repay the existing loan balance by making the minimum payments required by the repayment schedule.

CMR315: Rate Index Code

From the List of Interest Rate Index Codes in Appendix A, determine the rate index code that represents the largest percentage of your adjustable-rate second mortgage balances. For example, if 60 percent of your balances use the prime rate as an index and the remaining 40 percent use the one-year Treasury rate as an index, you would report the code for the prime rate, code 830.

CMR317: Margin

For the ARMs tied to the index on CMR315, calculate the weighted-average margin as described in the general instructions to Schedule CMR. Report the result, in basis points. Do not include adjustable-rate second mortgage loans tied to indices other than the one on CMR315. For second mortgage securities included in the calculation, use the net margin in the calculation. Do not include guarantee or servicing fees.

CMR513: Less: Unamortized Yield Adjustments

Report the net amount of unamortized premiums and discounts related to balances on CMR325, CMR326, CMR335, CMR336, and CMR511.

Do not include:

Premiums or discounts related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

CMR516: Less: Valuation Allowances

Report general and specific valuation allowances established to recognize credit losses.

Do not include:

1. Allowances related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.
2. Valuation allowances established to recognize decreases in the value of real estate held for investment or repossessed assets. See instructions for CMR520 and CMR525 for proper treatment of such valuation allowances.

CMR517: Unrealized Gains (Losses)

Report unrealized gains (losses) on loans held for sale, available-for-sale securities, and trading securities. Also report the 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.

Do not include:

Unrealized gains or losses related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

CMR520: Real Estate Held for Investment

Report assets of the types on SC45. Report those amounts net of any appropriate valuation allowances. CMR520 should equal SC45.

CMR525: Repossessed Assets

Report repossessed assets of the types on SC405 through SC430. Report those amounts net of any appropriate valuation allowances. CMR525 should equal SC40.

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CMR530: Equity Investments Not Subject to FASB Statement No. 115 (Excluding FHLB Stock)

Report equity investments of the type on SC540, net of any appropriate valuation allowances. **Do not include Federal Home Loan Bank stock reported on SC510; r**eport FHLB stock on CMR543, Other Assets, Miscellaneous I. Also do not include any loans made to subordinate organizations; report such loans with commercial loans on CMR325 or CMR326. Reclassify any investments accounted for by the equity method with a negative balance to CMR786, Miscellaneous Liabilities I.

CMR535: Office Premises and Equipment

Report assets of the types on SC55. CMR535 should equal SC55.

Items Related to Certain Investment Securities

CMR538: Unrealized Gains (Losses)

Report gross unrealized gains (losses) on any available-for-sale securities and trading securities on CMR461, CMR473, CMR476, and CMR479 or as code 121 in Supplemental Reporting of Market Value Estimates. Also report the 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.

Do not include:

1. Unrealized gains (losses) related to equity securities reported on CMR464.
2. Unrealized gains (losses) related to zero-coupon securities reported on CMR470.

Both CMR464 and CMR470 are reported at recorded investment and, thus, already include unrealized gains or losses.

CMR539: Less: Unamortized Yield Adjustments

Report the net amount of unamortized premiums and discounts on securities whose balances you report on CMR461, CMR473, CMR476, and CMR479 or as code 121 in Supplemental Reporting of Market Value Estimates.

Do not include:

1. Unamortized yield adjustments related to equity securities reported on CMR464.
2. Unamortized yield adjustments related to zero-coupon securities reported on CMR470.

Both CMR464 and CMR470 are reported at recorded investment and, thus, already include premiums and discounts.

CMR540: Less: Valuation Allowances

Report all valuation allowances related to securities whose balances you report on CMR377, CMR378, CMR461, CMR464, CMR470, CMR473, CMR476, and CMR479 or as code 121 in Supplemental Reporting of Market Value Estimates.

Other Assets

CMR541: Servicing Assets, Interest-Only Strip Receivables, and Certain Other Instruments

Report assets of the types reported on SC642, Servicing Assets on Mortgage Loans, SC644, Servicing Assets on Nonmortgage Loans, and SC665, Interest-Only Strip Receivables and Certain Other Instruments. CMR541 should equal the sum of SC642, SC644, and SC665.

CMR543: Miscellaneous I

Report assets of the types included on line SC689, Other Assets, except for the following items:

1. Unamortized options fees, Other Assets Code 16.
2. Deferred net losses (gains) on asset hedges, Other Assets Code 17.
3. Derivative instruments in a gain position at fair value, Other Assets Code 20.

Include:

1. Assets of the types included on SC615 and SC625, Bank-Owned Life Insurance.
2. Federal Home Loan Bank Stock reported on SC510.

Report amounts on CMR543 net of specific valuation allowances. Deduct all general valuation allowances on SC699 from this line. The sum of CMR543 and CMR544 should equal SC510, SC615, SC625, SC660 plus SC689, minus SC699.

CMR544: Miscellaneous II

Report assets of the types included on line SC660, Goodwill and Other Intangibles.

Include the following items included on SC689, Other Assets:

1. Unamortized options fees .
2. Fair value of all derivative instruments reportable as assets under FASB Statement No. 133 (Code 20).

The sum of CMR543 and CMR544 should equal SC510, SC615, SC625, SC660 plus SC689, minus SC699.

APPENDIX D

LIST OF CODES FOR SUPPLEMENTAL REPORTING

Code	**Position**
121[1]	Market value estimates of complex securities, other than mortgage derivative securities
123[1]	Market value estimates of mortgage derivatives
129[1]	Market value estimates of mortgage-related mutual funds
200[2]	Terms and conditions of variable-rate, fixed-maturity certificates of deposit
210[1]	Market value estimates of collateralized mortgage obligations issued
220[2]	Terms and conditions of variable-rate, fixed-maturity FHLB advances, other than those reported below
280[1]	Market value estimates of FHLB putable advance. Putable advances are advances that the issuing FHLB, at its discretion, may terminate and require the borrowing institution to repay at predetermined dates prior to the stated maturity date of the advance.
281[1]	Market value estimates of FHLB convertible advance. With a convertible advance, the issuing FHLB has the option to convert the advance to an adjustable rate advance after a predetermined lock-out period and periodically thereafter.
282[1]	Market value estimates of FHLB callable advance. With a callable advance, the borrower has the option to return the funds to the FHLB that issued the advance, without a prepayment fee, at designated prepayment or put dates and periodically thereafter.
283[1]	Market value estimates of FHLB periodic floor floating rate advance. The rate on the advance resets periodically to LIBOR, and the interest rate decline is limited to the periodic floor
289[1]	Market value estimates of other FHLB structured advances
290[1]	Market value estimates of other structured borrowings
299[2]	Terms and conditions of other variable-rate, fixed-maturity borrowings
500[1]	Market value estimates of either: (1) other financial derivatives and OBS positions without a contract code; or (2) the aggregate value of OBS positions in excess of the 16 positions reported on the Financial Derivatives and Off-Balance-Sheet Positions.

[1] Use these codes in the Supplemental Reporting of Market Value Estimates
[2] Use these codes in the Supplemental Reporting of Assets and Liabilities