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GENERAL INSTRUCTIONS

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

1. REQUESTS FOR INFORMATION OR ASSISTANCE

Please direct all requests for assistance in Thrift Financial Report (TFR) preparation to your assigned financial reporting analyst in the Federal Deposit Insurance Corporation Financial Reporting Division (FRD), Dallas, Texas. A list of Financial Reporting Division contacts is listed in the latest Financial Reporting Bulletin on the OTS web site. If you do not know the name or phone number of your assigned FRD analyst, call 972-761-2030. If you have questions concerning the EFS (Electronic Filing System) software or transmission, call the EFS Helpline Message Center at 866-314-1744 or email **efs-info@occ.treas.gov**.

OCC maintains a series of TFR questions and answers on the web site at **www.occ.treas.gov**. If you have a question for which you would like an e-mail response, please submit it to your financial reporting analyst or to **tfr.instructions@occ.treas.gov**.

The TFR Form, Instructions, and Financial Reporting Bulletins can be viewed and printed from the OTS web site at **www.occ.treas.gov**.

2. SCHEDULES

The TFR comprises the following schedules:

NS	Optional Narrative Statement: Statement by institution management concerning issues relevant to the TFR
SC	Consolidated Statement of Condition: Assets, liabilities, and equity capital
SO	Consolidated Statement of Operations: Income and expense
VA	Consolidated Valuation Allowances and Related Data: Reconciliation of valuation allowances, charge-offs and recoveries, and other data on troubled assets
PD	Consolidated Past Due and Nonaccrual: Information on delinquent and nonaccrual loans
LD	Loan Data: Information on high loan-to-value loans secured by 1-4 family residential properties without PMI or government guarantee

CC	Consolidated Commitments and Contingencies: Information on commitments and contingencies
CF	Consolidated Cash Flow Information: Information on mortgage, deposit, and other activity affecting cash flow during the quarter
DI	Consolidated Deposit Information: Information on deposits and escrows
SI	Consolidated Supplemental Information: Information on QTL, loans to insiders, reconciliation of equity capital, transactions with affiliates, mutual fund and annuity sales, average balance sheet data, and other data
SQ	Consolidated Supplemental Questions: Questions concerning structural and other activity during the quarter
SB	Consolidated Small Business Loans: Data completed quarterly as of March 31, 2010 pursuant to guidance from the Secretary of the Treasury notwithstanding Section 122 of the FDIC Improvement Act, Reference U.S. Department of the Treasury Press Release, tg-58, March 16, 2009, *Unlocking Credit for Small Businesses Fact Sheet*
FS	Fiduciary and Related Services: Data on trust assets and activities. Summary data is completed quarterly; more detailed information is reported annually at December 31st
HC	Thrift Holding Company: Summary of holding company financial data for both the parent only and consolidated
CCR	Consolidated Capital Requirement: Balances necessary to compute the OTS minimum capital requirement
FV	Consolidated Assets and Liabilities Measure at Fair Value on a Recurring Basis
RM	Annual Supplemental Consolidated Data on Reverse Mortgages: Data completed only for the calendar quarter ending December 31 starting with December 31, 2010
CMR	Consolidated Maturity and Rate: Information on interest rate and repricing/maturity characteristics of selected balance-sheet and off-balance-sheet items

3. FILING DEADLINES

The filing deadline for all schedules except Schedules HC and CMR is no later than the 30th day following the end of the reporting period. The filing deadline for Schedules HC and CMR is no later than the 45th day following the end of the reporting period.

The *Filing Schedule for Regulatory Reports* is included as an attachment to the quarterly Financial Reporting Bulletin that is e-mailed to institution report preparers. The Filing Schedule is also available on the OTS web site at www.occ.treas.gov.

4. FILING THE TFR

OCC provides all savings associations with EFS (Electronic Filing System) software for filing the TFR. The software facilitates the preparation, edit, and transmission of the TFR and other financial reports. Please direct your questions concerning EFS to the EFS Helpline Message Center at 866-314-1744 or by email to efs-info@occ.treas.gov.

All institutions regulated by OCC as of the last day of the quarter are required to file the TFR for the entire quarter. If the documentation submitted to OCC 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 OCC to another banking regulator** or merger with a non-OCC 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 OCC-regulated Federal Savings Association opens for business at any time during the quarter, even if on the last day of the quarter, it is required to file either a *Consolidated Reports of Condition and Income for A Bank With Domestic Office Only – FFIEC 041* or a *Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices- FFIEC 031 ("Call Report")* for the period of operations during the quarter.

5. RECORD RETENTION

You should retain at least one copy of your completed TFR or Call Report for reference; do not send paper copies to OCC. 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 OCC data file, you must transmit your TFR amendments within **45 calendar days** of the end of the quarter; that is, within 15 days after the TFR filing deadline. Amendments submitted after the 45-day period should have the approval of FRD in Dallas, before transmission. **In no case can amendments be processed beyond 135 days after the end of the quarter for the TFR. 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@occ.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 OCC 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. THREE EXEMPTIONS FROM FILING SCHEDULE CMR

(A) Savings associations that meet the following three criteria are exempt and ***should not*** file Schedule CMR after the end of the June 30, 2011 reporting period:[1]

1. Have for their most recent examination a "Composite" CAMELS (UFIRS) rating of a "1" or "2".
2. Have for their most recent examination a "Sensitivity to Market Risk" (or "S") CAMELS (UFIRS) component rating of a "1" or "2".
3. Have the means to adequately monitor and assess interest rate risk through internal processes.

(B) 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.

(C) All savings associations newly regulated by the OCC are exempt from filing Schedule CMR for the first two quarters that they are under OCC regulation.

You may also lose your exempt status if either your Assistant Deputy Comptroller ("ADC")[2] requires or former OTS Regional Director required you to file Schedule CMR. You must continue to file Schedule CMR until your ADC 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.

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[1] Reference 76 FR 39985 (July 7, 2011)

[2] The name and contact information for your ADC can be found using the following address: http://www.occ.gov/about/who-we-are/district-and-field-offices/index-organization.htmloffices/index-organization.html

b. Data fields that we indicate in the instructions and forms as being deducted should not be input as negative; these data fields will be subtracted by EFS. Indicate these data fields as negative only when the instructions say that the netting of certain amounts within these data fields might result in an amount that should be added rather than subtracted. We identify these data fields in italics on the form and mention them in the accompanying instructions.

c. You should check all data before and after input. Crosscheck data fields that should agree with other data fields. All edit failures indicated in EFS should be thoroughly verified and corrected where necessary prior to submission. Explain edit exceptions with the user note function of the filing software.

d. Persons knowledgeable of the overall financial condition and operations of the savings association should review the final TFR. The Officers' and Directors' Certification at the front of the paper copy of the TFR must be signed by an officer and three directors of the savings association for each TFR submitted, including amendments. You must retain this certification form and have it available for inspection by OCC.

e. Input into EFS (use *institution setup*, *report preparer info*) the name and telephone number of the person we should contact if questions arise concerning the TFR. This person should be familiar with the TFR's reporting requirements. When someone other than the savings association's personnel prepares the TFR, the contact should be someone who can either answer questions or can quickly obtain such answers from savings association personnel. The name and address of the TFR contact that you enter is used for the mailing list to distribute quarterly TFR mailings.

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SCHEDULE SC – CONSOLIDATED STATEMENT OF CONDITION

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

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

ASSETS

In general, report all assets net of all appropriate carrying value adjustments. Such adjustments include specific valuation allowances (SVAs), charge-offs, unamortized yield adjustments, unearned income, loans-in-process (LIP), 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.

For the following assets that may be included on various lines on this schedule, also report the balances on Schedule SI:

SI375, Financial Assets Held for Trading Purposes

SI376, Financial Assets Carried at Fair Value through Earnings

SI385, Available-for-Sale Securities

SI387, Assets Held for Sale

SI390, Loans Serviced for Others

SI394, Pledged Loans

SI395, Pledged Trading Assets

SI402, Residual Interests in the Form of Interest-Only Strips

SI404, Other Residual Interests

(Do not include Servicing Assets on these Schedule SI line items, as they are not considered financial assets).

CASH, DEPOSITS, AND INVESTMENT SECURITIES

The securities reported on SC130, SC140, SC180, SC182, and SC185 fall into one of the following categories:

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

SC11: Total

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

SC110: Cash and Non-interest-earning Deposits

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

Include:

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

Do not include:

1. Checks drawn against zero-balance accounts or accounts not routinely maintained with sufficient balances to cover checks drawn in the normal course of business. Report on SC710, Deposits.
2. Federal Reserve Bank deposits earning interest. Include these deposits on SC118.
3. All other accounts with credit balances that do not have the right of offset. Report on SC760, Other Borrowings.

SC112: Interest-Earning Deposits In FHLBs

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

Do not include:

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

SC118: Other Interest-Earning Deposits

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

Include:

Federal Reserve Bank deposits earning interest.

Do not include:

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

SC125: Federal Funds Sold and Securities Purchased Under Agreements to Resell

Include:

1. The balance of excess Federal Funds invested.
2. Securities purchased under agreements to resell that do not meet the criteria for sale treatment, and are therefore accounted for as secured lending arrangements, including dollar-repurchase and fixed-coupon agreements.

Do not include:

1. Term Federal Funds

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

SC130: U.S. Government, Agency, and Sponsored Enterprise Securities

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

Include:

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

Do not include:

1. Investments in mutual funds that invest in U.S. government, agency, and sponsored enterprise securities. Report on SC140, Equity Securities Carried at Fair Value.
2. Stock of FHLBanks. Report on SC510, Federal Home Loan Bank Stock.
3. Equity securities issued by sponsored enterprises of the U.S. government, such as Freddie Mac preferred stock. Report on SC140.
4. Securities issued by state and local governments. Report on SC180.

5. Securities purchased under a repurchase or dollar-repurchase agreement. Report on SC125, Federal Funds Sold and Securities Purchased Under Agreements to Resell.
6. Mortgage-backed instruments and derivatives issued or guaranteed by U. S. Government agencies or sponsored agencies.[3] Report on SC210 or SC217.

SC140: Equity Securities Carried at Fair Value

Report all investments in equity securities that are classified as available-for-sale or trading, and that are carried at fair value.

Include:

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

Do not include:

1. FHLBank stock. Report on SC510, Federal Home Loan Bank Stock.
2. Other equity investments not carried at fair value, including ownership interests in unconsolidated subordinate organizations and entities designated as pass-through investments, even though they are not subordinate organizations. Report on SC540, Other Equity Investments Not Carried at Fair Value.
3. Your association's own treasury stock. Report as a reduction of capital on SC891, Other Components of Equity Capital.

SC180: State and Municipal Obligations

Report debt securities issued by state and local governments.

SC182: Securities Backed By Nonmortgage Loans

Report the outstanding balance, as determined in accordance with GAAP, of all securities collateralized by nonmortgage loans such as credit card loans and auto loans.

SC185: Other Investment Securities

Report investment securities and other instruments not reported on SC110 through SC182 or SC510 or SC540.

Include:

1. Investments in commercial paper and corporate debt securities.
2. Promissory notes.
3. Mortgage-backed bonds and notes.

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[3] U. S. Government agencies include, but are not limited to, such agencies as the Government Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

SC191: Accrued Interest Receivable

Report accrued interest and dividends receivable on deposits and investment securities reported on SC110 through SC185.

MORTGAGE-BACKED SECURITIES:

Mortgage-backed securities fall into one of the following three categories:

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

Adjust the balances in this section for:

1. Discounts and premiums on the purchase of the securities.
2. Specific valuation allowances.
3. The accumulated fair value gain or loss on the security attributable to the designated risk being hedged on a qualifying fair-value hedge.

Do not adjust the balances in this section for: General valuation allowances. Report on SC229.

Do not include:

Mortgage-backed securities purchased subject to repurchase agreements. Report on SC125, Federal Funds Sold and Securities Purchased Under Agreements to Resell.

SC22: Total

The EFS software will compute this line as the sum of SC210 through SC228.

PASS-THROUGH:

A security must meet **all** of the following criteria to be classified as a pass-through security:

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

You should report a security that meets item 1 but not 2 or 3 on SC217, SC219, or SC222, unless it is a mortgage-backed bond, in which case you should report it on SC185, Other Investment Securities. You should report a security collateralized by loans that meets items 2 and 3 but does not meet item 1 on SC182, Securities Backed by Nonmortgage Loans. Report a debt security that does not meet any of the above or meets only item 2 or item 3, but not both, on SC185, Other Investment Securities, except for those government securities reported on SC130 and SC180.

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

Include pass-through securities collateralized by home equity mortgages.

SC210: Insured or Guaranteed by an Agency or Sponsored Enterprise of the U.S.

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

Include:

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

Do not include:

1. Fannie Mae and Freddie Mac bonds. Report on SC130, U.S. Government, Agency, and Sponsored Enterprise Securities.
2. Mortgage derivatives, including CMOs collateralized by Fannie Mae, Ginnie Mae, and Freddie Mac mortgage-backed securities. Report on SC217, SC219, or SC222.
3. Mortgage pass-through securities **not** insured or guaranteed by an agency or instrument of the United States, even if they are issued by a government-sponsored enterprise. Report on SC215.

SC215: Other

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

OTHER MORTGAGE-BACKED SECURITIES (EXCLUDING BONDS):

SC217: Issued or Guaranteed By U. S. Government Agencies or Sponsored Agencies[4]

Report the outstanding balance, as determined in accordance with GAAP, of securitized mortgage derivatives that U. S. Government Agencies or Sponsored Agencies issue or guarantee. Include the following instruments issued or guaranteed: REMICs, IO and PO strips, collateralized mortgage obligations (CMOs), securitized residual interests of such derivatives, and other subordinated tranches.

[4] U. S. Government agencies include, but are not limited to, such agencies as the Government Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

SC219: Collateralized By Mortgage-Backed Securities Issued or Guaranteed By U. S. Government Agencies or Sponsored Agencies (reference footnote #4 on page 206)

Report the outstanding balance, as determined in accordance with GAAP, of securitized mortgage derivatives that are collateralized by mortgage derivatives that U. S. Government Agencies or Sponsored Agencies issue or guarantee. Include the following instruments issued or guaranteed: 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.

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.

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.

Include:

1. FHA/VA and conventional first mortgage loans.
2. Junior mortgage liens, both open-end and closed-end.
3. Your share of participating interests in loans.
4. Loans to commercial entities collateralized by mortgages of third-party borrowers, such as warehouse loans, provided the underlying loans are secured by real estate.
5. Disbursed portion of open-end home equity loans if you secure the loan by a lien on real estate.
6. The unpaid balance of the gross loan in a wrap-around mortgage if you wrapped a loan held by a third party. Report the loan payable to the third party as a liability on SC760, Other Borrowings.
7. Loans on units in cooperative buildings.

Do not include:

1. Mortgage-backed securities. Report on SC210 through SC222.
2. The portion of participations sold qualifying as a sale under GAAP; you should no longer report the sold portion in your statement of condition.
3. Mortgage-backed bonds. Report on SC185.
4. Real estate loans where the characteristics dictate treatment as an investment in real estate in accordance with GAAP. Report on SC45, Real Estate Held for Investment.
5. Foreclosed assets. Report on SC405 through SC428, Repossessed Real Estate.
6. Loans secured by assets that you physically possess, although foreclosure has not yet occurred, in-substance foreclosures. Report on SC405 through SC428, Repossessed Real Estate.
7. Loans purchased subject to agreements to resell, that is, you hold these loans as collateral received for loans made to others. Report on SC125, Federal Funds Sold and Securities Purchased Under Agreements to Resell.
8. Loan commitments that you have not yet taken down, even if you have received fees. Prior to disbursement of the loan, report refundable fees on SC712, Escrows, and nonrefundable fees on SC796, Other Liabilities and Deferred Income, as Code 04.
9. Loans on timeshare arrangements. Report on SC330, Other Consumer Loans.
10. Unsecured home improvement loans. Report on SC316, Home Improvement Loans.

SC26: TOTAL

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

Construction Loans on:

SC230: 1-4 Dwelling Units

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

Include:

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

Do not include:

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

SC235: Multifamily (5 or More Dwelling Units)

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

Include:

Loans for the construction of apartment buildings including condominium and cooperative apartments.

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

SC240: Nonresidential Property

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

Include:

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

Do not include:

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

Permanent Mortgages on:

1-4 Dwelling Units:

Include:

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

Do not include:

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

SC251: Revolving, Open-End Loans

Report the outstanding balance of all revolving, open-end lines of credit secured by 1-4 dwelling units and extended under lines of credit, where you secured the loan with a lien on the real estate. You generally secure these loans, called “home equity lines of credit,” by a junior lien, and the funds may be accessible by check or credit card. However, where no senior lien exists, you may secure these lines by a first lien on the real estate. .

SC254: Secured by First Liens

Report the outstanding balance of all closed-end loans secured by first liens on 1-4 family residential properties.

SC255: Secured by Junior Liens

Report the outstanding balance of all closed-end loans secured by junior liens on 1-4 family residential properties.

SC256: Multifamily (5 or More Dwelling Units)

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

Include:

1. Mortgages on 5 or more dwelling units where construction has been completed.
2. Mortgages on apartment buildings.
3. Refinancing loans on 5 or more dwelling units where the original loan was a permanent mortgage.
4. Junior liens on 5 or more dwelling units where the senior lien is a permanent mortgage.
5. Permanent mortgages secured by fraternity or sorority houses offering sleeping accommodations.
6. Permanent mortgages secured by living accommodations for students or staff of a college or hospital.
7. Permanent mortgages secured by retirement homes with sleeping and eating accommodations for permanent residents, where the units are not condominiums or cooperatives. Each bedroom equals one dwelling unit. Report mortgages secured by retirement community condominiums or cooperatives on SC254 or SC255.
8. Permanent mortgages secured by developed mobile home parks where the individual units are under the mortgage.

Do not include:

1. Mortgages on individual condominium units where the mortgage covers fewer than five units in the same project. Report on SC251 through SC255.
2. Combination land and construction loans regardless of the current stage of construction or development. Report on SC235.
3. Combination construction and permanent loans until construction is completed or principal amortization payments begin, whichever comes first. Report on SC235.
4. Bridge loans to developers where the buyer will not assume the same loan. Report on SC235.

SC260: Nonresidential Property, Except Land

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

Include:

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

Do not include:

1. Combination land and construction loans regardless of the current stage of construction or development. Report on SC240.
2. Combination construction and permanent loans until construction is completed or principal amortization payments begin, whichever comes first. Report on SC240.

3. Bridge loans to developers where the buyer will not assume the same loan. Report on SC240.

SC265: Land

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

Include:

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

Do not include:

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

SC272: Accrued Interest Receivable

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

Do not include:

1. Interest receivable if collection was not probable at the time it was recorded.
2. Interest receivable on loans or participations serviced for others. Report on SC689, Other Assets.
3. Interest receivable that is capitalized to the loan balance. Report with the loan balance on SC230 through SC265.

SC275: Advances for Taxes and Insurance

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

Do not include:

1. Credit balances. Report on SC712, Escrows.
2. Advances for taxes and insurance on loans and participations **serviced for others**. Report on SC689, Other Assets, as Code 09.

SC283: Allowance for Loan and Lease Losses

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

Do not include:

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

NONMORTGAGE LOANS

Adjust the balances in this section for:

1. Specific valuation allowances.
2. Deferred loan fees net of direct costs.
3. Discounts and premiums on the purchase of nonmortgage loans and contracts.
4. Application of lower-of-cost-or-market accounting treatment to loans held for sale but not in a trading account.
5. Any undisbursed balance of closed-end loans, loans-in-process. Report the undisbursed amount of nonmortgage loans on CC125.
6. The undisbursed portion of lines of credit. Report the undisbursed amount on CC420-425.
7. Unearned interest, such as add-on interest of loans issued at a discount.
8. Deposits accumulated for the payment of loans, hypothecated deposits.
9. Accumulated gain or loss (change in fair value) on nonmortgage loans attributable to the designated risk being hedged on a qualifying fair-value hedge.

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

Include:

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

Do not include:

1. Investments in securities collateralized by nonmortgage loans. Report these securities on SC182, Securities backed by Nonmortgage Loans. **Note:** Although you report pass-through securities backed by nonmortgage loans **with** nonmortgage loans in Schedule CMR, in Schedule SC report securities backed by nonmortgage loans with Investment Securities.
2. Loan commitments that you have not yet taken down, even if you have received fees. Prior to disbursement of the loan, report refundable fees on SC712, Escrows, and nonrefundable fees on SC796, Other Liabilities and Deferred Income, as Code 04.

SC31: Total

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

Commercial Loans:

SC32: Total

The EFS software will compute this line as the sum of SC300, SC303, and SC306.

SC300: Secured

Report all loans to corporations, partnerships, and individuals for business purposes that are secured by tangible property or insured or guaranteed by a federal, state, or municipal government or agency thereof.

Include:

1. Secured loans for farming operations.
2. Floor-planning, inventory and wholesale, loans to dealers for automobiles or mobile homes.
3. Retail auto loans if the autos are for commercial use.

4. Nonmortgage loans insured or guaranteed by state or municipal government authority or an agency of the federal government, including Farmers Home Administration, Agency for International Development, and the insured portion of nonmortgage Small Business Administration (SBA) loans.
5. Secured nonmortgage loans to unconsolidated subordinate organizations.
6. Outstanding balances of secured commercial lines of credit.
7. Loans secured by residential property to finance small businesses if the loans are not reported as mortgages.

Do not include:

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

SC303: Unsecured

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

Include:

1. Unsecured construction loans to builders.
2. Unsecured loans for the improvement of multifamily and other commercial property.
3. The outstanding balance of unsecured commercial lines of credit, overdrafts on commercial demand deposits, and business credit cards.
4. Unsecured loans for farming operations.
5. Term Federal Funds - Any lending of immediately available funds where the loan has an original maturity of more than one business day, other than securities purchased under agreements to resell, is to be treated as a loan. Such transactions are sometimes referred to as *Term Fed Funds*.
6. All other unsecured loans made for commercial purposes.

Do not include:

1. Unsecured loans to unconsolidated subordinate organizations. Report on SC540, Equity Investments Not Carried at Fair Value: Other.
2. Corporate debt securities even if included in calculating OTS commercial loan limitations. Report on SC185, Other Investment Securities.
3. Non-interest-bearing overdrafts on commercial deposit accounts where the institution grants modest sized overdrafts for the convenience of the customer. Typically, such overdraft protection plans are offered to most customers on a fee for service basis rather than incurring interest charges. Report such overdrafts on SC 689, “Other Assets.” Report fee income on such overdrafts as SO 420, “Other Fees and Charges.”

SC304: Credit Card Loans Outstanding – Business

Report all unsecured credit card business loans included on SC303.

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.

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 underwritten as loans; 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 underwritten as loans.
7. Overdrafts of consumer accounts.
8. Ground rents on properties used for one-to-four dwelling units.

Do not include:

1. Loans on units in cooperative buildings. Report on SC254 or SC255, Permanent Mortgages on 1-4 Dwelling Units.
2. Non-interest-bearing overdrafts on consumer deposit accounts where the institution grants modest sized overdrafts for the convenience of the customer. Typically, such overdraft protection plans are offered to most customers on a fee for service basis rather than incurring interest charges. Report such overdrafts on SC 689, “Other Assets.” Report fee income on such overdrafts as SO 420, “Other Fees and Charges.”

SC348: Accrued Interest Receivable

Report accrued interest receivable on nonmortgage loans reported on SC300 through SC330, if collection was probable at the time of accrual. You must place loans on which the collection of interest is not probable in a nonaccrual status.

Do not include:

1. Interest receivable if collection was not probable at the time the interest was recorded.
2. Interest receivable on loans or participations serviced for others. Report on SC689, Other Assets.

SC357: Allowance for Loan and Lease Losses

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

REPOSSESSED ASSETS

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

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

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

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

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

Include:

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

Do not include:

1. Real estate held for investment or development. Report on SC45, Real Estate Held for Investment.
2. Real estate intended for your future use. Report on SC55, Office Premises and Equipment.
3. Foreclosed real estate from a loan treated as an investment in real estate in accordance with GAAP; continue to report these on SC45, Real Estate Held for Investment.
4. Foreclosed real estate from loans to entities such as joint ventures in which you or your subsidiaries are investors. Report these on SC45, Real Estate Held for Investment.

SC40: Total

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

Real Estate:

SC405: Construction

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

SC415: 1-4 Dwelling Units

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

SC425: Multifamily (5 or More Dwelling Units)

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

SC426: Nonresidential, Except Land

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

SC428: Land

Report repossessed land.

Include:

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

SC429: U.S. Government-Guaranteed or -Insured Real Estate Owned

Report repossessed property where the loans were wholly or partially guaranteed or insured by agencies of the U.S. government.

SC430: Other Repossessed Assets

Report all other repossessed property, excluding real estate.

SC441: General Valuation Allowances

Report all general valuation allowances established on repossessed assets.

Do not include:

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

SC45: REAL ESTATE HELD FOR INVESTMENT

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

Include:

1. Real estate acquired and held for investment purposes.

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

Do not include:

1. Office buildings and land that you own and use in your business operations. Report on SC55, Office Premises and Equipment.
2. Real estate acquired as part of a troubled debt restructuring. Report on SC405 through SC428, Repossessed Assets: Real Estate.
3. Real estate acquired indirectly through an entity designated as a pass-through investment as described in 12 CFR § 560.32. Report the pass-through investment on SC540, Equity Investments Not Carried at Fair Value: Other.
4. The share of investments owned in real estate joint ventures qualifying as unconsolidated subordinate organizations. Report on SC540, Equity Investments Not Carried at Fair Value: Other.
5. Real estate originally acquired for your future use but no longer intended for that purpose. Report as REO on SC405 through SC428.

SC51: Equity Investments Not Carried at Fair Value

The EFS software will compute this line as the sum of SC510 and SC540.

SC510: Federal Home Loan Bank Stock

Report the carrying value of Federal Home Loan Bank Stock.

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 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. Include amounts represented in the contractual terms of the policy (i.e. cash surrender value, claim stabilization reserves, and tax on deferred acquisition costs.

SC625: Other

Report the value of all bank-owned life insurance that you do not consider key-person insurance, and therefore that you do not include on SC615. Include amounts represented in the contractual terms of the policy (i.e. cash surrender value, claim stabilization reserves, and tax on deferred acquisition costs).

Intangible Assets:

Servicing Assets:

Report the carrying amount of servicing assets on mortgage and nonmortgage loans.

Servicing assets may be carried at either a.) the lower of cost or fair value, or b.) fair value.

For servicing assets carried at the lower of cost or fair value, 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.
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 fees 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 balance of goodwill and other intangible assets.

Include:

1. Goodwill.
2. Core deposit premium.
3. Intangible pension assets.
4. Technology-based intangible assets, such as computer software.
5. Other intangible assets (i.e., purchased credit card relationships (PCCRs)) 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.

SC665: Interest-only Strip Receivables and Certain Other Instruments

Report the amortized cost of certain nonsecurity financial instruments (CNFIs) accounted for at fair value like investments in debt securities classified as available-for-sale or trading. 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; 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.

All CNFIs should be reported on either SI375 or SI385, depending on whether they are classified as held for trading or available-for-sale.

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.

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 (net of deferred tax liabilities).

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

21 No longer used

22 Unapplied loan disbursements.

Include only those loan disbursements that you cannot categorize.

23 No longer used

24 No longer used

25 No longer used

26 Non-interest-bearing overdrafts of consumer and commercial deposit accounts where the institution does not perform a credit analysis but offers overdraft protection to most customers for their convenience.

99 Other. **Use this code only for those items not identified above**.

SC692, 694, and 698: Amounts

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

SC699: General Valuation Allowances

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

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

SC60: TOTAL ASSETS

The EFS software will compute this line as the sum of SC11, SC22, SC26, SC31, SC40, SC45, SC51, SC55, and SC 59. This amount must equal SC90, Total Liabilities and Equity Capital.

LIABILITIES

For the following liabilities that may be included on various lines on this schedule, also report the balance on Schedule SI if the liability is recorded under a fair value option on:

SI377, Financial Liabilities Carried at Fair Value through Earnings

DEPOSITS AND ESCROWS:

SC71: Total Deposits and Escrows

The EFS software will compute this line as the sum of Deposits (SC710), Escrows (SC712), and Unamortized Yield Adjustments on Deposits and Escrows (SC715).

SC710: Deposits

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

Include:

1. All deposits whether interest-bearing or not.
2. Deposits exceeding DIF insurance limits, including those collateralized by your assets, such as deposits of public funds.
3. Unposted credits, such as:

a. Deposit transactions that you include in a general ledger account and have not yet posted to a deposit account.

b. Deposits you received in one branch for deposit into another branch, typically another branch in another state or outside of continental USA.

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

Exclude the following from unposted credits:

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

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

4. Outstanding cashier's checks, money orders, or other official checks drawn on an internal account issued in the usual course of business for any purpose, including, without being limited to, those that you issued in payment for your debts or expenses, or payable to a third party named by a customer making the withdrawal.
5. Accounts pledged by your directors and organizers as protection against operating deficits and other nonwithdrawable accounts, whether or not they are used in determining compliance with minimum capital requirements.
6. U.S. Treasury tax and loan accounts that represent funds received as of the close of business of the reporting date. Do not include funds credited prior to the reporting date that are automatically converted into open-ended interest-bearing notes. Report such balances on SC796, Other Liabilities and Deferred Income.
7. Unapplied loan balances, such as receipts from borrowers that have not yet been classified as principal, or interest, unless you credit the applicable customer accounts as of the date you initially received the funds.
8. Credit balances in credit card accounts, credit card customer overpayments.
9. Funds you received or held in connection with drafts or checks that you have drawn on another depository institution, a Federal Home Loan Bank, or a Federal Reserve Bank. The funds reported here are only those drawn either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, including accounts where you remit funds only when the checks or drafts are presented. For example, funds received from a customer for a cashier's check that is drawn on a zero-balance account in another financial institution.
10. Dealer reserve accounts, when considered a liability under GAAP. **Dealer reserve accounts** are refundable amounts held as collateral in the purchase of installment notes from a dealer. For example, a savings association purchases $100,000 in installment notes from a dealer for the full face amount, for which it pays $90,000 to the dealer and holds the remaining $10,000 as collateral. The $10,000 held is a dealer reserve account, which you should report as a deposit. If you hold dealer reserves that under GAAP are reported as contra-assets, then you should report the assets net of these dealer reserves in Schedule SC.
11. Outstanding travelers' letters of credit and other letters of credit you issued for cash or its equivalent (prepaid letters of credit), less outstanding drafts accepted against the letters of credit.

12. Funds you hold as security for an obligation due to the bank or others, except hypothecated deposits, and funds deposited by a debtor to meet maturing obligations, such as amounts pledged against sinking fund mortgages and as collateral for loans.

Certain items should be added back to the appropriate deposit control totals and reported on SC689, Other Assets, as Code 99. Such items are: the gross amount of debit items (rejects) that you cannot post to the individual deposit accounts without creating overdrafts or that you cannot post for some other reason, such as stop payment, missing endorsement, post or stale date, or account closed, but which have been charged to the control accounts of the various deposit categories on the general ledger.

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

You should report reciprocal balances with commercial banks and other savings associations on a net basis where the right of set-off exists. Reciprocal demand balances arise when two depository institutions maintain deposit accounts with each other. In certain cases you will need to report reciprocal demand balances on DI520, Total Allowable Exclusions (Including Foreign Deposits).

Do not include:

1. Escrow accounts. Report on SC712, Escrows.
2. Custodial accounts established pursuant to loan servicing agreements. Report on SC712, Escrows.
3. Deposit accounts that you set up in your own name for which there is a corresponding cash account in assets. Eliminate the cash account from assets and the same amount from deposits. See item 4 under **Include** above concerning outstanding checks.
4. Outstanding checks drawn on, or payable at or through, a non-zero-balance account at a Federal Reserve Bank or a Federal Home Loan Bank. Deduct these amounts from cash-in-bank, typically, from amounts on SC110 or SC112, as appropriate, and also report them on DI510 for inclusion in the deposit base for FDIC insurance assessment purposes. See item 9 under **Include** above concerning outstanding checks drawn on zero-balance accounts.
5. Outstanding checks written against accounts in other depository institutions, as defined by the Federal Deposit Insurance Act. Deduct these from the related deposit reported on SC110 or SC118.
6. Discounts and premiums that result from marking assets and liabilities to fair value because of an acquisition, merger, or change in control. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.
7. Deductions for commissions and other capitalized items. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.
8. Deductions for customers' overdrafts in NOW and demand accounts unless the right of set-off under a valid cash management arrangement exists for accounts of the same legal entity. Report as loans on SC303, Unsecured Commercial Loans, SC330 Other Consumer Loans or SC689 Other Assets, code 26.
9. U.S. Treasury tax and loan account balances credited prior to the reporting date that are automatically converted into open-ended interest-bearing notes. Report such balances in liabilities on SC796, Other Liabilities and Deferred Income.
10. Hypothecated deposits, deposits accumulated for the payment of loans. Deduct these from the related loan.
11. Accumulated gain or loss, change in fair value, on deposits attributable to the designated risk being hedged on a qualifying fair-value hedge. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.

SC712: Escrows

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

Include:

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

Do not include:

1. Advances for borrowers' taxes and insurance, T&I escrow accounts with debit balances. If you or your consolidated subsidiaries own the related loan, report the advances on SC275, Advances for Taxes and Insurance. If you service the related loan for others, report them on SC689, Other Assets, as Code 09.
2. Advances to investors for loans you serviced for others prior to receipt from the borrower. Report as assets on SC689, Other Assets, Code 09.
3. Custodial accounts held by a depositor for another for example, a custodial account held for a minor where the parent or some other depositor is the custodian. Report as deposits on SC710.
4. IRA and Keogh accounts. Report as deposits on SC710.
5. Escrows where the funds are deposited in other depository institutions. Report as liabilities on SC796, Other Liabilities, Code 99.
6. Accumulated gain or loss on escrows attributable to the designated risk being hedged on a qualifying fair-value hedge. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.
7. Escrows where your holding company or unconsolidated affiliate is a party to the escrow agreement and where you are not a party to the escrow agreement. Report on SC710, Deposits.

SC715: Unamortized Yield Adjustments on Deposits and Escrows

Report the unamortized balance of discounts and premiums on deposits. Report the face amounts of the related deposits on SC710 and SC712. These yield adjustments are amortized to interest expense on SO215, Interest Expense on Deposits. This data field may be negative, representing a debit. .

Include:

1. Discounts and premiums resulting from initially recording purchased deposits and escrows at fair value.
2. Discounts and premiums related to accounting for a derivative instrument embedded in deposits and escrows as either a separate asset or liability.
3. The accumulated gain or loss (the change in fair value) on deposits and escrows attributable to the designated risk being hedged on a qualifying fair value hedge.
4. Unamortized brokers fees.

Do not include:

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

BORROWINGS

Adjust the balance due for (1) discounts and premiums; and (2) the accumulated gain or loss on borrowings attributable to the designated risk being hedged on a qualifying fair-value hedge. Amortize the discounts and premiums to interest expense. Report issuance costs related to borrowings in SC689, Other Assets.

SC72: Total

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

SC720: Advances from FHLBank

Report all FHLBank borrowings.

Include:

1. All FHLBank advances.
2. Deferred commitment fees you paid on FHLBank advances; these reduce the outstanding balance.
3. Prepayment penalties you paid on FHLBank advances that qualify for deferral under GAAP; these reduce the outstanding balance. Generally FHLBank prepayment penalties should be expensed on SO580, Other Noninterest Expense. However, in limited circumstances, prepayment penalties may be deferred and amortized as a yield adjustment on SO230, Interest Expense: Advances from FHLBank.

Do not include:

1. Amounts due a FHLBank in the form of securities sold under agreements to repurchase. Report on SC730.
2. Accrued interest. Report on SC766, Other Accrued Interest Payable.

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

Include:

1. Funds you received from securities sold under agreements to repurchase that do not meet the criteria for sale treatment, and are therefore accounted for as secured borrowings, including retail repurchase, dollar-reverse-repurchase, and dollar-roll agreements.
2. Amounts due a FHLBank in the form of securities sold under agreements to repurchase.
3. Federal Funds purchased.

Include in the gain or loss on the sale funds received from transactions accounted for as a sale, such as, yield maintenance, dollar-reverse-repurchase agreements, and certain dollar-roll transactions. **Note** that the repurchase transaction and subsequent investment of these borrowed funds are independent transactions. Therefore, you should not offset any income generated by this subsequent investment by the interest expense incurred in the reverse repurchase transaction. Report interest income on SO115, Interest Income on Deposits and Investment Securities, and interest expense on SO260, Interest Expense: Other Borrowed Money.

SC736: Subordinated Debentures (Including Mandatory Convertible Securities and Limited-Life Preferred Stock)

Report subordinated debentures and mandatorily convertible securities that you or your consolidated subsidiaries issued, net of premiums and discounts. For thrifts that have elected to be taxed under Subchapter S or are organized in mutual form, include the full amount of all subordinated debt securities issued to the Treasury Department under the CPP. Include REIT preferred stock issued by a consolidated subsidiary to a third party that you report as a liability. Report related issuance costs on SC689, Other Assets.

SC740: MORTGAGE-COLLATERALIZED SECURITIES ISSUED

Report all mortgage-collateralized securities issued by you and your consolidated subsidiaries adjusted for issuance costs, discounts, and premiums.

SC760: Other Borrowings

Report all other borrowings not included on SC720 through SC745.

Include:

1. Redeemable preferred stock issued by consolidated subsidiaries to third parties.
2. Mortgages and other encumbrances on your office premises or real estate owned for which you are liable.
3. Obligations of an employee stock ownership plan (ESOP) to a lender other than yourself, when such reporting is required under GAAP.
4. The underlying mortgage in a wrap-around loan unless the holder of the underlying mortgage has accepted a subordinated position, in which case you deduct the underlying loan against the related loan.
5. Senior liens on foreclosed real estate.
6. Overdrafts in your transaction accounts in other depository institutions, where there is no right of set-off against other accounts in the same financial institution. If the overdraft is in a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, you should include in deposits the funds received or held in connection with checks drawn on the other depository institutions.
7. Commercial paper that you have issued.

8. Liabilities for capital leases related to assets that you've reported on SC55.
9. Eurodollar issues.
10. The liability from a *sale* of loans with recourse accounted for as a financing.
11. The related liability for delinquent mortgage loans previously securitized with Ginnie Mae, where you have an unconditional repurchase option. The recording of such mortgage loans and the related liability is required under GAAP.
12. Clearing items.
13. Purchase acquisition debt.
14. Borrowings from the Federal Reserve Bank.

Do not include:

1. Accrued interest due and payable. Report on SC766, Other Accrued Interest Payable.
2. Redeemable preferred stock you have issued. Report on SC800, Noncontrolling Interest.

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

OTHER LIABILITIES

SC75: Total

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

SC763: Accrued Interest Payable - Deposits

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

Do not include:

Interest withheld from deposits for remittance to taxing authorities. Report on SC712, Escrows.

SC766: Accrued Interest Payable - Other

Include:

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

SC776: Accrued Taxes

Include:

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

Do not include:

1. Taxes withheld from employees' salaries. Report on SC712, Escrows.
2. Tax accrual accounts with debit balances. Report as accounts receivable on SC689, Other Assets, as Code 03.
3. Interest withheld from deposits for remittance to taxing authorities. Report on SC712, Escrows.

SC780: Accounts Payable

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

Reclassify accounts payable with material debit balances to accounts receivable. Report on SC689, Other Assets, as Code 14.

SC790: Deferred Income Taxes

Report net deferred income taxes with a credit balance. Report deferred income taxes from the same jurisdiction net. Report net debit balances as deferred tax assets on SC689, Other Assets, Code 04.

SC796: Other Liabilities and Deferred Income

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

Memo: Detail of Other Liabilities

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

SC791, 794 and 797: Codes

01 Dividends payable on stock.

02 No longer used

03 No longer used

04 Nonrefundable loan fees received prior to loan disbursement.

05 Deferred gains from sale/leaseback where the resulting lease is an operating lease.

06 Balances in U.S. Treasury tax and loan accounts administered under the note option that provide for the conversion of the previous day’s balance to an interest-bearing demand note.

07 Deferred gains from the sale of real estate recorded under the percentage-of-completion or deposit methods.

08 Negative investments in entities accounted for under the equity method.

09 Fees received for standby contracts and other option arrangements where the savings association is obligated to purchase or sell securities at the option of the other party.

10 Amounts due brokers for unsettled transactions.

11 The liability recorded for pensions and other postretirement benefits.

12 No longer used.

13 Amounts payable under interest-rate-swap agreements.

14 Unapplied loan payments received for which the customer’s account will be credited as of the date of receipt.

15 Liability when the benefits of a loan servicing contract are not expected to adequately compensate the servicer.

16 Recourse loan liability.

Do not include liabilities for credit losses on off-balance-sheet credit exposures; include these under code 21.

17 Non-interest-bearing payables due to holding companies and affiliates.

18 Litigation reserves.

19 Nonrefundable stock subscriptions. Note that refundable stock subscriptions are reported as escrows on SC712.

20 Fair value of all derivative instruments reportable as liabilities.

21 Liabilities for credit losses on off-balance-sheet credit exposures.

Include liabilities established for credit losses on commitments, standby letters of credit, and guarantees. Do not include liabilities for sale of loans with recourse; include these under code 16.

22 Deposit insurance assessments payable.

99 Other. **Use this code only for those items not identified above.**

Do not include:

1. Escrows. Report on SC712, Escrows.
2. Deferred credits classified as contra-assets, such as loans in process and deferred loan fees. Deduct these from the related asset.
3. Yield adjustments on deposits. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.
4. Yield adjustments, commitment fees, and issue costs on FHLBank advances and other borrowings. Report as part of the borrowings' balance.
5. Accrued interest on escrow accounts. Report on SC712, Escrows, or SC763, Accrued Interest Payable - Deposits.
6. U.S. Treasury tax and loan accounts administered under the remittance option requiring the remittance of the previous day's balance to a federal reserve bank. Report on SC710, Deposits.
7. Unapplied loan payments received for which the customer's account will be credited as of the date of transfer rather than the date of receipt from the customer. Report on SC710, Deposits.

SC792, 795, and 798: Amount

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

SC70: TOTAL LIABILITIES

The EFS software will compute this line as the sum of SC71, SC72, and SC75.

EQUITY CAPITAL

PERPETUAL PREFERRED STOCK

Include:

1. Preferred stock you issued that is nonredeemable by the purchaser and that qualifies as equity capital under GAAP.
2. Preferred stock convertible into common stock.

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

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

Do not include:

1. Redeemable preferred stock you issued. Report on SC800, Noncontrolling Interest.

2. Redeemable preferred stock issued by a consolidated subsidiary. Report on SC760, Other Borrowings.
3. Permanent preferred stock issued by a consolidated subsidiary. Report on SC800, Noncontrolling Interest.

SC812: Cumulative

Report permanent preferred stock where the stockholders are entitled to receive unpaid dividends before the payment of dividends on other classes of stock. Include U.S. Treasury Department Capital Purchase Program preferred stock and warrants.

SC814: Noncumulative

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

COMMON STOCK

SC820: Par Value

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

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

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

Do not include deductions for:

Stock you reacquired – treasury stock. Report as a negative on SC891, Other Components of Equity Capital.

Unallocated ESOP shares. Report as a negative on SC891, Other Components of Equity Capital.

SC830: Paid in Excess of Par

Include:

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

Do not include:

Paid-in capital from the issuance of preferred stock. Report on SC812 or SC814, Perpetual Preferred Stock.

ACCUMULATED OTHER COMPREHENSIVE INCOME

SC86: Total

The EFS software will compute this line as the sum of Unrealized Gains (Losses) on Available-for-Sale Securities (SC860), Gains (Losses) on Cash Flow Hedges (SC865), and Other Accumulated Other Comprehensive Income (SC870).

SC860: Unrealized Gains (Losses) on Certain Securities

Report unrealized gains (losses), net of taxes, for you and your subordinate organizations on securities and on certain nonsecurity financial instruments (CNFIs) classified as available for sale (AFS).

Gains and losses reported here are not reported in the statement of operations until either the asset is sold, an other-than-temporary impairment loss is recognized, or this amount is amortized in accordance with the following paragraph.

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

In addition, report on this line the amount of the other-than-temporary impairment (OTTI) on AFS and HTM debt securities that is related to all factors other than credit, where that amount is appropriately recognized in other comprehensive income.

Do not report unrealized gains (losses) on securities and CNFIs as valuation allowances.

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

Do not include declines in fair value that you judge to be other-than-temporary. Report such losses in earnings on SO441, Other-Than-Temporary Impairment Charges on Debt and Equity Securities.

SC865: Accumulated Gains (Losses) on Cash Flow Hedges

Report the accumulated fair value gain or loss, net of taxes, on cash flow hedges.

SC870: Other

Report any accumulated other comprehensive income not included on SC860 or SC865.

Include:

1. Any minimum pension liability adjustment.
2. Any cumulative foreign currency translation adjustments and qualifying foreign currency transaction gains and losses, net of applicable income taxes.
3. Any other items of accumulated other comprehensive income.

SC880: RETAINED EARNINGS

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

Include:

1. Undistributed income – net income from interim periods of operation prior to closing your books;
2. Retained earnings from prior operating periods.
3. Restrictions or appropriations of retained earnings as designated by your board of directors.

4. If you are in receivership, a deduction for the amount by which liabilities exceed identified assets, because you may not report goodwill upon conversion to receivership.

SC891: OTHER COMPONENTS OF EQUITY CAPITAL

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

Include:

1. Treasury stock.
2. Unearned employee stock ownership plan (ESOP) shares, when such reporting is required under GAAP.

SC80: TOTAL SAVINGS ASSOCIATION EQUITY CAPITAL

The EFS software will compute this line as the sum of SC812, SC814, SC820, SC830, SC86, SC880, plus SC891.

SC800: NONCONTROLLING INTERESTS IN CONSOLIDATED SUBSIDIARIES

Include:

Common and perpetual preferred stock issued by consolidated subsidiaries to third parties constituting a noncontrolling interest.

Report any net income or loss attributable to noncontrolling interest in a consolidated subsidiary on SO880, Net Income (Loss) Attributable to Noncontrolling Interests.

SC84: TOTAL EQUITY CAPITAL

The EFS software will compute this line as the sum of SC80 plus SC800.

SC90: TOTAL LIABILITIES AND EQUITY CAPITAL

The EFS software will compute this line as the sum of SC70 and SC84. This line must equal SC60, Total Assets.

SCHEDULE SO — CONSOLIDATED STATEMENT OF OPERATIONS

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

Complete this Statement of Operations, Schedule SO, on a consolidated basis from the savings association downward. Do not consolidate your holding company. You should apply generally accepted accounting principles (GAAP) unless we specifically state otherwise in these instructions. Report net income or loss attributable to noncontrolling shareholders on SO880, Net Income (Loss) Attributable to Noncontrolling Interests.

Report income and expense for the quarter ending on the report date, regardless of your fiscal year end. Do not report data in Schedule SO on a year-to-date basis. Note that GAAP requires the accrual basis of accounting.

When you correct errors made in prior periods within the current calendar year, you should report them in the same data field in which you would have reported them on the original report. However, you should not report them in the same data field if the adjustment distorts yields for the quarter or results in negative numbers in fields that do not permit negatives. Where the latter would occur, you may include the adjustments in Other Noninterest Income, SO488, or Other Noninterest Expense, SO580. Generally, you may file amendments only within 45 days of the report date. For further information on correcting prior period errors, see Item 5 in the General Instructions.

INTEREST INCOME

The balance of financial assets carried at fair value where the changes in fair value are reflected in current earnings is reported on SI376. For such assets, report the interest income earned on the appropriate lines described in this section, unless it is not appropriate under GAAP to recognize income (for example, where a loan is on nonaccrual status because of collectibility concerns). Report the changes in fair value of such assets in noninterest income on SO485.

SO11: TOTAL

The EFS software will compute this line as the sum of SO115 through SO172.

SO115: DEPOSITS AND INVESTMENT SECURITIES

Report income on all deposits and investments included in SC112 through SC185.

Include:

1. The gross income earned on all deposits and investment securities including those you use as collateral under agreements to resell.
2. The net amount of yield adjustments made to interest and dividend income on deposits and investment securities.

Do not include:

Interest on assets reported on SC689, Other Assets. Report this interest on SO488, Other Noninterest Income.

SO125: MORTGAGE-BACKED SECURITIES

Report income on mortgage-backed securities reported on SC210 through SC228, including amortization of premiums and discounts.

SO141: MORTGAGE LOANS

Report income on mortgage loans, including amortization of yield adjustments, reported on SC230 through SC265. Do not include prepayment fees, late fees, and assumption fees on mortgage loans.

If you have bought or sold a participating interest in mortgage loans, report only the interest applicable to the portion of the loans you own. If you have purchased mortgage loans or participating interests in mortgage loans on a net-yield basis, report the net interest earned.

If you assume a liability to a third party in connection with a wrap-around mortgage loan where you report the assumed liability on SC760, Other Borrowings, report the gross interest income and charge the interest incurred on the assumed liability to expense on SO260, Interest Expense on Other Borrowed Money.

SO142: PREPAYMENT FEES, LATE FEES, AND ASSUMPTION FEES FOR MORTGAGE LOANS

Report the total prepayment fees, late fees, and assumption fees received for mortgage loans.

NONMORTGAGE LOANS:

Report the contractual interest earned and the net yield adjustments on nonmortgage loans.

SO160: Commercial Loans and Leases

Report the net interest earned, including any yield adjustments, on commercial nonmortgage loans that you reported on SC300 through SC306, Secured and Unsecured Commercial Loans and Financing Leases. Do not include prepayment fees, late fees, and assumption fees on commercial loans and leases.

SO162: Prepayment Fees, Late Fees, and Assumption Fees for Commercial Loans

Report the total prepayment fees, late fees, and assumption fees received for commercial loans.

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. Do not include prepayment fees, late fees, and assumption fees on consumer loans and leases.

SO172: Prepayment Fees, Late Fees, and Assumption Fees for Consumer Loans

Report the total prepayment fees, late fees, and assumption fees received for consumer loans.

DIVIDEND INCOME ON EQUITY INVESTMENTS NOT CARRIED AT FAIR VALUE

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

The balance of financial liabilities carried at fair value where the changes in fair value are reflected in current earnings is reported on SI377. For such liabilities, report the interest expense incurred on the appropriate lines described in this section. Report the changes in fair value of such liabilities in noninterest income on SO485.

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. Exclude all costs incurred by the savings association in connection with noninterest-bearing demand deposits. See the Glossary for “deposits” for the definitions of “interest-bearing deposit accounts,” “demand deposits,” “NOW accounts,” ATS accounts,” and “telephone or preauthorized transfer accounts.”

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, 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

Interest charges incurred on borrowings are added to the cost of certain assets that are constructed or otherwise produced, or while the activities necessary to commence planned principal operations of the assets are in progress. Report all such capitalized 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 earning assets, including loans, as well as debt and equity securities 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:

1. 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. 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:

1. Servicing fees for nonmortgage loans. Report the servicing fees on nonmortgage loans on SO420, Other Fees and Charges.
2. Amortization of loan servicing assets or liabilities and valuation adjustments for classes of loan servicing accounted for using the amortization method.
3. Fair value adjustments for classes of servicing carried at fair value.

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.

SO411: AMORTIZATION OF AND FAIR VALUE ADJUSTMENTS TO LOAN SERVICING ASSETS AND LOAN SERVICING LIABILITIES

Report the total servicing amortization and valuation adjustments.

Include:

1. Amortization of loan servicing assets or liabilities and valuation adjustments for classes of loan servicing accounted for using the amortization method
2. Fair value adjustments for classes of servicing carried at fair value.

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. Amortization of commitment fees when it is unlikely that the borrower will exercise the commitment.
4. Brokerage fee income.
5. Annuity fee income.
6. Insurance premiums, fees, and commissions.
7. Transaction account fees, including overdraft and non-sufficient funds (NSF) fees.
8. Credit enhancement fees.
9. All other fees not reported on SO410.

Do not include:

Amortization of loan fees. Report amortization of loan fees as a yield adjustment to interest income.

SO422: SERVICE CHARGES ON DEPOSIT ACCOUNTS

Report all service charges associated with deposit accounts that are reported in SO420.

NET INCOME (LOSS) FROM:

Report net income or loss on the categories below. Enter a loss as negative.

SO430: Sale of Available-for-Sale Securities

Report the realized gain or loss from the sale of available-for-sale securities. When you sell securities classified as available-for-sale, reverse the amount of the unrealized gain or loss previously recorded on SC860, Unrealized Gains (Losses) on Available-for-Sale Securities, and report the entire difference between amortized cost and net sales proceeds in earnings.

SO431: SALE OF LOANS AND LEASES HELD FOR SALE

Report the realized gain or loss from the sale of loans and leases held for sale. In computing the gain or loss, the cost of the loans and leases sold reflect the associated valuation allowances.

Do not include “lower of cost or fair value” adjustments on such assets. Rather, report such amounts on SO465.

SO432: SALE OF OTHER ASSETS HELD FOR SALE

Report the gain or loss from the sale of other assets held for sale.

Do not include “lower of cost or fair value” adjustments on such assets. Rather, report such amounts on SO465.

SO441: OTHER-THAN-TEMPORARY IMPAIRMENT CHARGES ON DEBT AND EQUITY SECURITIES

Report other-than-temporary impairment (OTTI) charges on debt and equity securities. Such charges reflect losses resulting from the recognition of credit losses and/or losses related to all factors other than credit. These OTTI losses are not necessarily related to any sale of the securities.

Do not report losses from the sale of securities on this line. Rather report those losses on SO430, SO467, SO475, or SO477, as appropriate.

SO461: Operations and Sale of Repossessed Assets

Include:

1. Net income or loss from repossessed assets reported on SC40, Repossessed Assets. Report direct expenses on repossessed assets, even if there is no income.
2. Gains and losses from the sale of repossessed assets reported on SC40, Repossessed Assets.

Do not include:

1. Adjustments to valuation allowances established on REO. Report these adjustments on SO570, Net Provision for Losses on Noninterest-Bearing Assets.
2. Write-downs taken when marking foreclosed assets to fair value at time of foreclosure. Report these write-downs on SO321, Net Provision for Losses on Interest-bearing Assets.

SO465: LOCOM Adjustments Made to Assets Held for Sale

Report adjustments to assets held for sale to value them at the lower-of-cost-or-market. The amounts reported here should directly adjust the asset and should not be established as a valuation allowance.

Do not include:

1. Any unrealized gains or losses on available-for-sale securities. Report these unrealized gains or losses only as a separate component of equity capital on SC860.
2. Profit or loss on the sale of assets held for sale. Report the profit or loss on SO430.
3. Operating income and expense from mortgage banking activities. Report in the appropriate income or expense category.

SO467: Sale of Securities Held-to-Maturity

Include:

1. Gains and losses from the sale or other disposition of mortgage-backed securities that you reported on SC210 through SC228, Mortgage-Backed Securities, and that were held-to-maturity.
2. Gains and losses from the sale or other disposition of securities that you reported on SC130 through SC185, Cash, Deposits and Investment Securities, and that were held-to-maturity.

Do not include:

1. Gains and losses from the sale of securities held in a trading portfolio. Report these gains or losses on SO485.
2. Gains and losses from the sale of available-for-sale securities. Report these gains and losses on SO430.

SO475: Sale of Loans Held for Investment

Report gains and losses from the sale or other disposition of mortgage and nonmortgage loans that you reported on SC230 through SC265 and SC300 through SC330.

Do not include:

1. Gains and losses from the sale of loans and securities in a trading portfolio. Report these gains and losses on SO485;
2. Gains and losses from the sale of loans held for sale. Report these gains and losses on SO431.
3. Recoveries of losses previously written off. Report on VA140, Recoveries.

SO477: Sale of Other Assets Held for Investment

Report gains and losses from the sale or other disposition of any assets that you did not report on SO430 through SO475 or SO485.

Include:

1. Gains and losses from the sale of real estate held for investment reported on SC45, Real Estate Held for Investment, that you may account for as current income.
2. Gains and losses from the sale of a branch operation or a portion thereof, such as deposits.
3. Gains and losses from the sale of loan servicing rights when sold separately from the loan.
4. Gains and losses from the sale of subsidiaries.

SO485: Gains and Losses on Financial Assets and Liabilities Carried at Fair Value

The balances of financial assets and liabilities carried at fair value where the change in fair value is reflected in current earnings are reported on SI376 and SI377. For such instruments, report interest income earned and interest expense incurred on the appropriate lines under Interest Income and Interest Expense, and report the changes in fair value in noninterest income on this line.

Derivatives are financial assets and liabilities, and therefore the balances of derivatives are included on SI376 and SI377. In general for derivatives, include the changes in fair value in noninterest income on this line. However, for derivatives subject to fair value or cash flow hedge accounting, it may be appropriate under GAAP to include the changes in fair value that are reflected in current earnings in other lines on Schedule SO, including interest income or interest expense.

The balance of available-for-sale securities (carried at fair value) is reported on SI385. For such instruments, the changes in fair value are not reflected in current earnings, but rather in other comprehensive income net of any deferred tax impact. Accordingly, do not include the changes in fair value on available-for-sale securities on this line. Rather, report such changes in other comprehensive income on SI662.

Under a “fair value option”, servicing assets may be carried at fair value with the changes in fair value reflected in current earnings. However, servicing assets are not financial assets, and therefore the balance is not included on SI376. Accordingly, do not include the changes in fair value on servicing assets on this line. Rather, report such changes in noninterest income on SO411.

Include:

1. Realized and unrealized gains and losses on financial assets and liabilities carried at fair value where the balances are reported on SI376 and SI377.
2. Realized and unrealized gains and losses on financial assets held for trading purposes where the balance is reported on SI375 (and where the balance is also included on SI376).

SO488: Other Noninterest Income

Report the total of all noninterest income that you did not include on SO410 through SO485. You can find a list of the types of income to include under **Memo: Detail of Other Noninterest Income** below.

Do not include:

1. Loan servicing fees. Report these fees on SO410 or SO420, as appropriate;
2. Trust fee income. Report this income on SO420.
3. Other fees. Report these fees on SO420.

Memo: Detail of Other Noninterest Income

SO489, 495, 497 and SO492, 496, and 498:

Report the three largest items comprising the amount reported on SO488, excluding dividends on FHLBank stock. Codes best describing these items should be selected from the list below and reported on SO489, 495, and 497. You must complete this detail if you reported an amount on SO488.

Because SO488 may consist of both positive and negative amounts – for example, net income or loss from leasing operations, you should report the three amounts that have the greatest impact on the total, regardless of their sign. Therefore, when selecting the three largest amounts comprising the amount reported on SO488, disregard the sign of the number. However, although you should disregard the sign when you **select** the three largest numbers; you should use the correct sign when you **report** the amount.

Combine similar accounts with the same code; that is, do not report a code more than once. 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.

SO489, 495, and 497: Codes

01 No longer used

02 Interest income from income tax refunds.

03 No longer used

04 Net income or loss from leasing or subleasing space in the association’s office quarters, future office quarters, and parking lots.

05 Net income or loss from real estate held for investment.

06 Net income or loss from investments in unconsolidated subordinate organizations and pass-through investments, accounted for using the equity method, after the elimination of intercompany profits.

07 Net income or loss from leased property.

08 No longer used.

09 Net income from data processing equipment leased or services provided to others.

10 No longer used.

11 Adjustments to prior periods.

12 Income received on real estate acquired through foreclosure or deed in lieu of foreclosure on VA or FHA loans pending conveyance to the insuring agency.

13 No longer used

14 Income from interest-only strip receivables and certain other instruments reported on SC665.

15 Income from corporate-owned life insurance

Report adjustments to cash surrender value of corporate-owned life insurance that you reported on SC615 and SC625.

18 The excess of fair value over cost of net assets acquired in a purchase business combination (negative goodwill) recognized in earnings at the date of combination.

99 Other. (**Use this code only for an item not identified above**.)

SO492, 496, and 498: Amounts

Report the dollar amounts (using the correct positive or negative sign) corresponding to the codes reported on SO489, 495, and 497.

NONINTEREST EXPENSE

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

SO51: TOTAL

The EFS software will compute this line as the sum of SO510 through SO580.

SO510: ALL PERSONNEL COMPENSATION AND EXPENSE

Report gross salaries, wages, bonuses, and other compensation and expenses of officers, directors and employees, whether employed full- or part-time.

Include:

1. The cost of temporary help and employment contractors.
2. Fringe benefits such as the employer's share of payroll taxes, insurance premiums, lunchroom expenses, tuition fees, uniforms, parking, and other such benefits.
3. Bonuses and awards.
4. Employer contributions to pension and retirement funds and ESOP plans.
5. Pensions paid directly by you.
6. Lump-sum pension contributions.
7. Payments related to past services, such as severance pay.
8. Directors' fees.
9. Travel and other expenses for directors, officers, and employees.
10. The fair value of employee stock options granted.

Do not include:

Allowances for privately owned automobiles used in connection with your business, or any depreciation and other noninterest expense incurred on leased automobiles. Report these figures on SO530.

SO520: LEGAL EXPENSE

Report all legal fees and retainers, including accruals and amortization.

Do not include material legal settlements; most settlement payments should be reported on SO580.

SO530: OFFICE OCCUPANCY AND EQUIPMENT EXPENSE

Include:

1. Depreciation and other expenses of association-owned space, capital leases, furniture and fixtures, automobiles and equipment reported on SC55, Office Premises and Equipment.
2. Amortization of leasehold improvements.
3. Rent, net of the amortization of deferred gain on a sale/leaseback.
4. Uncapitalized equipment purchases.
5. Taxes, assessments, and insurance premiums on office premises, equipment, and land for future use.
6. Rental costs, maintenance contracts, and expenses on office furniture, machines, and data processing equipment.
7. Accounting servicing fees paid to a data center.

If a portion of office premises and equipment is leased to others, allocate related expenses to SO488, Other Noninterest Income. When actual data are not available, a reasonable, consistent, and documented estimate is acceptable.

SO540: MARKETING AND OTHER PROFESSIONAL SERVICES

Include:

1. Advertising, production, agency fees, and direct mail.
2. Market research, including consultants.
3. Public relations, including consultants, seminars, or customer magazines.
4. Sales training by consultants.
5. Public accountants' fees.
6. Management services.
7. Consulting fees for economic surveys.
8. Other special advisory services.

Do not include:

1. Legal fees; report on SO520.
2. Data processing fees; report on SO530.
3. Supervisory examination fees; report on SO580.
4. Deposit promotions, giveaways, premiums, and commissions that are capitalized. Report amortization on SO215, Interest Expense on Deposits.

SO550: LOAN SERVICING FEES

Report fees paid to others to service mortgage and nonmortgage loans.

Include:

1. Fees for servicing loans owned by you.
2. Fees for servicing loans owned by others where you own the servicing rights.

Do not include:

1. Amortization of loan servicing assets. Report the amortization on SO411.

2. Servicing fees for loans acquired on a net yield basis. Deduct the servicing fees from related interest income.

SO560: GOODWILL AND OTHER INTANGIBLES EXPENSE

Report write-downs and expense related to the assets reported on SC660, Goodwill and Other Intangible Assets.

Include amortization of:

1. Core deposit premium, an identifiable intangible asset.
2. Intangible pension assets recorded.
3. Technology-based intangible assets, such as computer software.
4. Other intangible assets, excluding servicing assets.

Also, include impairment write-downs on goodwill and other intangible assets.

Do not include amortization of Servicing assets; report this on SO410.

SO570: NET PROVISION FOR LOSSES ON NON-INTEREST-BEARING ASSETS

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

Refer to the general instructions for Schedule VA for a discussion of how to properly calculate provision for losses. Report adjustments to valuation allowances as an expense in the period in which you determine the amount of the loss even if that loss actually occurred in a prior period.

Include adjustments to valuation allowances on:

1. Real estate owned.
2. Other assets.

Do not include:

1. Recoveries of valuation allowances at the time of sale. Include these recoveries in the gain or loss on the sale.
2. Provisions for losses on interest-bearing assets. Report the losses on SO321, Net Provision for Losses on Interest-bearing Assets.
3. Direct charge-offs of servicing assets. Report the direct charge-offs on SO410, Mortgage Loan Servicing Fees.
4. Losses recognized in marking foreclosed assets to fair value at the time of foreclosure or in-substance foreclosure. Report these as losses on loans on SO321, Net Provision for Losses on Interest-bearing Assets.

SO580: OTHER NONINTEREST EXPENSE

Report the total of all noninterest expense not included on SO510 through SO570. A list of the types of expense you should include appears below in the memo items detailing other noninterest expense.

Memo: Detail of Other Noninterest Expense

Report the three largest items comprising the amount you reported on SO580. Select codes best describing these items from the list below and report the codes on SO581, 583, and 585. Report the corresponding amounts on SO582, 584, and 586. You must complete this detail if an amount is reported on SO580.

If SO580 consists of both positive and negative amounts, you should report the three amounts that have the greatest impact on the total, regardless of their sign. Therefore, when selecting the three largest amounts comprising the amount reported on SO580, disregard the sign of the number. However, although you should disregard the sign when you **select** the three largest numbers; you should use the correct sign when you **report** the amount.

Combine similar accounts with the same code; that is, do not report a code more than once. 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.

SO581, 583, and 585: Codes

01 Deposit Insurance premiums.

02 OTS assessments.

03 Interest expense on income taxes.

04 Interest expense on Treasury tax and loan accounts administered under the note option.

05 Forfeited commitment fees on FHLBank advances not taken down by the association.

06 Supervisory examination fees.

07 Office supplies, printing, and postage.

08 Telephone, including data lines.

09 Loan origination expense

Include appraisal reports, credit reports, and other similar expenses; also include, as a negative amount, reversals of origination costs when such costs are capitalized.

10 ATM expense.

11 Adjustments to prior periods (and other immaterial audit adjustments).

12 Acquisition and organization costs, including mergers and branch office acquisitions.

13 Miscellaneous taxes other than income taxes and real estate taxes.

14 Losses from fraud.

15 Foreclosure expenses.

16 Web site expenses.

17 Charitable Contributions.

99 Other. (**Use this code only for an item not identified above**.)

SO582, 584, and 586: Amounts

Report the dollar amounts corresponding to the codes reported on SO581, 583 and 585.

SO60: INCOME (LOSS) BEFORE INCOME TAXES

The EFS software will compute this line as the sum of SO332 plus SO42 less SO51.

INCOME TAXES

SO71: TOTAL

The EFS software will compute this line as the sum of SO710 and SO720.

SO710: FEDERAL

Report federal income tax expense. Report a net credit as negative.

Include:

1. Deficiency payments, penalties.
2. Immaterial adjustments to correct prior period accruals for which the amendment cycle is no longer open.
3. Amortization of prepaid or deferred federal income taxes.
4. Reductions for refunds from prior periods not previously reported.
5. Reductions for NOL carrybacks.

Do not include:

Interest income and expense on tax accounts. Report these on SO488, Other Noninterest Income, or SO580, Other Noninterest Expense.

SO720: STATE, LOCAL, AND OTHER

Report state, local, and other income tax expenses. Report a net credit as negative.

Include:

1. Deficiency payments, penalties.
2. Immaterial adjustments to correct prior period accruals for which the amendment cycle is no longer open.
3. Amortization of prepaid or deferred state, local and other income taxes.
4. Reductions for refunds from prior periods not previously reported.
5. Reductions for NOL carrybacks.
6. Gross receipts taxes.

Do not include:

1. Interest income and expense on tax accounts. Report these on SO488, Other Noninterest Income, or SO580, Other Noninterest Expense.
2. Any local taxes other than those based on income. Report real estate taxes on SO530, Office Occupancy and Equipment Expense; report franchise and other local taxes on SO580, Other Noninterest Expense.

SO81: INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS

The EFS software will compute this line as the sum of SO60 less SO71.

SO811: EXTRAORDINARY ITEMS

Extraordinary items are material events and transactions that are unusual and infrequent. **Both of these conditions must exist for an event or transaction to be an extraordinary item.**

- **Unusual** – To be unusual, an event or transaction must be highly abnormal or clearly unrelated to the ordinary and typical activities of the association. An event or transaction beyond the control of management is not automatically considered unusual.
- **Infrequent** – To be infrequent, an event or transaction should not reasonably be expected to recur in the foreseeable future. Although the past occurrence of an event or transaction provides a basis for estimating the likelihood of its future occurrence, the absence of a past occurrence does not automatically imply that an event or transaction is infrequent.

Rarely do events or transactions qualify for treatment as extraordinary items. Among those that qualify are:

- Losses that result directly from a major disaster such as an earthquake (except in areas where earthquakes are expected to recur in the foreseeable future);
- Gains or losses from a government expropriation;
- Gains or losses from discontinued operations; or
- Losses from a prohibition under a newly enacted law or regulation.

Do not include:

1. Adjustments to valuation allowances. Report these on SO32, Net Provision for Losses on Interest-Bearing Assets, or SO570, Net Provision for Losses on Noninterest-Bearing Assets, even if the actual loss occurred in a prior period.
2. Audit adjustments for corrections of accruals. For information on correcting prior period errors, see Item 5 in the General Instructions.
3. Adjustments for periods where the cycle is open for amendments to the TFR. Refer to the general instructions for the submission of amended reports.
4. Adjustments related to prior interim periods of your current fiscal year. Report these adjustments currently in the appropriate current income or expense data field.
5. Net income or loss allocable to noncontrolling shareholders. Report in SO488, Other Noninterest Income.
6. Gains and losses on extinguishments of debt that do not meet the criteria for classification as an extraordinary item. Generally prepayment penalties should be expensed on SO580, Other Noninterest Expense.

SO88: NET INCOME (LOSS) ATTRIBUTABLE TO SAVINGS ASSOCIATION AND NONCONTROLLING INTERESTS

The EFS software will compute this line as the sum of SO81 plus SO811.

SO880: NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS

Report the net income or loss attributable to noncontrolling interests in consolidated subsidiaries. This amount will be subtracted in computing SO91, Net Income (Loss) Attributable to Savings Association. Accordingly, enter net income as a positive amount and a net loss as a negative amount.

SO91: NET INCOME (LOSS) ATTRIBUTABLE TO SAVINGS ASSOCIATION

The EFS software will compute this line as the sum of SO88 less SO880.

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SCHEDULE VA — CONSOLIDATED VALUATION ALLOWANCES

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

This schedule reports the combined activity for the period in all valuation allowance accounts. The reconciliation consists of three columns:

1. General valuation allowances, including allowances for loan and lease losses, ALLL.
2. Specific valuation allowances, including valuation allowances established for assets classified as loss.
3. Total valuation allowances. The EFS software generates this column.

Valuation allowances are contra-asset accounts that reduce the recorded investment in an asset to its carrying amount. In preparing financial statements, management should review the carrying amount of all assets and adjust the related valuation allowances as necessary. Assessing the adequacy of valuation allowances is crucial to preparing the financial statement.

The ending balance in a valuation allowance account is the balance at the beginning of the period adjusted for the activity during the period. The following table shows the types of activity that flow through the valuation allowance account:

Beginning Balance (ending balance from previous period)
Add:
  Provision for Loss
  Recoveries
  Adjustments
Deduct:
  Charge-offs
Ending Balance

Charge-offs

When you charge off an asset, the accounting entries reduce the total recorded investment of the asset and reduce the valuation allowance. However, since the carrying value is the recorded investment less the specific valuation allowance, the carrying value decreases when you charge-off a general valuation allowance. The carrying value does not change when you charge-off a specific valuation allowance. Record direct charge-offs in this schedule even though there is no valuation allowance relating to the asset. You should also record a charge-off if the established valuation allowance is inadequate to absorb the entire charge-off. You can record a charge-off against either a general or specific valuation allowance.

The **Sales** section discusses eliminating valuation allowances when you sell the related asset.

Recoveries

A **recovery** is a payment received after you charge-off an asset. A recovery increases both the general valuation allowance and cash accounts.

In Schedule VA, recoveries do not include profits from assets that you had previously written down and later sold at a price exceeding the carrying value. For example, you would record profits from the sale of REO as a gain on the sale.

Provision for Loss

Calculate the provision for loss as the amount required to establish the appropriate ending balance in the valuation allowance account. You should base the amount of the ending balance on your management's review of the following:

- An assessment of all assets.
- Valuation calculations for troubled real estate assets.
- Estimates of credit and other losses inherent in the portfolios of homogeneous assets.
- The results of your self-classification of assets.

The following formula reconciles the provision for loss with the valuation allowance accounts:

+	The valuation allowance ending balance per analysis (VA165 and 168)
-	The valuation allowance beginning balance (VA105 and 108)
=	Net change in valuation allowances
+	Charge-offs (including sales) (VA155 and 158)
-	Adjustments (VA145 and 148)
-	Recoveries (VA135)
=	Provision for loss (VA115 and 118)

The process of determining the appropriateness of the ending balances in valuation allowance accounts results in the provision for loss being a net adjustment. For example, in the rare circumstance that a troubled real estate asset with a valuation allowance increases in value, you should adjust the required valuation allowance downward. This increase in the asset's value is a reduction of the current provision. Do not confuse this with a recovery of assets previously charged-off discussed above. Carefully analyze the total valuation allowance before you record a gain or reduction of the provision for loss.

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. On VA115, report the provision for loss related to general valuation allowances.

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 VA47, 57, and 931. Therefore, once you enter VA47, 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:

1. 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 VA46, 56, 60, and 930 must equal VA155. The EFS software automatically generates VA155 once you enter charge-offs on VA46, 56, 60, and 930.

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.

VA456: 1-4 Dwelling Units: Secured By First Liens

Report the amount of loss that you charged off on SC254, Permanent: 1-4 Dwelling Units: Secured By First Liens.

VA466: 1-4 Dwelling Units: Secured by Junior Liens

Report the amount of loss that you charged off on SC255, Permanent: 1-4 Dwelling Units: Secured by Junior Liens.

VA470: Multifamily (5 or More) Dwelling Units

Report the amount of loss that you charged off on SC256, Permanent Mortgages on 5 or More Dwelling Units.

VA480: Nonresidential Property (Except Land)

Report the amount of loss that you charged off on SC260, Permanent Mortgages on Nonresidential Property.

VA490: Land

Report the amount of loss that you charged off on SC265, Permanent Mortgages on Land.

Nonmortgage Loans

Report charge-offs of nonmortgage loans and accrued interest receivable in the appropriate loan category below.

VA56: Total

The EFS software automatically generates this line as the sum of VA520, 510, 516, 530, 540 550, 556, and 560.

VA520: Commercial Loans

Report the amount of loss that you charged off on SC300, Secured Commercial Loans, SC303, Unsecured Commercial Loans, and SC306, Commercial Financing Leases.

Consumer Loans

VA510: Loans on Deposits

Report the amount of loss that you charged off on SC310, Consumer Loans on Deposits.

VA516: Home Improvement Loans

Report the amount of loss that you charged off on SC316, Consumer Home Improvement Loans.

VA530: Education Loans

Report the amount of loss that you charged off on SC320, Consumer Education Loans.

VA540: Auto Loans

Report the amount of loss that you charged off on SC323 Consumer Auto Loans.

VA550: Mobile Home Loans

Report the amount of loss that you charged off on SC326, Consumer Mobile Home Loans.

VA556: Credit Cards

Report the amount of loss that you charged off on SC328, Credit Cards.

VA560: Other

Report the amount of loss that you charged off on SC330, Other Closed-End Consumer Loans.

Repossessed Assets:

Report all direct charge-offs on repossessed assets. You should mark repossessed assets to fair value at the date of foreclosure and charge the markdown against the loan balance.

VA60: Total

The EFS software automatically generates this amount as the sum of VA605 through VA630.

Real Estate:

VA605: Construction

Report the amount of loss that you charged off on SC405, Repossessed Real Estate Construction.

VA613: 1-4 Dwelling Units

Report the amount of loss that you charged off on SC415, Repossessed 1-4 Dwelling Unit Real Estate.

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.

VA930: Other Assets

Report the amount of loss that you charged off on SC689, Other Assets, and on any other assets not otherwise reported as charge-offs.

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 VA47, 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.

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.

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.

The sum of VA48, 58, 62, 72, 822, and 932 must equal the sum of VA118 and 128.

Mortgage Loans:

Report the provision for loss established for specific valuation allowances and the transfers between general valuation allowances of mortgage loans in the appropriate mortgage loan category below. You should report specific valuation allowance activity of accrued interest receivable and advances for taxes and insurance in the appropriate mortgage loan category of the related loan.

VA48: Total

The EFS software automatically generates this amount as the sum of VA422, 432, 442, 452, 462, 472, 482, and 492.

Construction:

VA422: 1-4 Dwelling Units

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC230, Construction Loans on: 1-4 Dwelling Units.

VA432: Multifamily (5 or More) Dwelling Units

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC235, Construction Loans on: 5 or More Dwelling Units.

VA442: Nonresidential Property

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC240, Construction Loans on: Nonresidential Property.

Permanent:

VA448: 1-4 Dwelling Units: Revolving, Open-End Loans

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC251, Permanent: 1-4 Dwelling Units: Revolving, Open-End Loans.

VA458: 1-4 Dwelling Units: Secured By First Liens

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC254, Permanent: 1-4 Dwelling Units: Secured By First Liens.

VA468: 1-4 Dwelling Units: Secured by Junior Liens

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC255, Permanent: 1-4 Dwelling Units: Secured by Junior Liens.

VA472: Multifamily (5 or More) Dwelling Units

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC256, Permanent Mortgages on: 5 or More Dwelling Units.

VA482: Nonresidential Property (Except Land)

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC260, Permanent Mortgages on: Nonresidential Property.

VA492: Land

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC265, Permanent Mortgages on: Land.

Nonmortgage Loans

Report the provision for loss established for specific valuation allowances and the transfers between general valuation allowances of mortgage loans in the appropriate nonmortgage loan category below.

You should report specific valuation allowance activity of accrued interest receivable in the related loan category.

VA58: Total

The EFS software automatically generates this amount as the sum of VA522, 512, 518, 532, 542, 552, 558, and 562.

VA522: Commercial Loans

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC300, Commercial Loans: Secured, SC303, Commercial Loans: Unsecured, and SC306, Commercial Loans: Financing Leases.

Consumer Loans

VA512: Loans on Deposits

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC310, Closed-End Consumer Loans: Loans on Deposits.

VA518: Home Improvement Loans

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC316, Closed-End Consumer Loans: Home Improvement Loans.

VA532: Education Loans

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC320, Closed-End Consumer Loans: Education Loans.

VA542: Auto Loans

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC323, Closed-End Consumer Loans: Auto Loans.

VA552: Mobile Home Loans

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC326, Closed-End Consumer Loans: Mobile Home Loans.

VA556: Credit Cards

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC328, Credit Cards.

VA562: Other

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC330, Consumer Loans: Other, Including Lease Receivables.

Repossessed Assets:

Report the provision for loss established for specific valuation allowances and the transfers between general valuation allowances of repossessed assets after the date of foreclosure. Do not include adjustments to mark repossessed assets to fair value at the date of foreclosure; these adjustments should be charged off against the loan balance and reported on VA420 through VA560.

VA62: Total

The EFS software automatically generates this amount as the sum of VA606, 614, 617, 626, 629, and 632.

Real Estate:

VA606: Construction

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC405, Repossessed Assets: Real Estate: Construction.

VA614: 1-4 Dwelling Units

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC415, Repossessed Assets: Real Estate: 1-4 Dwelling Units.

VA617: Multifamily (5 or More) Dwelling Units

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC425, Repossessed Assets: Real Estate: 5 or More Dwelling Units.

VA626: Nonresidential (Except Land)

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC426, Repossessed Assets: Real Estate: Nonresidential (Except Land).

VA629: Land

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC428, Repossessed Assets: Real Estate: Land.

VA632: Other Repossessed Assets

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC430, Other Repossessed Assets.

VA72: Real Estate Held for Investment

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC45, Real Estate Held for Investment.

VA822: Equity Investments Not Carried at Fair Value

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances the assets reported on SC51, Equity Investments Not Carried at Fair Value.

VA932: Other Assets

Report the amount of provision for loss established for specific valuation allowances and the transfers between general valuation allowances on SC689, Other Assets.

ADJUSTED NET CHARGE-OFFS

The EFS software automatically generates this column.

This column totals:

- Charge-offs
- Less Recoveries
- Plus specific valuation allowance provisions and transfers from general allowances

Therefore, this total represents **adjusted net charge-offs**.

OTHER ITEMS

TROUBLED DEBT RESTRUCTURED:

A **troubled debt restructuring** (TDR) occurs when you, as a creditor, for economic or legal reasons related to the debtor's financial difficulties, grant a concession to the debtor that you would not otherwise consider. That concession either stems from an agreement between you and the debtor or is imposed by law or a court. Whatever the form of concession you grant to the debtor, your objective is to make the best of a difficult situation. Additionally, you expect to obtain more cash or other value from the debtor by granting the concession than by not granting it.

You may accept any of the following when you restructure a troubled debt:

1. A note, secured or unsecured, from a third party as payment of your receivable from the borrower.
2. The underlying collateral as payment of the loan, either through foreclosure, other title transfer, or in-substance foreclosure.
3. Other assets in payment of a loan.
4. An equity interest in either the borrower or its assets in lieu of its receivable.
5. A modification of the debt terms, including, but not limited to the following:
    a. Reduction in stated interest rate.
    b. Extension of maturity.
    c. Reduction in the face amount of the debt.
    d. Reduction in the accrued interest.

Include:

1. Restructured real estate loans that are equity investments under GAAP and that you reported on SC45, Real Estate Held for Investment.
2. Restructured loans that you reported on SC230 through SC265 (Mortgage Loans) and SC300 through SC330 (Nonmortgage Loans).
3. Foreclosed assets that you reported on SC405 through SC430 (Repossessed Assets).
4. Troubled debt restructurings even if you recorded no losses this quarter, but had previous charge-offs.
5. Purchased loans whose terms have been modified.

VA940: Amount this Quarter

Report the amount of new TDR this quarter. Report the recorded investment less specific valuation allowances in the restructured asset after restructuring. The **recorded investment** is the outstanding principal balance, adjusted for charge-offs and unamortized yield adjustments. The restructured asset would comprise, for instance, a modified loan or foreclosed asset (if loss was incurred). Report all new TDR even if you subsequently sold or otherwise disposed of the asset during the quarter.

VA942: Included in Schedule SC in Compliance with Modified Terms

Report the recorded investment of loans that have been modified in troubled debt restructurings, reduced by specific valuation allowances, that remain on the books at the end of the quarter that are not past due or in nonaccrual status. Report such TDRs regardless of the quarter in which the restructuring took place.

In general, you should continue to report loans as TDRs until they are paid off. However, you only need to report a TDR that yields a market rate at issuance during the first year of the restructuring if the borrower complies with the terms of the restructured contract.

Do not include:

Repossessed assets acquired in troubled debt restructurings.

Past due or nonaccrual troubled restructuring (TDR). Report on PD190, PD290 or PD390.

The sum of VA211 through VA218 must equal VA942.

Construction, land development, and other land loans:

VA211: 1-4 family residential construction loans

Report the recorded investment of 1-4 family residential construction loans included in SC230 that have been modified in TDRs, that remain on the books at the end of the quarter and that are not past due or in nonaccrual status. Loans are reported net of specific valuation allowances. Report such TDRs regardless of the quarter in which the restructuring took place.

VA212: Other construction loans and all land development and other land loans

Report the recorded investment of other construction loans included in SC235 and SC240 and all land development and other land loans included in SC265 that have been modified in TDRs, that remain on the books at the end of the quarter and that are not past due or in nonaccrual status. Loans are reported net of specific valuation allowances. Report such TDRs regardless of the quarter in which the restructuring took place.

VA213: Loans secured by 1-4 family residential properties

Report the recorded investment of 1-4 family residential loans included in SC251, SC254, and SC255 that have been modified in TDRs, that remain on the books at the end of the quarter and that are not past due or in nonaccrual status. Loans are reported net of specific valuation allowances. Report such TDRs regardless of the quarter in which the restructuring took place.

VA214: Loans secured by multifamily (5 or more) residential properties

Report the recorded investment of loans secured by multifamily (5 or more) residential properties included in SC256 that have been modified in TDRs, that remain on the books at the end of the quarter and that are not past due or in nonaccrual status. Loans are reported net of specific valuation allowances. Report such TDRs regardless of the quarter in which the restructuring took place.

Loans secured by nonfarm nonresidential properties:

VA215: Loans secured by owner-occupied nonfarm nonresidential properties

Report the recorded investment of loans secured by owner-occupied nonfarm nonresidential properties included in Schedule SC that have been modified in TDRs , that remain on the books at the end of the quarter and that are not past due or in nonaccrual status. Loans are reported net of specific valuation allowances. Report such TDRs regardless of the quarter in which the restructuring took place.

VA216: Loans secured by other nonfarm nonresidential properties

Report the recorded investment of loans secured by other nonfarm nonresidential properties included in Schedule SC that have been modified in TDRs , that remain on the books at the end of the quarter and that are not past due or in nonaccrual status. Loans are reported net of specific valuation allowances. Report such TDRs regardless of the quarter in which the restructuring took place.

VA217: Commercial and industrial loans

Report the recorded investments of loans secured by commercial and industrial loans (excluding loans for farming operations) included in SC32 that have been modified in TDRs , that remain on the books at the end of the quarter and that are not past due or in nonaccrual status. Loans are reported net of specific valuation allowances. Report such TDRs regardless of the quarter in which the restructuring took place.

Do not include:

1. Secured loans for farming operations included on SC300. Include these loans in VA218.
2. Unsecured loans for farming operations included on SC303. Include these loans in VA218.

VA218: All Other loans (include loans to individuals for household, family, and other personal expenditures)

Report the recorded investments of loans secured by farmland included in SC260, consumer loans included in SC35, secured loans for farming operations included on SC300 and unsecured loans for farming operations included on SC303 that have been modified by TDRs. These TDRs are loans that remain on the books at the end of the quarter and that are not past due or in nonaccrual status. Loans are reported net of specific valuation allowances and are reported regardless of the quarter in which the restructuring took place.

Itemize loan categories included in VA 218 above that exceed 10% of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of VA211 – VA218):

If any loan categories from VA218 exceed 10% of the amount in VA942 itemize those categories below. The sum of VA219 through VA226 will not necessarily equal VA218.

VA219: Loans secured by farmland

Report all farmland, including all land known to be used for agricultural purposes. All loans secured by farmland and guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) should be included regardless of servicing.

VA221: Loans to depository institutions and acceptances of other banks

Loans to individuals for household, family, and other personal expenditures:

VA222: Credit Cards

See SC328 for a discussion of credit cards. Do not include commercial credit card loans as shown on SC304.

VA223: Automobile Loans

See SC323 for a discussion of automobile loans.

VA224: Other consumer loans (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)

VA225: Loans to foreign governments and official institutions

Report all loans (other than those that meet the definition of a "loan secured by real estate"), including planned and unplanned overdrafts, to governments in foreign countries, to their official institutions, and to international and regional institutions. See the Glossary entry for "foreign governments and official institutions" for the definition of this term.

VA226: Other loans[5]

Item VA227 is to be completed by savings associations with $300 million or more in total assets, and savings associations with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule SC) exceeding five percent of total loans.

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[5] Includes "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and loans) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institution and other loans."

VA227: Loans to finance agricultural production and other loans to farmers included in VA226 above.

MORTGAGE LOANS FORECLOSED DURING THE QUARTER

Report the **recorded investment** less specific valuation allowances of mortgage loans foreclosed during the quarter.

Include the types of mortgages that you reported on SC230 through SC265 and real estate loans that are considered equity investments under GAAP that you reported on SC45, that you either foreclosed on and acquired a voluntary deed in lieu of foreclosure or on which you performed an in-substance foreclosure during the quarter.

Note: Even though foreclosed real estate loans that are considered equity investments under GAAP are reported here as foreclosures, do not transfer them on Schedule SC to Repossessed Assets, SC405 through SC430. These foreclosures should remain in Real Estate Held For Investment, SC45.

Report all foreclosures during the quarter, even if you have sold or otherwise disposed of the property since foreclosure.

Include:

1. Cancellations of real estate contracts or similar actions where you reacquire any property you previously owned that you sold on contract or on installment basis.
2. FHA/VA mortgage loans, other federally insured or guaranteed mortgage loans, or privately insured mortgage loans that have been foreclosed, whether or not title has been subsequently transferred to the insurer.
3. The portion of participations that you held at the time of foreclosure whether or not you were the lead lender or initiated foreclosure proceedings.
4. Loans and participations that you sold with recourse and reacquired prior to foreclosure. If you reacquired a loan and obtained a foreclosure judgment, in fact or in substance, in the same quarter, report it as a purchase on CF280 through CF300, Loans and Participations Purchased, and as a foreclosure on VA95.

Do not include:

1. Loans to which title reverted to the seller prior to foreclosure.
2. Loans serviced for others unless you reacquired the loan prior to foreclosure.

VA95: Total

The EFS software will compute this line as sum of VA951 through VA955.

VA951: Construction

Report foreclosures during the quarter on loans that you previously reported on SC230 through SC240, Mortgage Construction Loans, and SC450 through SC470, Real Estate Held for Investment.

Permanent Loans Secured By:

VA952: 1-4 Dwelling Units

Report foreclosures during the quarter on permanent mortgages secured by one-to-four dwelling unit property that you previously reported on SC251 through SC255, Permanent Mortgages on 1-4 Dwelling Units.

VA953: Multifamily (5 or More Dwelling Units)

Report foreclosures during the quarter on permanent mortgages secured by five or more dwelling unit property that you previously reported on SC256, Permanent Mortgages on Multifamily (5 or More) Dwelling Units.

VA954: Nonresidential (Except Land)

Report foreclosures during the quarter on permanent mortgages secured by nonresidential property that you previously reported on SC260, Permanent Mortgages on: Nonresidential Property (Except Land).

VA955: Land

Report foreclosures during the quarter on permanent mortgages secured by land that you previously reported on SC265, Permanent Mortgages on Land.

CLASSIFICATION OF ASSETS: VA960-VA975

Savings associations that are large institutions should complete existing line items VA960, VA965, VA970, and VA975 in accordance with the directions under that subheading. "All Other Savings Associations" should continue to follow the existing TFR instructions for these four line items.

SAVINGS ASSOCIATIONS THAT ARE LARGE INSTITUTIONS: VA960-VA975

According to According to Section 327.8(f) of the FDIC's regulations, a large institution is a FDIC-insured savings association that reported total assets of $10 billion or more as of December 31, 2006, that does not meet the definition of a highly complex institution. After December 31, 2006, if a savings association not previously classified as a large institution reports total assets of $10 billion or more for four consecutive quarters, the savings association will be classified as a large institution beginning the following quarter. In the Consolidated Statement of Condition, a FDIC-insured savings association's total assets is reported in Schedule SC, item SC60.

CRITICIZED AND CLASSIFIED ITEMS: VA960-VA975: Criticized and classified items include all on- and off-balance sheet items an institution or its primary federal regulator has graded Special Mention or worse (Substandard, Doubtful, or Loss). Such items include, but are not limited to, retail items adversely classified under the agencies' Uniform Retail Credit Classification and Account Management Policy,[6] securities, funded and unfunded loans,[7] other real estate owned, other assets, and marked-to-market counterparty positions (less credit valuation adjustments for these counterparty positions).[8] Criticized and classified items exclude loans and securities reported as trading assets, and the amount recoverable on an on- or off-balance sheet item from the U.S. government, its agencies, or its government-sponsored agencies, under guarantee or insurance provisions, including FDIC loss-sharing agreements.

For purposes of the criticized and classified items definition, Loss items include any items graded Loss that have not yet been written off against the allowance for loan and leases losses (or another valuation

[6] http://www.fdic.gov/news/news/financial/2000/fil0040a.pdf.

[7] The amount of the unfunded loan that should be reported as criticized or classified should equal the amount that the borrower is entitled to draw upon as of the reporting date, i.e., the unused commitment as defined in the instructions for Schedule CCR.

[8] An institution that has not previously measured its marked-to-market counterparty positions net of any applicable credit valuation adjustments for purposes or reporting criticized and classified items internally and to its primary federal regulator may report these positions in this manner in Schedule VA, particularly if the institution concludes that updating its reporting systems to net these adjustments would impose an unburden on the institution.

allowance) or charged directly to earnings, as appropriate. However, because an item should be written off or charged off in the period in which the item is deemed Loss, the amount reported in line item VA975, generally should be zero.

A marked-to-market counterparty position is equal to the sum of the net marked-to-market

derivative exposures for each counterparty. The net marked-to-market derivative exposure equals the sum of all positive marked-to-market exposures net of legally enforceable netting provisions and net of all collateral held under a legally enforceable Credit Support Annex plus any exposure where excess collateral has been posted to the counterparty. For purposes of this item, a marked-to-market counterparty position less any credit valuation adjustment can never be less than zero.

VA960 **Special mention.** Report the amount of on- and off-balance sheet items the reporting institution or its primary federal regulator has graded Special Mention.

VA965 **Substandard.** Report the amount of on- and off-balance sheet items the reporting institution or its primary federal regulator has graded Substandard.

VA970 **Doubtful.** Report the amount of on- and off-balance sheet items the reporting institution or its primary federal regulator has graded Doubtful.

VA975 **Loss.** Report the amount of on- and off-balance sheet items the reporting institution or its primary federal regulator has graded Loss.

ALL OTHER SAVINGS ASSOCIATIONS: VA960-VA975

Report **classified assets** and assets designated **special mention**, net of related specific valuation allowances, accumulated charge-offs, and recorded liabilities. Include off-balance-sheet items, such as loan commitments, loans sold with recourse, and lines and letters of credit that you are required to classify.

End of Quarter Balances:

VA960: Special Mention

Report all assets, portions of assets, and off-balance-sheet items as of the end of the quarter that are not classified but are designated as **special mention** pursuant to the Examination Handbook Section 260 and 12 CFR § 560.160.

VA965: Substandard

Report all assets, portions of assets, and off-balance-sheet items as of the end of the quarter classified as **substandard** pursuant to the Examination Handbook Section 260 and 12 CFR § 560.160.

Assets classified Substandard may be characterized by an asset that is a deteriorating loan or an investment that is nonperforming or nonearning. This includes REO, and nonperforming loans and investments, including residual tranches of securities that are on nonaccrual status.

VA970: Doubtful

Report all assets, portions of assets, and off-balance-sheet items classified **doubtful** as of the end of the quarter pursuant to the Examination Handbook Section 260 and 12 CFR § 560.160.

VA975: Loss

Report all assets, portions of assets, and off-balance-sheet items classified **loss** as of the end of the quarter pursuant to Examination Handbook Section 260 and 12 CFR. § 560.160.

You should deduct any related specific valuation allowances, accumulated charge-offs, and recorded liabilities prior to reporting the amount of assets classified **loss**. Accordingly, you should generally report zero in this data field.

OTHER SCHEDULE VA ITEMS

VA979: Credit Card Charge-Offs Related to Accrued Interest

Report the amount of loss that you charged off on credit cards (SC328) due to accrued interest.

PURCHASED IMPAIRED LOANS HELD FOR INVESTMENT

Report purchased impaired loans as defined by FASB ASC 310-30 (Receivables; Loans and Debt Securities Acquired Deteriorated Credit Quality) that your savings association has purchased, including those acquired in a purchase business combination, when there is evidence of deterioration of credit quality since the origination of the loan and it is possible, at the purchase date, that the savings association will be unable to collect all contractually required payments receivable. Any nonaccrual status and any nonaccrual purchased impaired loans should be reported accordingly in Schedule PD. For those purchased impaired loans that are not on nonaccrual status, you should determine the loans' delinquency status in accordance with the contractual repayment terms of the loans without regard to the purchase price of (initial investment in) these loans or the amount and timing of the cash flows expected at acquisition.

VA980: Outstanding Balance (Contractual)

Report the outstanding balance of purchased impaired loans. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the savings association at the report date, whether or not currently due and whether or not any such amounts have been charged off by the savings association. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.

VA981: Recorded Investment (Carrying Amount Before Deducting Any Loan Loss Allowances)

Report the recorded investment (carrying amount before deducting any loan loss allowances) as of the report date of the purchased impaired loans held for investment. Loans held for investment are those loans that the savings association has the intent and ability to hold for the foreseeable future or until maturity or payoff. Thus, the outstanding balance and recorded investment of any purchased impaired loans that are held for sale would not be reported in these memorandum items.

VA985: Allowance Amount Included In Allowance for Loan and Lease Losses (SC283, SC357)

Report the amount of post-acquisition loan loss allowances for purchased impaired loans held for investment that is included in the total amount of the allowance for loan and lease losses as of the report date.

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SCHEDULE PD – CONSOLIDATED PAST DUE AND NONACCRUAL

*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.*

Report all loans and leases that you own that are contractually past due or are in nonaccrual status, regardless of whether such loans are held for sale or are secured, unsecured, or guaranteed by the Government or by others. Report the entire loan, not simply the amount of the delinquent payment. You should report the balance of the recorded investment after deducting **specific** valuation allowances. **Recorded investment** is the principal balance, adjusted for charge-offs and unamortized yield adjustments.

PAST DUE

1. Do not take grace periods into account when determining past due status.
2. Report loans and lease financing receivables as past due when either interest or principal is unpaid in the following circumstances:
   a) **Amortizing closed-end** mortgage loans, closed-end nonmortgage installment loans, and any other loans and lease financing receivables with:
      i) **Payments scheduled monthly** – when the borrower's interest and/or principal amount is past due thirty or more days (or one calendar month). For example, a loan payment is due March 15th. At March 31, the loan is not a full month past due, so it would not be reported in Schedule PD until after April 15th. On April 30 it would be 30 – 89 days past due.
      ii) **Payments scheduled other than monthly** – when one scheduled payment of interest and/or principal is due and unpaid for 30 calendar days or more.
   b) **Open-end loans** such as home equity loans, charge-card plans, check credit, and other revolving credit plans when the customer has not made the **minimum** payment for two or more billing cycles.
   c) **Single payment and demand notes** providing for the payment of interest at stated intervals (such as certain construction loans) after one interest payment is due and unpaid for 30 days or more.
   d) **Single payment notes** providing for the payment of interest at maturity if interest or principal remains unpaid for 30 days or more after maturity.
   e) **Unplanned overdrafts** if the account remains continuously overdrawn for 30 days or more.

3. For purposes of reporting on Schedule PD, lines PD115 through PD380, determine the delinquency status of purchased loans (including purchased impaired loans) and other purchased financial assets in accordance with the contractual repayment terms. Report a delinquent loan at its recorded investment after deducting specific valuation allowances, not at its contractual balance due.

You have the option to use actual days as stated in the schedule headings in lieu of months when you calculate the past due period.

Example using months (instead of actual days):

In this example, the payment is due on the first of the month and the first payment missed is the one due March first.

Payment Due Date	Payments Missed	Actual Days Overdue At Month-End	Complete Months Overdue At Month-End	Past-Due Category At Month-End
March 1	(one)	30	0	Under 30 Days
April 1	(two)	60	1	30 - 89 Days
May 1	(three)	91	2	30 - 89 Days
June 1	(four)	121	3	90 Days or More

In the March TFR, you would not report this loan in Schedule PD. In the June TFR, you would report this loan in either the *90 Days or More* or *Nonaccrual* category.

Example using actual days:

In this example, the payment is due on the first of the month and the first payment missed is the one due first.

Payment Due Date	Payments Missed	Actual Days Overdue At Month-End	Past-Due Category At Month-End
March 1	(one)	30	30 - 89 Days
April 1	(two)	60	30 - 89 Days
May 1	(three)	91	90 Days or More
June 1	(four)	121	90 Days or More

In the March TFR, you would report this loan the *30 - 89 Days* category. In the June TFR, you would report this loan in either the *90 Days or More* or *Nonaccrual* category.

Partial Payments for Amortizing Closed-end Loans:

When borrowers make partial payments, they get credit for the amount of payment they make, so the loan will generally not be reported as past due until two or more months of partial payments have been made.

For example:

If the payment due were $100 and the borrower, due to a temporary condition, only paid $25 a month, the loan would be $75 past due at the end of the first month, $150 past due the second month, and $225 past due the third month.

If the loan were due on January 1, the loan would be $75 past due on February 1 (and February 28), $150 past due on March 1 (and March 31), and $225 on April 1 (and April 30). On the March 31 TFR, the loan would be more than 30 days delinquent and would be reported as 30-89 days past due on Schedule PD.

Likewise, if the borrower paid $50 a month, the loan would be $50 past due on February 1 (and February 28), $100 past due on March 1 (and March 31), and $150 on April 1 (and April 30). Again, on the March 31 TFR, the loan would be 30 days delinquent and reported as 30-89 days past due.

However, if the borrower paid $51 a month, the loan would be $49 past due on February 1 (and February 28), $98 past due on March 1 (and March 31), and $147 on April 1 (and April 30). Therefore, on the March 31 TFR, the loan would be less than 30 days delinquent and would not be reported as past due.

Restructured loans:

You need not maintain a loan in nonaccrual status where you have formally restructured the loan so that you are reasonably assured of repayment and of performance according to the modified terms, provided the restructured loan is well secured and collection under the revised terms is probable. To determine probability of collection, consider the borrower's sustained historical repayment performance for a reasonable period, which may take into account performance prior to restructuring. A sustained period of repayment performance generally would equal a minimum of six months and would involve payments of cash or cash equivalents.

Do not include:

1. Loans on which interest is being accrued for record-keeping purposes but not for reporting purposes.
2. Accrued interest and advance payments of borrowers' taxes and insurance unless they have been capitalized to the loan balance.
3. Deductions for allowances for loan and lease losses (ALLL) or the assumed liability of wrap-around loans applicable to such loans.

NONACCRUAL

Report loans on which you no longer accrue interest.

Interest does not accrue on:

1. An asset that you maintain on a cash basis due to the borrower's deteriorating financial position.
2. An asset for which you do not expect to receive full payment of interest or principal.
3. An asset with principal or interest in default unless the value of the property securing the loan exceeds the receivable balance, including principal, interest, and escrows, and collection is probable.

PAST DUE LOANS:

Under interagency guidance, ("*Revised Interagency Guidance on Returning Certain Nonaccrual Loans to Accrual Status: Commercial Real Estate Lending*") dated June 10, 1993 found in Appendix C of the OCC's Comptroller's Handbook: "Commercial Real Estate and Construction Lending"), past due loans may be returned to accrual status, even though the loans are not fully current, and any previous charge-offs not fully recovered, provided the past due loans meet the following conditions:

- There is reasonable assurance of repayment within a reasonable period, of all principal and interest amounts contractually due (including amounts past due).

- There is a sustained period of repayment performance (generally a minimum of six months) in accordance with the contractual terms, involving payments of cash or cash equivalents.

However, savings associations would continue to disclose past due loans that meet the above conditions, until they are fully current.

MORTGAGE LOANS:

PD115, 215, AND 315: CONSTRUCTION

Report loans included on SC230 through SC240, Construction Loans.

Permanent, Secured by:

1-4 Dwelling Units:

PD121, PD221, and PD321: Revolving, Open-End Loans

Report past due and nonaccrual revolving, open-end mortgages on 1-4 dwelling units reported on SC251.

All Other:

PD123, PD223, and PD323: Secured by First Liens

Report past due and nonaccrual mortgages with a first lien on 1-4 dwelling units reported on SC254.

PD124, PD224, and PD324: Secured by Junior Liens

Report past due and nonaccrual mortgages with a junior lien on 1-4 dwelling units reported on SC255.

PD125, 225, and 325: Multifamily (5 or More) Dwelling Units

Report loans included on SC256, Permanent Mortgages on: Multifamily (5 or More) Dwelling Units.

PD135, 235, and 335: Nonresidential Property (Except Land)

Report loans included on SC260, Permanent Mortgages on: Nonresidential Property (Except Land).

PD138, 238, and 338: Land

Report loans included on SC265, Permanent Mortgages on: Land.

NONMORTGAGE LOANS AND LEASES:

PD140, 240, AND 340: COMMERCIAL

Report loans and leases included on SC300 through SC306, Nonmortgage Loans: Commercial Loans.

CONSUMER LOANS:

PD161, 261, and 361: Loans on Deposits

Report loans included on SC310, Consumer Loans: Loans on Deposits.

PD163, 263, and 363: Home Improvement Loans

Report loans included on SC316, Consumer Loans: Home Improvement Loans.

PD165, 265, and 365: Education Loans

Report loans included on SC320, Consumer Loans: Education Loans.

PD167, 267, and 367: Auto Loans

Report loans included on SC323, Consumer Loans: Auto Loans.

PD169, 269, and 369: Mobile Home Loans

Report loans included on SC326, Consumer Loans: Mobile Home Loans.

PD171, 271, and 371: Credit Cards

Report past due and nonaccrual consumer credit cards reported on SC328

PD180, 280, and 380: Other

Report past due and nonaccrual consumer loans reported on SC330.

PD10, 20, AND 30: TOTAL

The EFS software automatically computes these totals as the sum of PD115 through PD180 on PD10, the sum of PD215 through PD280 on PD20, and the sum of PD315 through PD380 on PD30.

TROUBLED DEBT RESTRUCTURED:

A troubled debt restructuring is a restructuring of a loan in which a savings association, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. For purposes of this schedule, the concession consists of a modification of terms, such as a reduction of the loan's stated interest rate, principal, or accrued interest or an extension of the loan's maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, regardless of whether the loan is secured or unsecured and regardless of whether the loan is guaranteed by the government or others.

Once an obligation has been restructured in a trouble debt restructuring, it continues to be considered a trouble debt restructuring until paid in full or otherwise settled, sold, or charged off. However, if a restructured obligation is in compliance with its modified terms and the restructuring agreement specifies an interest rate that at the time of the restructuring is greater or equal to the rate that the savings association was willing to accept or a new extension of credit with compararable risk, the loan need not continue to be reported as a troubled debt restructuring in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest equal to the current interest rate for new debt with similar risk is not considered a troubled debt restructuring. Also, a loan to a third party purchaser of "other real estate owned" by the reporting savings association for the purpose of facilitating the disposal of such real estate is not considered a troubled debt restructuring.

For further information, see the Glossary entry for "troubled debt restructurings."

PD190, 290, and 390: Included in PD115 – PD380

Report troubled debt restructurings that you included above in Schedule PD. Refer to the instructions for VA942 for a discussion of troubled debt restructured. These lines plus the amount reported on VA942 will equal the total troubled debt restructured included in your balance sheet as of the quarter end.

CONSTRUCTION, LAND DEVELOPMENT AND OTHER LAND LOANS:

PD516, 616, AND 716: 1-4 Family residential construction loans

Report in the appropriate column all loans secured by real estate for the purpose of constructing 1-4 family residential properties included in items PD115 – PD315 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

PD517, 617, AND 717: Other construction loans and all land development and other land loans

Report in the appropriate column all construction loans for purposes other than constructing 1-4 family residential properties included in items PD115 – PD315, all land development loans, and all other land loans included in items PD138 – PD338 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

PD519, 619, AND 719: Loans secured by 1-4 family residential properties

Report in the appropriate column all loans secured by 1-4 family residential properties included in items PD121 – PD324 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

PD525, 625, AND 725: Loans secured by multifamily (5 or more) residential properties

Report in the appropriate column all loans secured by multifamily (5 or more) residential properties included in items PD125 –PD325 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

SECURED BY NONFARM NONRESIDENTIAL PROPERTIES:

PD535, 635, AND 735: Loans secured by owner-occupied nonfarm nonresidential properties

Report in the appropriate column all loans secured by owner-occupied nonfarm nonresidential properties included items PD135 – PD335 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

PD536, 636, AND 736: Loans secured by other nonfarm nonresidential properties

Report in the appropriate column all nonfarm nonresidential real estate loans not secured by owner-occupied nonfarm nonresidential properties loans included in items PD135 – PD335 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

PD537, 637, AND 737: Commercial and industrial loans

Report all commercial and industrial loans included in items PD140 – PD340 of this schedule that have been restructured in trouble debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

PD538, 638, AND 738: All other loans (include loans to individuals for household, family, and other personal expenditures)

Report in the appropriate column all other loans that cannot properly be reported in items PD516 – PD737 above that have been restructured in troubled debt restructurings and, under their modified repayment items, are past due 30 days or more or are in nonaccrual status as of the report date. Include in the appropriate column of this item all loans in the following categories that have been restructured in troubled debt restructurings and, under their modified repayment items, are past due 30 days or more or are in nonaccrual status as of the report date:

(1) Loans secured by farmland;

(2) Loans to depository institutions and acceptances of other bank;

(3) Loans to finance agricultural production and other loans to farmers;

(4) Loans to individuals for household, family, and other personal expenditures;

(5) Loans to foreign governments and official institutions;

(6) Obligations (other than securities and leases) of states and political subdivisions in the U.S.; and

(7) Loans to nondepository financial institutions and other loans.

Report in items PD539 – PD781, each category of loans within "All other loans": items PD538 – PD738 that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date, and the dollar amount of loans in such category, that exceeds 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or are in nonaccrual status as of report date (i.e., (10 percent of the sum of items PD516 – PD737) plus sum of items PD538 – PD738. Preprinted captions have been provided in items PD539 – PD781 for reporting the amount of such restructured loans for the following loan categories if the amount for a loan category exceeds this 10 percent reporting threshold:

- Loans secured by farmland .... PD539 – PD739
- Loans to depository institutions and acceptances of other banks .... PD540 – PD740
- Loans to individuals for household, family, and other personal expenditures: **credit cards** .... PD542 – PD742
- Loans to individuals for household, family, and other personal expenditures: **automobile loans** .... PD545 – PD745
- Loans to individuals for household, family, and other personal expenditures: **other consumer loans** (includes single payment, installment, all student loans, and revolving credit plans other than credit cards) .... PD560 – PD760
- Loans to foreign governments and official institutions .... PD580 – PD780
- Other loans (i.e. obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and loans to finance agricultural production and other loans to farmers .... PD581 – PD781

Items PD582 – PD782 to be completed by: savings associations with $300 million or more in total assets, and savings associations with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule SC) exceeding five percent of total loans.

PD582, 682, AND 782: Loans to finance agricultural production and other loans to farmers included in items PD581 – PD781 above

Savings Associations with $300 million or more in total assets and savings associations with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans the above preprinted caption has been provided in items PD582 –

PD782 for reporting the amount of “Loans to finance agricultural production and other loans to farmers” that have been restructured in troubled debt restructurings and, under modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date if the amount of such loans included in items PD581 – PD781, “Other loans,” exceeds 10 percent of total loans restructured in trouble debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date (i.e. 10 percent of the sum of items PD190 – PDPD737 plus items PD538 – PD738).

Memoranda:

PD192, 292, AND 392: LOANS AND LEASES REPORTED IN ITEMS PD115 – PD380 THAT ARE HELD FOR SALE

Report loans and leases held for sale that are included above in Schedule PD.

PD195, 295, AND 395: LOANS AND LEASES REPORTED IN ITEMS PD115 – PD380 THAT ARE WHOLLY OR PARTIALLY GUARANTEED BY THE U.S. GOVERNMENT, AGENCY, OR SPONSORED ENTITY

Report the recorded investment included above in Schedule PD of past due or nonaccrual loans that are wholly or partially recoverable from the U.S. Government, its agencies, and its government sponsored entities. Exclude loans and leases that are both (a) covered by FDIC loss sharing agreements, and (b) reported as delinquent loans on schedule PD, items PD115 - PD 380.

PD196, 296, AND 396: GUARANTEED PORTION OF OTHER LOANS AND LEASES INCLUDED IN ITEMS PD195-PD395 (EXCLUDE REBOOKED “GNMA LOANS”)

Report the guaranteed portion of loans (excluding rebooked “GNMA loans”) reported in PD195 through PD395 above.

PD197, 297, AND 397 REBOOKED “GNMA LOANS” REPURCHASED OR ELIGIBLE FOR REPURCHASE INCLUDED IN PD195 – PD395

Report the amount of “GNMA loans” repurchased or eligible for repurchase that are reported in PD195 through PD395 above.

LOANS IN PROCESS OF FORECLOSURE:

Report the amount of loans currently in process of foreclosure. Loans in process of foreclosure include loans that have been issued a notice of default, or lis pendens, or notice of trustee sale, or notice of foreclosure sale. Do not include loans where the foreclosure process has been completed (properties that have been repurchased by your institution and taken into real estate owned).

PD415: Construction Loans

Report the amount of loans included in SC230, SC235, and SC240 that are currently in process of foreclosure.

PD421: 1-4 Dwelling Units Secured by Revolving Open-End Loans

Report the amount of loans included in SC251 that are currently in process of foreclosure.

PD 423: 1-4 Dwelling Units Secured by First Liens

Report the amount of loans included in SC254 that are currently in process of foreclosure.

PD 424: 1-4 Dwelling Units Secured by Junior Liens

Report the amount of loans included in SC255 that are currently in process of foreclosure.

PD425: Multifamily (5 or More) Dwelling Units

Report the amount of loans included in SC256 that are currently in process of foreclosure.

PD 435: Nonresidential Property (Except Land)

Report the amount of loans included in SC260 that are currently in process of foreclosure.

PD 438: Land Loans

Report the amount of loans included in SC265 that are currently in process of foreclosure.

PD40: TOTAL

The EFS software automatically computes this total as the sum of PD415 through PD438.

LOANS AND LEASES REPORTED IN ITEMS PD115 – PD380 ABOVE THAT ARE COVERED BY LOSS-SHARING AGREEMENTS WITH THE FDIC:

Report in the appropriate subitem and column the aggregate recorded investment in all loans and leases covered by loss-sharing agreements with the FDIC and reported in Schedule SC that have been included in items PD115 – PD380, because they are past due 30 days or more or are in nonaccrual status as of the report date.

LOANS SECURED BY REAL ESTATE:

CONSTRUCTION, LAND DEVELOPMENT AND OTHER LAND LOANS:

PD816, 916, AND 1016: 1-4 family residential construction loans

Report in the appropriate column the amount of all covered 1-4 family residential construction loans reported in items PD115 – PD315 because they are past due 30 days or more or are in nonaccrual status as of the report date. Amounts need not be reported if they are considered immaterial.

PD817, 917, AND 1017: Other construction loans and all land development and other land loans

Report in the appropriate column the amount of all other covered construction loans and all covered land development and other land loans reported in items PD115 – PD315 and PD138 – PD338 because they are past due 30 days or more or are in nonaccrual status as of the report date.

PD818, 918, AND 1018: Secured by farmland

Report in the appropriate column the amount of all covered loans secured by farmland reported in items PD135 – PD335, above because they are past due 30 days or more days or in nonaccrual status as of the report date.

SECURED BY 1-4 FAMILY RESIDENTIAL PROPERTIES:

PD819, 919, AND 1019: Revolving, open-end loans secured by 1-4 family residential properties and extended lines of credit

Report in the appropriate column the amount of all covered revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit loans held for sale and held for investment reported in items PD121 – PD321 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Closed-end loans secured by 1-4 family residential properties:

PD820, 920, AND 1020: Secured by first liens

Report in the appropriate column the amount of all covered close-end loans secured by first liens on 1-4 family residential properties reported in items PD123 – PD323 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

PD821, 921, AND 1021: Secured by junior liens

Report in the appropriate column the amount of all covered close-end loans secured by junior liens on 1-4 family residential properties reported in items PD124 – PD324 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

PD822, 922, AND 1022: Secured by multifamily (5 or more) Residential properties

Report in the appropriate column the amount of all covered loans secured by multifamily (5 or more) residential properties reported in items PD125 – PD325 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Secured by nonfarm nonresidential properties:

PD823, 923, AND 1023: Loans secured by owner-occupied nonfarm nonresidential property

Report in the appropriate column the amount of all covered loans secured by owner-occupied nonfarm nonresidential properties reported in items PD135 – PD335 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

PD824, 924, AND 1024: Loans secured by other nonfarm Nonresidential properties

Report in the appropriate column the amount of all covered loans secured by other nonfarm nonresidential properties reported in items PD135 – PD335 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

PD826, 926, AND 1026: Commercial and industrial loans

Report in the appropriate column the amount of all covered commercial and industrial loans reported in items PD140 – PD340 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

LOANS TO INDIVIDUALS FOR HOUSEHOLD, FAMILY AND OTHER PERSONAL EXPENDITURES:

PD827, 927, AND 1027: Credit Cards

Report in the appropriate column the amount of all covered extensions of credit arising from credit cards that are reported in items PD171 – PD371 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

PD828, 928, AND 1028: Automobile Loans

Report in the appropriate column the amount of all covered automobile loans reported in items PD167 – PD367 above because they are past due 30 days or more or are in nonaccrual status as of the report date.

PD829, 929, AND 1029: OTHER CONSUMER LOANS (INCLUDES SINGLE PAYMENT, INSTALLMENT, ALL STUDENT LOANS, AND REVOLVING CREDIT PLANS OTHER THAN CREDIT CARDS)

Report in the appropriate column the amount of other consumer loans (includes single payment installment, all student loans, and revolving credit plans other than credit cards) reported in items PD161 – PD365; and PD169 – PD369 covered by loss-sharing agreements with the FDIC that are past due and nonaccrual.

PD830, 930, AND 1030: ALL OTHER LOANS AND LEASES

Report in the appropriate column the amount of covered loans and leases reported in items PD180 – PD380 “Other,” loans and leases that are past due 30 days or more or are in nonaccrual status as of the report date. Include in the appropriate column of this item covered loans in the following categories that are past due 30 or more or are in nonaccrual status as of the report date:

(1) Loans to depository institutions and acceptances of other banks PD831, PD931, PD1031
(2) Loans to foreign governments and official institutions PD832, PD932, PD1032
(3) Other loans[9] PD833, PD933, PD1033
(4) Lease financing receivables PD834, PD934, PD1034

Itemize the past due and nonaccrual amounts included in items PD830 – PD1030 above for the loan and lease categories for which amounts were reported in items SI784- SI787:

PD831, 931, AND 1031: LOANS TO DEPOSITORY INSTITUTIONS AND ACCEPTANCES OF OTHER BANKS

PD832, 932, AND 1032: LOANS TO FOREIGN GOVERNMENTS AND OFFICIAL INSTITUTIONS

PD833, 933, AND 1033: OTHER LOANS1

PD834, 934, AND 1034: LEASE FINANCING RECEIVABLES

Items PD835 – PD1035 below to be completed by savings associations with $300 million or more in total assets, and savings associations with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule SC) that are five percent of total loans.

PD835, 935, AND 1035: LOANS TO FINANCE AGRICULTURAL PRODUCTION AND OTHER LOANS TO FARMERS INCLUDED IN ITEMS PD833 – PD1033 ABOVE.

Report loans to finance agricultural production and other loans to farmers included in PD833 – PD1033.

PD840, 940, AND 1040: PORTION OF COVERED LOANS AND LEASES IN ITEMS PD816 – PD1030 ABOVE PROTECTED BY FDIC-LOSS SHARING AGREEMENTS

Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the past due and nonaccrual loans and leases reported in PD816 – PD1030 above beyond the amount that has already been reflected in the measurement of the reporting savings association's indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

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[9] Includes "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and loans) of states and political subdivisions in the U.S., "and "loans to nondepository institutions and other loans."

In general, the maximum amount recoverable from the FDIC on covered past due and nonaccrual loans and leases is the recorded amount of these loans and leases, as reported in PD816 – PD1030 multiplied by the currently applicable loss coverage rate (e.g. 80 percent or 95 percent). This product will normally be the maximum amount recoverable because reimbursements from the FDIC for covered assets related to the amount by which the “book value” of a covered asset on the failed institution’s books (which is the amount upon which payments under FDIC loss-sharing agreements are based) exceeds the amount at which the reporting savings association reports the covered asset on Schedule SC – Consolidated Statement of Condition, should already have been taken into account in measuring the carrying amount of the reporting savings association’s loss-sharing indemnification asset, which is reported in Schedule SC.

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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 AND MULTIFAMILY PROPERTIES, WITHOUT PMI OR GOVERNMENT GUARANTEE

Report data on 1-4 family and multifamily (5 or more dwelling units) 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 high loan-to-value loans on this schedule, include small business loans secured by 1-4 and multifamily residences classified as commercial loans on Schedule SC, as well as loans reported as mortgages. The only 1-4 and multifamily 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 and multifamily 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.

BALANCES AT QUARTER-END:

Report the recorded investment less specific valuation allowances of all mortgages secured by 1-4 and multifamily residential properties where the loan-to-value falls in the range indicated and that are not covered by PMI or government guarantee.

If you hold junior and senior liens on the same property and the senior lien is covered by PMI but the junior lien is a home equity loan that is not covered by PMI or government guarantee, report the recorded investment of only the home equity loan. However, for purposes of calculating LTV, you include the recorded investments of the first mortgage and the home equity loan and the undisbursed commitment of the home equity loan as the numerator. If the first mortgage has an LTV less than 80% and therefore has no PMI, you must combine it with junior liens on the same property on LD110 and LD120.

LD110: 90% up to 100% LTV : 1–4 Family

LD111: 90% up to 100% LTV: Multifamily

LD120: 100% and greater LTV: 1-4 Family

LD121: 100% and greater LTV: Multifamily

PAST DUE AND NONACCRUAL BALANCES:

Report the recorded investment less specific valuation allowances of all past due and nonaccrual mortgages secured by 1-4 and multifamily residential properties, where the loan-to-value falls in the range indicated and that are not covered by PMI or government guarantee. You should use the same definitions of past due and nonaccrual that we provide in Schedule PD. If you have made multiple loans on the same property, report only the loans that are past due.

Past Due and Nonaccrual Balances:

30 - 89 Days

LD210: 90% up to 100% LTV: 1-4 Family

LD211: 90% up to 100% LTV: Multifamily

LD220: 100% and greater LTV: 1-4 Family

LD221: 100% and greater LTV: Multifamily

90 Days or More:

LD230: 90% up to 100% LTV: 1-4 Family

LD231: 90% up to 100% LTV: Multifamily

LD240: 100% and greater LTV: 1-4 Family

LD241: 100% and greater LTV: Multifamily

Nonaccrual:

LD250: 90% up to 100% LTV: 1-4 Family

LD251: 90% up to 100% LTV: Multifamily

LD260: 100% and greater LTV: 1-4 Family

LD261: 100% and greater LTV: Multifamily

CHARGE-OFFS AND RECOVERIES:

Net Charge-offs (including Specific Valuation Allowance Provisions & Transfers from General to Specific Allowances):

We define **net charge-offs** as charge-offs from general valuation allowances, as reported on VA155, less recoveries, as reported on VA135, plus specific valuation allowance provisions, as reported on VA118, and transfers from general allowances, as reported VA128. This is also referred to as **adjusted net charge-offs**. Include adjusted net charge-offs of all balances reportable on LD110 and LD120 for 1-4 family mortgages and LD111 and LD121 for multifamily mortgages. Include all charge-offs, recoveries and specific valuation allowance activity on high loan-to-value 1-4 and multifamily. Report charge-offs and recoveries that occurred during the quarter.

LD310: 90% up to 100% LTV: 1-4 Family

LD311: 90% up to 100% LTV: Multifamily

LD320: 100% and greater LTV: 1-4 Family

LD321: 100% and greater LTV: Multifamily

PURCHASES

Report the cost of all high loan-to-value loans secured by 1-4 and multifamily residential properties purchased during the quarter from other entities. You should also report these purchases in Schedule CF.

LD410: 90% up to 100% LTV: 1-4 Family

LD411: 90% up to 100% LTV: Multifamily

LD420: 100% and greater LTV: 1-4 Family

LD421: 100% and greater LTV: Multifamily

ORIGINATIONS

Report the amount disbursed for all high loan-to-value loans secured by 1-4 and multifamily residential properties during the quarter. Note that you report all amounts net of loans-in-process (LIP), and report additional disbursements in the quarter in which you make them. Use the definition of disbursements found in the instructions as Schedule CF for the definition of originations in this schedule.

LD430: 90% up to 100% LTV: 1-4 Family

LD431: 90% up to 100% LTV: Multifamily

LD440: 100% and greater LTV: 1-4 Family

LD441: 100% and greater LTV: Multifamily

SALES

Report all high loan-to-value loans secured by 1-4 family residential properties and multi-family properties sold to other entities or otherwise disposed of during the quarter. You should also report these sales in Schedule CF.

LD450: 90% up to 100% LTV: 1-4 Family

LD451: 90% up to 100% LTV: Multifamily

LD460: 100% and greater LTV: 1-4 Family

LD461: 100% and greater LTV: Multifamily

SUPPLEMENTAL LOAN DATA FOR ALL LOANS

LD510: 1-4 DWELLING UNITS CONSTRUCTION-TO-PERMANENT LOANS

Report the outstanding balance of all construction-to-permanent loans secured by 1-4 dwelling units, and construction loans to the ultimate owner-occupant, that are reported in SC230, Construction loans on 1-4 Dwelling Units. Do not include loans to builders who plan to sell or rent after completion.

LD520: OWNER-OCCUPIED MULTIFAMILY PERMANENT LOANS

Report the outstanding balance of all owner-occupied multifamily permanent loans secured by 5 or more dwelling units that are reported in SC256, Multifamily (5 or More) Dwelling Units.

The determination as to whether a multifamily property is considered “owner-occupied” should be made upon acquisition (origination or purchase) of the loan. However, for purposes of determining whether existing multifamily real estate loans should be reported as “owner-occupied”, the institution may consider the source of repayment either when the loan was acquired or based on the most recent available information. Once the institution determines whether a loan should be reported as “owner-occupied” or not, this determination need not be reviewed thereafter.

Loans secured by owner-occupied multifamily properties are those multifamily property loans for which the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the party, or an affiliate of the party, who owns the property. Thus, for loans secured by owner-occupied multifamily properties, the primary source of repayment is not derived from third party, nonaffiliated, rental income associated with the property (i.e., any such rental income is less than 50 percent of the source of repayment) or the proceeds of the sale, refinancing, or permanent financing of the property.

LD530: OWNER-OCCUPIED NONRESIDENTIAL PROPERTY (EXCEPT LAND) PERMANENT LOANS

Report the outstanding balance of all owner-occupied nonresidential property (except land) permanent loans that are reported in SC260, Permanent Loans - Nonresidential Property (Except Land).

The determination as to whether a nonresidential property is considered “owner-occupied” should be made upon acquisition (origination or purchase) of the loan. However, for purposes of determining whether existing nonresidential real estate loans should be reported as “owner-occupied”, the institution may consider the source of repayment either when the loan was acquired or based on the most recent available information. Once the institution determines whether a loan should be reported as “owner-occupied” or not, this determination need not be reviewed thereafter.

Loans secured by owner-occupied nonresidential properties are those nonresidential property loans for which the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the party, or an affiliate of the party, who owns the property. Thus, for loans secured by owner-occupied nonresidential properties, the primary source of repayment is not derived from third party, nonaffiliated, rental income associated with the property (i.e., any such rental income is less than 50 percent of the source of repayment) or the proceeds of the sale, refinancing, or permanent financing of the property. Include loans secured by hospitals, golf courses, recreational facilities, and car washes unless the property is owned by an investor who leases the property to the operator who, in turn, is not related to or affiliated with the investor. Also include loans secured by churches unless the property is owned by an investor who leases the property to the congregation.

LD610: 1-4 DWELLING UNITS OPTION ARM LOANS

Report the outstanding balance of all option ARM loans secured by 1-4 dwelling units that are reported in SC251, Revolving, Open-End Loans on 1-4 Dwelling Units, SC254, First Liens, Closed-End on 1-4 Dwelling Units, and SC255, Junior Liens, Closed-End on 1-4 Dwelling Units.

Option ARMs loans generally represent adjustable rate mortgages where the borrower may have the option to opt for a minimum payment or an interest only payment.

LD620: 1-4 DWELLING UNITS ARM LOANS WITH NEGATIVE AMORTIZATION

Report the outstanding balance of all ARM loans with negative amortization secured by 1-4 dwelling units that are reported in SC251, Revolving, Open-End Loans on 1-4 Dwelling Units, SC254, First Liens, Closed-End on 1-4 Dwelling Units, and SC255, Junior Liens, Closed-End on 1-4 Dwelling Units.

LD650: TOTAL CAPITALIZED NEGATIVE AMORTIZATION

Report the total capitalized negative amortization included in the outstanding balances reported in LD620, 1-4 Dwelling Units ARM Loans with Negative Amortization.

CONSTRUCTION LOANS WITH CAPITALIZED INTEREST:

LD710: CONSTRUCTION LOANS ON 1-4 DWELLING UNITS WITH CAPITALIZED INTEREST

Report the outstanding balance at quarter-end of all construction loans on 1-4 dwelling units with capitalized interest that are reported in SC230, Construction Loans on 1-4 Dwelling Units.

LD715: CAPITALIZED INTEREST ON CONSTRUCTION LOANS ON 1-4 DWELLING UNITS INCLUDED IN CURRENT QUARTER INCOME

Report the amount of capitalized interest included in LD710, Construction Loans on 1-4 Dwelling Units with Capitalized Interest, that is included in current quarter income.

LD720: CONSTRUCTION LOANS ON MULTIFAMILY (5 OR MORE) DWELLING UNITS WITH CAPITALIZED INTEREST

Report the outstanding balance at quarter-end of all construction loans on multifamily (5 or more) dwelling units with capitalized interest that are reported in SC235, Construction Loans on Multifamily (5 or More) Dwelling Units.

LD725: CAPITALIZED INTEREST ON MULTIFAMILY (5 OR MORE) DWELLING UNITS WITH CAPITALIZED INTEREST INCLUDED IN CURRENT QUARTER INCOME

Report the amount of capitalized interest included in LD720, Construction Loans on Multifamily (5 or More) Dwelling Units with Capitalized Interest, that is included in current quarter income.

LD730: CONSTRUCTION LOANS ON NONRESIDENTIAL PROPERTY WITH CAPITALIZED INTEREST

Report the outstanding balance at quarter-end of all construction loans on nonresidential property with capitalized interest that are reported in SC240, Construction Loans on Nonresidential Property.

LD735: CAPITALIZED INTEREST ON CONSTRUCTION LOANS ON NONRESIDENTIAL PROPERTY INCLUDED IN CURRENT QUARTER INCOME

Report the amount of capitalized interest included in LD730, Construction Loans on Nonresidential Property with Capitalized Interest, that is included in current quarter income.

COLLATERALIZED DEBT OBLIGATIONS (CDOs), COLLATERALIZED LOAN OBLIGATIONS (CLOs), AND COMMERCIAL MORTGAGE-BACKED SECURITIES (CMBSs):

CDOs, CLOs, and CMBSs are types of asset-backed securities and structured credit products. CDOs are constructed from a portfolio of fixed-income assets that are pooled together and passed on to different classes of owners. CLOs are structured from a portfolio of nonmortgage business loans that are pooled together and passed on to different classes of owners.

CMBSs are structured from a portfolio of commercial mortgage loans that are pooled together and passed on to different classes of owners.

The market values at the end of the reporting period for items LD755, LD765, and LD775 should be estimated by your institution for the current interest rate environment. The market value estimates should be consistent across quarters.

LD750: COLLATERALIZED DEBT OBLIGATIONS: CARRYING VALUE

LD755: COLLATERALIZED DEBT OBLIGATIONS: MARKET VALUE

LD760: COLLATERALIZED LOAN OBLIGATIONS: CARRYING VALUE

LD765: COLLATERALIZED LOAN OBLIGATIONS: MARKET VALUE

LD770: COMMERCIAL MORTGAGE-BACKED SECURITIES: CARRYING VALUE

LD775: COMMERCIAL MORTGAGE-BACKED SECURITIES: MARKET VALUE

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 not yet closed 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.

CC330: TO SELL LOANS

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

TO PURCHASE OR SELL MORTGAGE-BACKED SECURITIES AND INVESTMENT SECURITIES

Report all commitments to purchase mortgage-backed securities and investment securities whether or not they are accounted for as derivatives (e.g., when-issued, regular-way trades, or normal purchases and sales) on the appropriate line: CC335, CC355, CC365, or CC375. Report commitments to purchase and sell when-issued securities that are accounted for as derivatives on a gross basis (except you may net purchases and sales of the identical security with the same party). For example, report a GSE To-Be-Announced (TBA) mortgage-backed security where there is expectation of physical delivery upon issuance of the security (regular-way trade) on CC335. Similarly, report a GSE TBA where there is no expectation of delivery, and therefore, accounted for as a forward contract, also on CC335.

CC335: TO PURCHASE MORTGAGE-BACKED SECURITIES

Report outstanding commitments to purchase mortgage-backed securities of the types included on SC210 through SC222.

CC355: TO SELL MORTGAGE-BACKED SECURITIES

Report outstanding commitments to sell mortgage-backed securities of the types included on SC210 through SC222.

CC365: TO PURCHASE INVESTMENT SECURITIES

Report outstanding commitments to purchase investment securities of the types reported on SC130 through SC185.

CC375: TO SELL INVESTMENT SECURITIES

Report outstanding commitments to sell investment securities of the types reported on SC130 through SC185.

LINES AND LETTERS OF CREDIT:

UNUSED LINES OF CREDIT:

Report all unused lines of credit that you issue in connection with credit cards or open-end loans. **Unused lines of credit** are defined as the difference between the amount authorized by contract and the actual amount outstanding at quarter-end.

Do not include loans-in-process on constructions loans; report construction LIP on CC105.

CC412: Revolving Open-End Loans On 1-4 Dwelling Units

Report unused lines of credit on mortgage loans on 1-4 dwelling units for revolving, open-end loans (home equity lines of credit) reported on SC251.

CC420: Commercial Lines

Report unused lines of credit on nonmortgage commercial loans reported on SC300, SC303, and SC306.

Open-End Lines:

CC423: Credit Cards-Consumer

Report unused lines of credit on consumer credit cards reported on SC328.

CC424: Credit Cards-Other

Report unused lines of credit on business credit cards reported on SC304.

CC425: Other

Report unused lines of credit on consumer loans reported on SC330, including credit extended to individuals under prearranged overdraft plans.

LETTERS OF CREDIT

Report the undrawn portion of outstanding letters of credit at the end of the quarter. Do not report any other type of commitment. Report most other types of commitments on CC280 through CC375.

There are two classifications of letters of credit:

1. A **commercial letter of credit** is one where the issuer expects to pay drafts or other demands for payment.
2. A **standby letter of credit** is one where the issuer stands ready to pay in the unexpected event that the customer defaults or fails to perform on the underlying contract with the third party.

Do not include unused lines of credit.

CC430: Commercial

Report the undrawn portion of commercial letters of credit.

CC435: Standby, Not Included on CC465 or CC468

Report the undrawn portion of all standby letters of credit not included on CC465 or CC468. Include both collateralized and uncollateralized standby letters of credit.

RECOURSE OBLIGATIONS AND DIRECT CREDIT SUBSTITUTES

If you have recourse obligations, residual interests, credit-enhancing interest-only strips, subordinated securities, or direct credit substitutes, you should use the lines below to report these interests and the amount of assets that they enhance.

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 associated with certain nonsecurity financial instruments reported on SC665, Interest-Only Strip Receivables and Certain Other Instruments.

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, as well as residuals, credit-enhancing interest-only strips, and subordinated securities which 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.

AMOUNT OF RECOURSE OBLIGATIONS ON LOANS IN CC468 WHERE RECOURSE IS LIMITED TO:

CC469: 120 DAYS OR LESS

Report the face amount of the exposure on loans included in CC468 where the recourse obligations expire within 120 days or less.

CC471: GREATER THAN 120 DAYS

Report the face amount of the exposure on loans included in CC468 where the recourse obligations expire beyond 120 days.

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 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, amortization of discounts and premiums, and market value adjustments. 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.
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.

CF226: Home Equity and Junior Liens

Report the amount of mortgage loans disbursed during the quarter included under CF225 that are of the type reported on SC251 and SC255.

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.

CF280: 1-4 Dwelling Units

Report loans and participations purchased during the quarter of the types on SC230, Construction Loans on: 1-4 Dwelling Units, and SC251 through SC255, Permanent Mortgages on 1-4 Dwelling Units.

CF281: 1-4 Dwelling Units Purchased From Entities Other Than Federally-Insured Depository Institutions or Their Subsidiaries

Report loans and participations included in CF280 that were purchased from entities other than federally-insured depository institutions or their subsidiaries during the quarter that are included under CF280 and of the types on SC230, Construction Loans on: 1-4 Dwelling Units, and SC251 through SC255, Permanent Mortgages on 1-4 Dwelling Units.

CF282: Home Equity and Junior Liens

Report loans and participations included in CF280 that are of the type reported on SC251 and SC255.

CF290: Multifamily (5 or More) Dwelling Units

Report loans and participations purchased during the quarter of the types on SC235, Construction Loans on 5 or More Dwelling Units, and SC256, Permanent Mortgages on 5 or More Dwelling Units.

CF300: Nonresidential

Report loans and participations purchased during the quarter of the types on SC240, Construction Loans on Nonresidential Property, SC260, Permanent Mortgages on Nonresidential Property (Except Land), and SC265, Permanent Mortgages on Land.

LOANS AND PARTICIPATIONS SOLD, SECURED BY:

Include:

1. The carrying value of mortgage loans and participations sold to other entities or otherwise disposed of.
2. Securitized loans, both those sold and those you retain in your security portfolio. If you retain a portion of a loan securitization, report that portion as an acquisition on CF143 or CF153.

CF310: 1-4 Dwelling Units

Report loans and participations sold during the quarter of the types on SC230, Construction Loans on 1-4 Dwelling Units, and SC251 through SC255, Permanent Mortgages on 1-4 Dwelling Units.

CF311: Home Equity and Junior Liens

Report loans and participations included under CF310 that are of the type reported on SC251 and SC255.

CF320: Multifamily (5 or More) Dwelling Units

Report loans and participations sold during the quarter of the types on SC235, Construction Loans on 5 or More Dwelling Units, and SC256, Permanent Mortgages on 5 or More Dwelling Units.

CF330: Nonresidential

Report loans and participations sold during the quarter of the types on SC240, Construction Loans on Nonresidential Property; SC260, Permanent Mortgages on Nonresidential Property (Except Land); and SC265, Permanent Mortgages on Land.

CF361: MEMO: REFINANCING LOANS

Report the gross amount of refinanced or restructured mortgage loans during the quarter.

Include:

1. Both refinanced loans that you reported on CF190 through CF270 where the reporting institution held the original mortgage and refinanced loans where another institution held the original mortgage.
2. Any loan where the terms of the loan (principal, rate, or maturity) are modified, including TDRs.
3. The full amount of the new refinanced loan even though you report only the new amount disbursed on CF190 through C270.
4. All loans refinanced this quarter, even if you disbursed no new funds; these loans will not be reported on CF190 through CF270.

CF365: MEMO: LOANS SOLD WITH RECOURSE 120 DAYS OR LESS:

Report the gross amount of loans sold during the quarter with recourse obligations of 120 days or less.

CF366: MEMO: LOANS SOLD WITH RECOURSE GREATER THAN 120 DAYS:

Report the gross amount of loans sold during the quarter with recourse obligations greater than 120 days.

NONMORTGAGE LOANS:

Report the amount disbursed for commercial and consumer nonmortgage loans and financing leases. Include both loans originated by you and loans you purchased.

Include:

1. Disbursements made during the quarter on lines of credit.
2. Disbursements of LIP.
3. Disbursements made on loans even if the loans paid off or you sold them during the same quarter – line-of-credit transactions and loans originated for sale.

Refer to the general instructions at the beginning of this schedule for reporting when there is a merger or bulk acquisition.

COMMERCIAL:

CF390: Closed or Purchased

Report disbursements of loans and financing leases that you originated or purchased during the quarter of the types on SC300 through SC306, Commercial Loans.

CF395: Sales

Report the carrying value of nonmortgage commercial loans you sold or otherwise disposed of during the quarter. Include commercial loans that you securitized, including both those securities sold and those retained in your portfolio.

CONSUMER:

CF400: Closed or Purchased

Report disbursements of loans and financing leases that you originated or purchased during the quarter of the types on SC310 through SC330, Consumer Loans.

CF405: Sales

Report the carrying value of nonmortgage consumer loans sold or otherwise disposed of during the quarter. Include consumer loans that have been securitized, including both those securities sold and those retained in your portfolio.

DEPOSITS

CF430: INTEREST CREDITED TO DEPOSITS

Report amount of interest and dividends credited during the quarter to accounts on SC710, Deposits.

In the case of a merger, include the following:

Merger with a savings association regulated by the OTS:

Report your combined interest credited and any from a savings association that you merged with for the full quarter, regardless of whether you used the purchase or pooling method of accounting. This should reflect the entire quarter's interest credited regardless of the merger date.

Merger with depository institution not previously regulated by the OTS:

Do not report the interest credited by the acquired non-OTS depository institution before the merger date. After the merger date, report your interest credited combined with the merged institution.

Do not include:

1. Interest paid out in cash.
2. Accrued interest reported on SC763, Accrued Interest Payable – Deposits.

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SCHEDULE DI — CONSOLIDATED DEPOSIT INFORMATION

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

DEPOSIT DATA:

TOTAL BROKER-ORIGINATED DEPOSITS:

DI100: Fully Insured: With Balances Less than $100,000

Report brokered deposits included on SC710, Deposits, and SC712, Escrows, and received from brokers, dealers, or agents, for the account of others where the individual account balances are less than $100,000. Include reciprocal brokered deposits reported in DI230 below.

DI102: Fully Insured: With Balances of $100,000 through $250,000

Report brokered deposits included on SC710, Deposits, and SC712, Escrows, and received from brokers, dealers, or agents, for the account of others where the individual account balances are $100,000 through $250,000. Include reciprocal brokered deposits reported in DI230 below.

DI110: Other

Report brokered deposits included on SC710, Deposits, and SC712, Escrows, received from brokers, dealers, or agents, for the account of others where the individual account exceeds the account insurance limit. Report the full amount of the deposit, both insured and uninsured portions. Include reciprocal brokered deposits reported in DI230 below.

DI114: INTEREST EXPENSE FOR FULLY INSURED BROKERED DEPOSITS

Report interest expense for fully insured brokered deposits.

DI116: INTEREST EXPENSE FOR OTHER BROKERED DEPOSITS

Report interest expense for other brokered deposits.

DI117: TOTAL AMOUNT OF DEPOSITS OBTAINED THROUGH DEPOSIT LISTING SERVICES THAT ARE NOT BROKERED DEPOSTS:

Report the estimated amount off all nonbrokered deposits obtained through the use of deposit listing services included in total deposits (SC71) regardless of the size or type of the deposit instrument.

The objective of this line item is not to capture all deposits obtained through the Internet, such as deposits that a institution receives because a person or entity has seen the rates the institution has posted on its own Web site or on a rate-advertising Web site that has picked up and posted the institution's rates on its site without management's authorization. Rather, the objective of this line item is to collect the estimated deposits amount of deposits obtained as a result of action taken by management to have its deposit rates listed by a listing service, and the listing service is compensated for this listing either by the institution whose rates are being listed or by the persons or entities who view the listed rates. Management should establish a reasonable and supportable estimation process for identifying listing service deposits that meet these reporting parameters and apply this process consistently over time. However, for those nonbrokered deposits acquired through the use of a deposit listing service that offers deposit tracking, the actual amount of listing service deposits, rather than an estimate, should be reported.

Exclude from this item all brokered deposits reported in Schedule.

A deposit listing service is a company that compiles information about the interest rates offered on deposits, such as certificates of deposit, by insured depository institutions. A particular company could be a deposit listing service (compiling information about certificates of deposits) as well as a deposit broker (facilitating the placement of certificates of deposit). A deposit listing service is not a deposit broker if all of the following four criteria are met:

(1) The listing service is not involved in placing deposits. Any funds to be invested in deposit accounts are remitted directly by the depositor to the insured depository institution and not, directly or indirectly, by or through the listing service.

(2) The person or entity providing the listing service is compensated solely by means of subscription fees (i.e., the fees paid by subscribers as payment for their opportunity to see the rates gathered by the listing service) and/or listing fees (i.e., the fees paid by depository institutions as payment for their opportunity to list or "post" their rates). The listing service does not require a depository institution to pay for other services offered by the listing service or its affiliates as a condition precedent to being listed.

(3) The fees paid by depository institutions are flat fees: they are not calculated on the basis of the number of dollar amount of deposits accepted by the depository institution as a result of the listing or "posting" of the depository institution's rates.

(4) In exchange for these fees, the listing service performs no services except (A) the gathering and transmission of information concerning the availability of deposits; and/or (B) the transmission of messages between depositors and depository institutions (including purchase orders and trade confirmations). In publishing or displaying information about depository institutions, the listing service must not attempt to steer funds toward particular institutions (except that the listing service may rank institutions according to interest rates and also may exclude institutions that do not pay, the listing fee). Similarly, in any communications with depositors or potential depositors, the listing service must not attempt to steer funds toward particular institutions.

DEPOSITS (EXCLUDING RETIREMENT ACCOUNTS) WITH BALANCES:

Based on the FDIC definition of deposits in Section 3(l), each institution must complete lines DI120 through DI185, DI210, DI510, DI520, and DI530 on an unconsolidated single FDIC certificate number basis. Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When an insured institution owns another depository institution as a subsidiary, each institution should report only its own deposit liabilities in this section (i.e., the parent institution should not combine the subsidiary institution's deposit liabilities with its own in this section). Each of the above referenced lines should also include accrued interest that is reported on SC763 and exclude unposted debits and unposted credits.

The sum of DI120, DI130, DI170, and DI175 must equal the institution's assessable deposits, i.e. line DI510, less DI520.

DI120: $250,000 or Less

Report deposits (excluding retirement accounts) included on SC710, Deposits, and SC712, Escrows, and SC763, Accrued Interest Payable-Deposits, with current balances of $250,000 or less. Include broker-originated deposits (excluding retirement accounts) where the current balances of the investors' participating shares are $250,000 or less.

DI130: Greater than $250,000

Report deposits (excluding retirement accounts) included on SC710, Deposits, and SC712, Escrows, and SC763, Accrued Interest Payable-Deposits, with current balances greater than $250,000. Include broker-originated deposits (excluding retirement accounts) where the current balances of the investors' participating shares exceed $250,000.

NUMBER OF DEPOSIT ACCOUNTS (EXCLUDING RETIREMENT ACCOUNTS) WITH BALANCES:

DI150: $250,000 or Less

Report the actual number of accounts (excluding retirement accounts) that have outstanding balances including accrued interest of $250,000 or less. Do not report the outstanding balances. Report each investor participation in a broker-originated deposit (excluding retirement accounts) as a separate account. Report the actual number; do not round to thousands.

The sum of DI150, DI160, DI180, and DI185 must equal the total number of deposit accounts that you hold and that you report on SC710, Deposits, and SC712, Escrows.

DI160: Greater than $250,000

Report the actual number of accounts (excluding retirement accounts) that have outstanding balances including accrued interest greater than $250,000. Do not report the outstanding balances. Report each investor participation in a broker-originated deposit as a separate account. Report the actual number; do not round to thousands.

The sum of DI150, DI160, DI180, and DI185 must equal the total number of deposit accounts that you hold and that you report on SC710, Deposits, and SC712, Escrows.

RETIREMENT DEPOSITS WITH BALANCES:

DI170: $250,000 or Less

Report retirement deposits included on SC710, Deposits, and SC712, Escrows, and SC763, Accrued Interest Payable-Deposits, with current balances of $250,000 or less. Include broker-originated deposits where the current balances of the investors' participating shares are $250,000 or less.

DI175: Greater than $250,000

Report retirement deposits included on SC710, Deposits, and SC712, Escrows, and SC763, Accrued Interest Payable-Deposits, with current balances greater than $250,000. Include broker-originated deposits where the current balances of the investors' participating shares exceed $250,000.

NUMBER OF RETIREMENT DEPOSIT ACCOUNTS WITH BALANCES:

DI180: $250,000 or Less

Report the actual number of retirement accounts that have outstanding balances including accrued interest of $250,000 or less. Do not report the outstanding balances. Report each investor participation in a broker-originated retirement deposit as a separate account. Report the actual number; do not round to thousands.

The sum of DI150, DI160, DI180, and DI185 must equal the total number of deposit accounts that you hold and that you report on SC710, Deposits, and SC712, Escrows.

DI185: Greater than $250,000

Report the actual number of retirement accounts that have outstanding balances including accrued interest greater than $250,000. Do not report the outstanding balances. Report each investor participation in a broker-originated retirement deposit as a separate account. Report the actual number; do not round to thousands.

The sum of DI150, DI160, DI180, and DI185 must equal the total number of deposit accounts that you hold and that you report on SC710, Deposits, and SC712, Escrows.

DI200: IRA/KEOGH ACCOUNTS

Report IRA and Keogh accounts included in SC710, Deposits, and SC712, Escrows.

Include other retirement accounts such as SEP accounts.

Do not include:

1. 401(k) accounts.
2. Accounts that, under applicable tax laws, are predominantly for uses other than retirement.

DI210: UNINSURED DEPOSITS

Institutions with less than $1 billion in total assets are not required to complete this item. Institutions with $1 billion or more in total assets are required to report these data on an unconsolidated single FDIC certificate number basis. To determine whether to complete this item, use your institution's total assets from line SC60 as of the TFR prior to or current with the current reporting cycle. Once an institution passes the $1 billion total assets threshold, it must continue to report its estimated uninsured deposits regardless of subsequent changes in its total assets. Report the uninsured portion of all deposits and escrows in excess of insured limits pursuant to Section 141 of the FDIC Improvement Act, FDICIA.

Report the estimated amount of the savings association's deposits (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) that is not covered by federal deposit insurance. This estimate should reflect the temporary unlimited insurance coverage on noninterest-bearing transaction accounts[10] (as defined in DI580) as well as the deposit insurance limits of $250,000 for "retirement deposit accounts" (as defined in DI170 and DI175) and $250,000 for other deposit accounts (exclusive of noninterest-bearing transaction accounts). The reporting of this uninsured deposit information is mandated by Section 7(a)(9) of the Federal Deposit Insurance Act.

The estimated amount of uninsured deposits reported in this item should be based on the savings association's deposits included in DI510, "Total Deposit Liabilities Before Exclusions (Gross) as Defined in Section 3(l) of the FDI Act and FDIC regulations," less DI520, "Total Allowable Exclusions (including foreign deposits)." In addition to the uninsured portion of deposits in "domestic offices" reported in Schedule SC, item SC710, the estimate of uninsured deposits should take into account all other items included in Schedule DI510 less DI520, including, but not limited to:

- Interest accrued and unpaid on deposits in domestic offices;
- Deposits in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits);
- Deposits of consolidated subsidiaries in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits); and
- Deposit liabilities that have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles.

The savings association's estimate of its uninsured deposits should be reported in accordance with the following criteria. Regardless of these criteria, all noninterest-bearing transaction accounts (as defined in DI580: DI585) must be treated as insured deposits and excluded from the estimate of uninsured deposits. Furthermore, it is recognized that a savings association may have multiple automated information systems for different types of deposits and that the capabilities of a savings association's information systems to provide an estimate of its uninsured deposits will differ from savings association to savings association at any point in time and, within an individual institution, may improve over time.

(1) If the savings association has brokered deposits, which must be reported in DI100 and DI102, it must use the information it has developed for completing these items to determine its best estimate of the uninsured portion of its brokered deposits.

(2) If the savings association has deposit accounts whose ownership is based on a fiduciary relationship, Part 330 of the FDIC's regulations generally states that the titling of the deposit account (together with the underlying records) must indicate the existence of the fiduciary relationship in order for insurance coverage to be available on a "pass-through" basis.

Fiduciary relationships include, but are not limited to, relationships involving a trustee, agent, nominee, guardian, executor, or custodian.

[10] Pursuant to Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, unlimited insurance coverage on noninterest-bearing transaction accounts is in effect from December 31, 2010, through December 31, 2012.

A savings association with fiduciary deposit accounts with balances of more than $250,000 must diligently use the available data on these deposit accounts, including data indicating the existence of different principal and income beneficiaries and data indicating that some or all of the funds on deposit represent retirement deposit accounts eligible for $250,000 in deposit insurance coverage, to determine its best estimate of the uninsured portion of these accounts.

(3) If the savings association has deposit accounts of employee benefit plans, Part 330 of the FDIC's regulations states that these accounts are insured on a "pass-through" basis for the noncontingent interest of each plan participant provided that certain prescribed recordkeeping requirements are met. A savings association with employee benefit plan deposit accounts with balances of more than $250,000 must diligently use the available data on these deposit accounts to determine its best estimate of the uninsured portion of these accounts.

(4) If the savings association's deposit accounts include benefit-responsive "Depository Institution Investment Contracts," which must be included in DI520, these deposit liabilities are not eligible for federal deposit insurance pursuant to Section 11(a)(8) of the Federal Deposit Insurance Act. A savings association with benefit-responsive "Depository Institution Investment Contracts" must include the entire amount of these contracts in the estimated amount of uninsured deposits it reports in this line item.

(5) If the savings association has deposit accounts with balances in excess of the federal deposit insurance limit that it has collateralized by pledging assets, such as deposits of the U.S. Government and of states and political subdivisions in the U.S. the savings association should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems.

(6) If the savings association has deposit accounts with balances in excess of the federal deposit insurance limit for which it has acquired private deposit insurance to cover this excess amount, the savings association should make a reasonable estimate of the portion of these deposits that is not insured by the FDIC using the data available from its information systems.

(7) For all other deposit accounts, the savings association should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems. In developing this estimate, if the savings association has automated information systems in place that enable it to identify jointly owned accounts and estimate the deposit insurance coverage of these deposits, the higher level of insurance afforded these joint accounts should be taken into consideration. Similarly, if the savings association has automated information systems in place that enable it to classify accounts by deposit owner and/or ownership capacity, the savings association should incorporate this information into its estimate of the amount of uninsured deposits by aggregating accounts held by the same deposit owner in the same ownership capacity before applying the $250,000 insurance limit. Ownership capacities include, but are not limited to, single ownership, joint ownership, business (excluding sole proprietorships), revocable trusts, irrevocable trusts, and retirement accounts.

In the absence of automated information systems, a savings association may use nonautomated information such as paper files or less formal knowledge of its depositors if such information provides reasonable estimates of appropriate portions of its uninsured deposits. A savings association's use of such nonautomated sources of information is considered appropriate unless errors associated with the use of such sources would contribute significantly to an overall error in the FDIC's estimate of the amount of insured and uninsured deposits in the banking system.

DI220: Preferred Deposits

Report all deposits and escrows from states and political subdivisions in the U.S. included in SC710, Deposits, secured or collateralized as required under state law, pursuant to Section 141 of FDICIA.

Do not include:

1. Deposits of the U.S. Government secured or collateralized as required under federal law.
2. Deposits of trust funds secured or collateralized as required under state law unless the beneficiary is a state or political subdivision in the U.S.

State law may require you to pledge securities or other readily marketable assets to cover the uninsured portion of the deposits of a state or political subdivision. If you pledge securities with a value that exceeds the amount of the uninsured portion of the state or political subdivision's deposits, report only the uninsured amount and none of the insured portion of the deposits as a preferred deposit.

For example, you hold a political subdivision's $350,000 in deposits. Under state law, you must pledge securities to cover only the uninsured portion of such deposits, or $100,000. Although you have pledged securities with a value of $300,000 to secure these deposits, consider only $100,000 of the political subdivision's $350,000 in deposits – the uninsured amount – as preferred deposits.

In other states, you must participate in a state public deposits program to receive deposits from the state or from political subdivisions within the state in amounts exceeding federal deposit insurance. Under state law, you calculate annually the value of the securities you must pledge to the state, but this represents only a percentage of the uninsured portion of your public deposits. State law may require you to participate in the state program that may ultimately require you to share in any loss to public depositors incurred in the failure of another participating institution.

As long as the value of the securities pledged to the state exceeds the calculated requirement, you protect all of your uninsured public deposits from loss under the operation of the state program if you fail. Therefore, consider all of the uninsured public deposits preferred deposits.

For example, you are participating in a state public deposits program with $1,000,000 in public deposits under the program and $700,000 of this amount is uninsured; you pledge securities with an actual value of $800,000. You should report the $700,000 in uninsured public deposits as preferred deposits.

DI230: RECIPROCAL BROKERED DEPOSITS

Report the total amount of reciprocal deposits included in “Total Broker-Originated Deposits” from Lines DI100, DI102, and DI110 above. Report the data on an unconsolidated single FDIC certificate number basis pursuant to the first paragraph under GENERAL INSTRUCTIONS in the DEPOSIT DATA FOR DEPOSIT INSURANCE PREMIUM ASSESSMENTS section.

> As defined in Section 327.8(s) of the FDIC's regulations, “reciprocal deposits” are “[d]eposits that an insured depository institution receives through a deposit placement network on a reciprocal basis, such that; (1) for any deposit received, the institution (as agent for depositors) places the same amount with other insured depository institutions through the network; and (2) each member of the network sets the interest rate to be paid on the entire amount of funds it places with other network members.”

COMPONENTS OF DEPOSITS AND ESCROWS:

The sum of DI310, DI320, DI330, and DI340 must equal SC710 plus SC712.

DI310: Transaction Accounts (Including Demand Deposits)

Report the balance of all transaction accounts included in SC710, Deposits, and SC712, Escrows.

Transaction accounts are those deposit and escrow accounts from which the depositor is permitted to make:

- Transfers or withdrawals by negotiable or transferable instruments.
- Payment orders of withdrawal, telephone transfers, or other similar devices for purpose of making payments or transfers to third persons or others.
- Third party payments at an automated teller machine (ATM), a remote service unit (RSU), or other electronic device, including by debit card.

Transaction accounts include demand deposits, NOW (negotiable order of withdrawal) accounts, ATS (automatic transfer service) accounts, and telephone and preauthorized transfer accounts. These accounts may be interest-bearing or non-interest-bearing.

Exclude money market deposit accounts (MMDAs) and other savings deposits as defined below in DI320 and DI330, even though such deposits permit some third-party transfers. However, report as a transaction account an account that otherwise meets the definition of a savings deposit but that authorizes or permits the depositor to exceed the transfer limitations specified for that account.

DI310 plus DI320 plus DI330 plus DI340 must equal SC710 plus SC712.

DI320: Money Market Deposit Accounts

Report the balance of money market deposit accounts (MMDAs) as defined in 12 CFR §561.28 or applicable state law.

MMDAs generally have the following requirements:

- The savings association reserves the right to require at least seven days' notice prior to withdrawal or transfer of funds in the account.
- The depositor may make no more than six transfers per calendar month or statement cycle, provided that no more than three of the six transfers may be by check, draft, debit card, or similar order.

Refer to 12 CFR §561.28 for more detailed requirements of MMDAs.

DI330: Passbook Accounts (Including Nondemand Escrows)

Report the balance of nontransactional savings accounts that are not MMDAs or time deposits.

DI340: Time Deposits

Report the balance of time deposits. Time deposits are nontransactional savings deposits payable at a specified future date with earnings at a specified rate of interest. The interest specified may adjust periodically according to a predetermined formula or index or may be fixed for the term of the deposit. The specified maturity date must be not less than seven days after the date of the deposit. Time deposits may be an open savings deposit or may be evidenced by a negotiable or nonnegotiable instrument or receipt commonly known as a certificate of deposit (CD). Open time deposits include club accounts, such as Christmas club and vacation club accounts, are made under written contracts that provide that no withdrawal may be made until the customer makes a certain number of periodic deposits or a certain period of time has elapsed.

Time deposits issued to deposit brokers in the form of large ($100,000 or more) certificates of deposit that have been participated out by the broker in shares of less than $100,000 should also be reported as deposits of $100,000 or less.

Data reported in lines DI350, DI352, and DI360 are used by the Federal Reserve to ensure accurate construction of the monetary aggregates for monetary policy purposes.

DI350: Time Deposits of $100,000 through $250,000 (Excluding Brokered Time Deposits Participated Out by the Broker in Shares of Less Than $100,000 and Brokered Certificates of Deposit Issued In $1,000 Amounts Under a Master Certificate of Deposit)

Report the balance of time deposits of $100,000 through $250,000. Do not include brokered time deposits participated out by the broker in shares of less than $100,000 and brokered certificates of deposit issued in $1,000 amounts under a master certificate of deposit. Include IRA/Keogh accounts reported on DI360 that are defined as time deposits of $100,000 through $250,000.

DI352: TIME DEPOSITS GREATER THAN $250,000

Report the balance of time deposits greater than $250,000. Include IRA/Keogh accounts reported in DI360 that are greater than $250,000.

DI360: IRA/Keogh Accounts of $100,000 or Greater Included in Time Deposits

Report the balance of IRA / Keogh accounts of $100,000 or greater included in time deposits.

AVERAGE DAILY DEPOSITS TOTALS:

DI544: FULLY INSURED BROKERED TIME DEPOSITS:

Report the average daily deposits totals for fully insured brokered time deposits.

DI545: OTHER BROKERED TIME DEPOSITS:

Report the average daily deposits totals for other brokered time deposits.

DI610: NON-INTEREST-BEARING DEMAND DEPOSITS

Report all demand deposits reported on SC710, Deposits, and SC712, Escrows. FDIC Regulations 12 CFR § 329.1, 329.101, and 329.102 define the demand deposits to report on this line.

A demand deposit is a non-interest-bearing deposit with the following characteristics:

1. Is payable immediately on demand.
2. Is issued with an original maturity or required notice period of less than seven days.
3. Where the depository institution does not reserve the right to require at least seven days' written notice of an intended withdrawal.

Demand deposits include:

1. Matured time deposits that do not have automatic renewal provisions, unless the deposit agreement provides for the transfer of funds at maturity to another type of account.
2. Escrow accounts reported on SC712 that meet the definition of demand deposits.
3. Outstanding checks drawn against zero-balance accounts reported on SC710, including those at Federal Home Loan Banks.

Demand deposits do not include:

1. Money market deposit accounts, MMDAs.

2. NOW accounts not meeting the three criteria listed above for demand deposits.
3. Deposits held either in branches outside of the territories and possessions of the U.S. or by an Edge or Agreement Subsidiary or by an International Banking Facility (IBF).
4. Amounts not included in SC710 or SC712, such as outstanding checks drawn against Federal Home Loan Banks.

DEPOSIT AND OTHER DATA FOR INSURANCE PREMIUM ASSESSMENTS

GENERAL INSTRUCTIONS

Each insured depository association must complete lines DI510, DI520, DI521, DI522, DI523, DI524, DI526, DI645, DI646, DI647, DI648, DI655, DI656, DI657, DI658, DI230, DI659, DI661, DI662, DI663, DI664, DI665, DI120, DI150, DI130, DI160, DI170, DI180, DI175, DI185, DI580, and DI585 and, if applicable, DI210 and DI586, DI587, and DI588 each quarter. Each "large institution" which generally are insured depository institutions with $10 billion or more in total assets, must complete Schedule VA, Lines VA960, VA965, VA970, and VA975, DIDI589, DI590, DI591, DI592, DI593, DI594, DI595, DI596, DI597, DI598, DI599, DI600, DI601, and DI602 each quarter. The terms "large institution" are more fully described in the General Instructions preceding DI589.

Schedule DI should be completed on an "unconsolidated single FDIC certificate number basis." Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When one FDIC-insured institution owns another FDIC-insured institution as a subsidiary, it should complete Schedule DI by accounting for this subsidiary under the equity method of accounting instead of consolidating it. Thus, each FDIC-insured institution should report only its own amounts in Schedule DI under its own FDIC certificate number without eliminating the parent and subsidiary institutions' intercompany balances. In contrast, when an FDIC-insured institution has entities other than FDIC-insured institutions that must be consolidated for purposed of Schedule SC- Consolidated Statement of Condition, the institution should complete Schedule DI on a consolidated basis with respect to these entities.

DI510: TOTAL DEPOSIT LIABILITIES BEFORE EXCLUSIONS (GROSS) AS DEFINED IN SECTION 3(L) OF THE FEDERAL DEPOSIT INSURANCE ACT AND FDIC REGULATIONS

Report on an unconsolidated single FDIC certificate number basis the gross total deposit liabilities as of the calendar quarter-end report date that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting allowable exclusions from total deposits. An institution's gross total deposit liabilities are the combination of:

- All deposits in "domestic offices" reported in Schedule SC, items SC710-SC715;
- Interest accrued and unpaid on deposits in "domestic offices" reported in Schedule SC, item SC763 (for savings banks, includes "dividends accrued and unpaid on deposits);
- Uninvested trust funds held in the institution's own trust department;
- Deposits of consolidated subsidiaries and the interest accrued and unpaid on such deposits; and
- The amount by which demand deposits reported in Schedule SC, item SC710, have been reduced from the netting of the reporting institution's reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions;
- The amount by which any other deposit liabilities reported in Schedule SC, item SC710, have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles;

- Less the amount of unamortized premiums included in the amount of deposit liabilities reported in Schedule SC, item SC715;
- Plus the amount of unamortized discounts reflected in the amount of deposit liabilities reported in Schedule SC, item SC715;
- Plus other obligations meeting the Section 3(l) statutory definition of a deposit that may be housed in systems of record not normally thought of as deposit systems, such as loan, payroll, and escrow systems and manual records that contain information needed to answer depositors' questions on their deposits.

See the Call Report Glossary entry for "deposits" for the statutory definition of deposits.

If unposted debits and unposted credits are included in the gross total deposit liabilities reported in this line, they may be excluded in line DI520 below.

DI520: TOTAL ALLOWABLE EXCLUSIONS, INCLUDING INTEREST ACCRUED AND UNPAID ON ALLOWABLE EXCLUSIONS (INCLUDING FOREIGN DEPOSITS)

Report, on an unconsolidated single FDIC certificate number basis, the total amount of allowable exclusions from deposits as of the calendar quarter-end report date if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions.

Any accrued and unpaid interest on the allowable exclusions listed below should also be reported in this item as an allowable exclusion.

The allowable exclusions include:

1. *Foreign Deposits*: As defined in Section 3(l)(5) of the Federal Deposit Insurance Act, foreign deposits include

   (A) any obligation of a depository institution which is carried on the books and records of an office of such bank or savings association located outside of any State, unless --

   (i) such obligation would be a deposit if it were carried on the books and records of the depository institution, and would be payable at, an office located in any State; and

   (ii) the contract evidencing the obligation provides by express terms, and not by implication, for payment at an office of the depository institution located in any State; and

   (B) any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the Board of Governors of the Federal Reserve System in regulation D or any successor regulation issued by the Board of Governors of the Federal Reserve System.

   NOTE: Foreign deposits are deposit obligations under the FDIC certificate number of the reporting institution only. Deposit obligations of a subsidiary depository institution chartered in a foreign country should not be included in amounts reported in Schedule DI under the domestic institution's FDIC certificate number.

2. *Reciprocal balances:* Any demand deposit due from or cash item in the process of collection due from any depository institution (not including a foreign bank or foreign office of another U.S. depository institution) up to the total amount of deposit balances due to and cash items in the process of collection due such depository institution.

3. *Drafts drawn on other depository institutions:* Any outstanding drafts (including advices and authorization to charge the depository institution's balance in another bank) drawn in the regular course of business by the reporting depository institution. These types of drafts only apply to unposted debits and unposted credits which have not been extracted from SC710 (due to the institution's system control Summaries).

4. *Pass-through reserve balances*: Reserve balances passed through to the Federal Reserve by the reporting institution that are also reflected as deposit liabilities of the reporting institution. This exclusion is not applicable to an institution that does not act as a correspondent bank in any pass-through reserve balance relationship. A state nonmember bank generally cannot act as a pass-through correspondent unless it maintains an account for its own reserve balances directly with the Federal Reserve.

5. *Depository institution investment contracts*: Liabilities arising from depository institution investment contracts that are not treated as insured deposits under section 11(a)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(5)). A Depository Institution Investment Contract is a separately negotiated depository agreement between an employee benefit plan and an insured depository institution that guarantees a specified rate for all deposits made over a prescribed period and expressly permits benefit-responsive withdrawals or transfers.

6. *Accumulated deposits*: Deposits accumulated for the payment of personal loans that are assigned or pledged to assure payment of the loans at maturity. Deposits that simply serve as collateral for loans are not an allowable exclusion.

DI521: AVERAGE CONSOLIDATED TOTAL ASSETS

Report average consolidated total assets for the calendar quarter on a single FDIC certificate number basis.

Averaging methods – An institution that reported $1 billion or more in quarter-end consolidated total assets in its Thrift Financial Report (Schedule SC, line item SC60,"Total Assets") for March 31, 2011, and any institution that becomes FDIC-insured after March 31, 2011, must report average consolidated assets in this item on a daily average basis. An institution that reported less than $1 billion in quarter-end consolidated total assets in its Thrift Financial Report (Schedule SC, line item SC60, "Total Assets") for March 31, 2011, may report average consolidated total assets in this item on a weekly average basis, or it may at any time opt permanently to report average consolidated total assets on a daily average basis. Once an institution that reports average consolidated total assets using a weekly average reports average consolidated total assets of $1 billion or more in this item for two consecutive quarters, it must permanently report average consolidated total assets using daily averaging beginning the next quarter.

Daily average consolidated total assets should be calculated by adding the institution's consolidated total assets as of the close of business for each day of the calendar quarter and dividing by the number of days in the calendar quarter (the number of days in a quarter ranges from 90 days to 92 days). For days that an institution is closed (e.g., Saturdays, Sundays, or holidays), the amount from the previous business day would be used. An institution is considered closed if there are no transactions posted to the general ledger as of that date.

Weekly average consolidated total assets should be calculated by adding the institution's consolidated total assets as of the close of business on each Wednesday during the calendar quarter and dividing by the number of Wednesdays in the quarter.

An institution that becomes newly insured and begins operating during the calendar quarter should report average consolidated total assets on a daily average basis. Daily average consolidated total assets for such an institution should be calculated by adding the institution's consolidated total assets as of the close of business for each day during the quarter since it became insured and operational, and dividing by the number of calendar days since it became insured and operational.

Measuring consolidated total assets – Consolidated total assets should be measured as follows:

Report the quarterly average for the savings association's total assets, as defined for "Total Assets," on Schedule SC, item SC60, except that this quarterly average should reflect all debt securities (not held for trading) at amortized cost and available-for-sale equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost. In addition, to the extent that net deferred tax assets included in the savings association's total assets, if any, include the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the determination of the quarterly average for total assets. If these deferred tax effects are excluded, this treatment must be followed consistently over time.

Further exceptions to the above paragraph are as follows:

(1) If the reporting institution has an FDIC-insured depository institution subsidiary, the subsidiary should not be consolidated. Instead, the reporting institution's investment in this subsidiary should be included in average consolidated total assets using the equity method of accounting.

(2) If the reporting institution is the surviving or resulting institution in a merger or consolidation that occurred during the calendar quarter, the reporting institution should calculate its average consolidated total assets by including the consolidated total assets of all entities that were merged or consolidated into the reporting institution as if the merger or consolidation occurred on the first day of the calendar quarter. Acceptable methods for including a merged or consolidated entity's consolidated total assets in this calculation for the days during the calendar quarter preceding the merger or consolidation date include using either (a) the acquisition date fair value of the merged or consolidated entity's consolidated total assets for all days (or all Wednesdays) during the calendar quarter preceding the acquisition date or (b) the merged or consolidated entity's consolidated total assets, as defined above for average "Total Assets," for each day (or each Wednesday) during the calendar quarter preceding the acquisition date.

(3) If the reporting institution was acquired in a transaction that became effective during the calendar quarter and push down accounting was used to account for the acquisition, the reporting institution should calculate its average consolidated total assets as if the acquisition occurred on the first day of the calendar quarter. Acceptable methods for including the institution's consolidated total assets in this calculation for the days during the calendar quarter preceding the acquisition date include using either (a) the acquisition date fair value of the reporting institution's consolidated total assets for all days (or all Wednesdays) during the calendar quarter preceding the acquisition date or (b) the reporting institution's consolidated total assets, as defined above for, average "Total Assets," in the paragraph above for each day (or each Wednesday) during the calendar quarter preceding the acquisition date.

DI522-DI523: AVERAGING METHOD USED

Indicate by checking either DI522- DI523 "Yes" or "No" for "Daily" or "Weekly" the averaging method that the reporting institution used to report its average consolidated total assets in Schedule DI, item DI521, above.

DI524: AVERAGE TANGIBLE EQUITY

Report average tangible equity for the calendar quarter on a single FDIC certificate number basis. For purposes of this item, tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule CCR, item CCR20.

Averaging methods – An institution that reported $1 billion or more in quarter-end consolidated total assets in its Thrift Financial Report (Schedule SC, item SC60, "Total assets") for March 31, 2011, and any institution that becomes FDIC-insured after March 31, 2011, must report average tangible equity on a monthly average basis. An institution that reported less than $1 billion in quarter-end consolidated total assets in its Thrift Financial Report (Schedule SC, line item SC60, "Total assets") for March 31, 2011, may report its quarter-end tangible equity rather than an average amount, or it may at any time opt permanently to report average tangible equity on a monthly average basis. Once an institution that reports average consolidated total assets using a weekly average reports average consolidated total assets of $1 billion or more in DI521, for two consecutive quarters, it must permanently report average tangible equity using monthly averaging beginning the next quarter.

Monthly average tangible equity should be calculated by adding Tier 1 capital as of each month-end date during the calendar quarter and dividing by three. For example, monthly average tangible equity for June 30, 2011, would be the sum of Tier 1 capital as of April 30, May 31, and June 30, 2011, divided by three.

An institution that becomes newly insured and begins operating during the calendar quarter should report average tangible equity on a monthly average basis. Monthly average tangible equity for such an institution should be calculated by adding the institution’s Tier 1 capital as of each month-end date during the quarter since it became insured and operational, and dividing by the number of month-end dates since it became insured and operational.

Measuring tangible equity – Tangible equity should be measured in accordance with the instructions for Schedule CCR, item CCR20, “Tier 1 capital,” except as follows:

(1) If the reporting institution has an FDIC-insured depository institution subsidiary, the subsidiary should not be consolidated. Instead, the reporting institution should measure its equity capital and its Tier 1 capital by accounting for this subsidiary using the equity method of accounting.

(2) If the reporting institution is the surviving or resulting institution in a merger or consolidation that occurred after the end of the first month of the calendar quarter and it reports its average tangible equity on a monthly average basis, the reporting institution should calculate its average tangible equity as if the merger or consolidation occurred on the first day of the calendar quarter. An acceptable method for measuring tangible equity for month-end dates during the calendar quarter preceding the merger or consolidation date would be to use the amount of Tier 1 capital for the month-end date immediately following the merger or consolidation date as the amount of Tier 1 capital for the month-end date or dates preceding the merger or consolidation date.

(3) If the reporting institution was acquired in a transaction that became effective after the end of the first month of the calendar quarter, push down accounting was used to account for the acquisition, and the institution reports its average tangible equity on a monthly average basis, the reporting institution should calculate its average tangible equity as if the acquisition occurred on the first day of the calendar quarter. An acceptable method for measuring tangible equity for month-end dates during the calendar quarter preceding the acquisition date would be to use the amount of Tier 1 capital for the month-end date immediately following the acquisition date as the amount of Tier 1 capital for the month-end date or dates preceding the acquisition date.

DI526: HOLDINGS OF LONG-TERM UNSECURED DEBT ISSUED OTHER FDIC-INSURED DEPOSITORY INSTITUTIONS

Report the balance sheet amount of the reporting institution’s holdings of long-term unsecured debt issued by other FDIC-insured depository institutions. Long-term unsecured debt includes senior unsecured debt, subordinated debt, and limited-life preferred stock with remaining maturity of at least one year that has been issued by another depository institution. Any debt for which the reporting institution has the option to redeem the debt within the next 12 months is not considered long-term and may be excluded from this item.

Depending on the form of the debt and the intent for which it is held, holdings of long-term unsecured debt issued by other insured depository institutions are included in Schedule SC, item SC689, “Other Assets.”

Exclude holdings of long-term unsecured debt issued by bank and thrift holding companies. Also exclude holdings of debt issued by other insured depository institutions that are guaranteed by the FDIC under the Debt Guarantee Program component of the FDIC’s Temporary Liquidity Guarantee Program.

DI530: TOTAL FOREIGN DEPOSITS (INCLUDED IN TOTAL ALLOWABLE EXCLUSIONS)

Report on an unconsolidated single FDIC certificate number basis the total amount of foreign deposits (including International Banking Facility deposits) as of the calendar quarter-end report date included in line DI520.

DI630: UNSECURED FEDERAL FUNDS PURCHASED

Report on an unconsolidated single FDIC certificate number basis the outstanding amount of unsecured federal funds purchased, i.e., ***immediately available funds*** borrowed (in domestic office) under agreements or contracts that have an original maturity of one business day or roll over under ***a continuing contract***, excluding such funds borrowed in the form of securities sold under agreements to repurchase (which should be reported in Schedule DI*641* and Federal Home Loan Bank advances*.*

- ***Immediately available funds*** are funds that the purchasing institution can either use or dispose of on the same business day that the transaction giving rise to the receipt or disposal of the funds is executed.
- ***A continuing contract***, regardless of the terminology used, is an agreement that remains in effect for more than one business day, but has no specified maturity and does not require advance notice of the lender or the borrower to terminate, either party to terminate.

Note: Report federal funds purchased on a gross basis; i.e., do **not** net them against federal funds sold, except to the extent permitted by GAAP.

DI635: SECURED FEDERAL FUNDS PURCHASED

Report on an unconsolidated single FDIC certificate number basis the outstanding amount of secured federal funds purchased pursuant to the instructions under Schedule DI630 for unsecured federal funds purchased.

DI641: SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Report on an unconsolidated single FDIC certificate number basis the outstanding amount of:

(1) Securities repurchase agreements, regardless of maturity, if the agreement requires the institution to repurchase the identical security sold or a security that meets the definition of substantially the same in the case of a dollar roll.

(2) Sales of participations in pools of securities, regardless of maturity

Note: Report securities sold under agreements to repurchase on a gross basis, i.e., do ***not*** net them against securities purchased under agreements to resell, except to the extent permitted by GAAP. Include the fair value of securities sold under agreements to repurchase that are accounted for at fair value under a fair value option.

DI645-DI648: UNSECURED “OTHER BORROWINGS” WITH A REMAINING MATURITY OF (SUM OF DI645-DI648) MUST BE LESS THAN OR EQUAL TO SC760 – OTHER BORROWINGS)

Report the amount of the savings association’s unsecured “Other borrowings” as defined in Schedule SC, item SC760 – Other Borrowings in the appropriate lines DI645-DI648 according to the amount of time remaining until their final contractual maturities. Include both fixed rate and floating rate “Other borrowings” that are unsecured. In general, “Other borrowings” are unsecured if the savings association (or a consolidated subsidiary) has not pledged securities, loans, or other assets as collateral for the borrowing. Exclude “Other Borrowings” that are guaranteed by the FDIC under the Debt Guarantee Program component of the FDIC’s Temporary Liquidity Guarantee Program.

The sum of items DI645-DI648 must be less than or equal to Schedule SC, item SC760 – Other Borrowings.

DI645: ONE YEAR OR LESS

Report all unsecured “Other Borrowings” with a remaining maturity of one year or less. Include unsecured “Other Borrowings” with a remaining maturity of over one year for which the holder has the option to redeem the debt instrument within one year of the report date.

DI646: OVER ONE YEAR THROUGH THREE YEARS

Report all unsecured “Other Borrowings” with a remaining maturity of over one year through three years.

DI647: OVER THREE YEARS THROUGH FIVE YEARS

Report all unsecured “Other Borrowings” with a remaining maturity of over three years through five years.

DI648: OVER FIVE YEARS

Report all unsecured “Other Borrowings” with a remaining maturity of over five years.

DI655-DI658: SUBORDINATED NOTES AND DEBENTURES-WITH A REMAINING MATURITY OF (SUM OF DI655-DI658 MUST EQUAL SC736 – SUBORDINATED DEBENTURES)

Report the amount of the savings association’s subordinated notes and debentures (as defined for Schedule SC, item SC736) in the appropriate sub items according to the amount of time remaining until their final contractual maturities. Include both fixed rate and floating rate subordinated notes and debentures. The sum of DI655-DI658 must equal Schedule SC736 – Subordinated Debentures.

DI655: ONE YEAR OR LESS

Report all subordinated notes and debentures with a remaining maturity of one year or less. Include subordinated notes and debentures with a remaining maturity of over one year for which the holder has the option to redeem the subordinated debt within one year of the report date.

DI656: OVER ONE YEAR THROUGH THREE YEARS

Report all subordinated notes and debentures with a remaining maturity of over one year through three years.

DI657: OVER THREE YEARS THROUGH FIVE YEARS

Report all subordinated notes and debentures with a remaining maturity of over three years through five years.

DI658: OVER FIVE YEARS

Report all subordinated notes and debentures with a remaining maturity of over five years.

DI659: BANKER'S BANK CERTIFICATION: DOES THE REPORTING SAVINGS ASSOCIATION MEET BOTH THE STATUTORY DEFINITION OF A BANKER'S BANK AND THE BUSINESS CONDUCT TEST SET FORTH IN FDIC REGULATIONS?

If the savings association meets both of these criteria, it is a qualifying banker's bank and should answer "Yes" to item DI659 and complete items DI661 and DI662. If the savings association does not meet both of these criteria, it should answer "No" to item DI659 and it should not complete items DI661 and DI662.

The definition of "banker's bank" is set forth in 12 U.S.C. 24, which states that a banker's bank is an FDIC-insured bank where the stock of the bank or its parent holding company "is owned exclusively (except to the extent directors' qualifying shares are required by law) by depository institutions or depository institution holding companies (as defined in section 1813 of this title)" and the bank or its parent holding company and all subsidiaries thereof are engaged exclusively in providing services to or for other depository institutions, their holding companies, and the officers, directors, and employees of such institutions and companies, and in providing correspondent banking services at the request of other depository institutions or their holding companies."

A savings association that would otherwise meet the definition of a banker's bank, but has received funds from federal capital infusion programs (such as the Troubled Assets Relief Program and the Small Business Lending Fund), has stock owned by the FDIC as a result of bank failures, or has non-bank-owned stock resulting from equity compensation programs, is not excluded from the definition of a banker's bank for purposes of DI659, provided the bank also meets the business conduct test.

To meet the business conduct test, which is set forth in Section 327.5(b)(3) of the FDIC's regulations, a savings association must conduct 50 percent or more of its business with entities other than its parent holding company or entities other than those controlled either directly or indirectly by its parent holding company. Control has the same meaning as in section 3(w)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(5)).

DI661: BANKER'S BANK DEDUCTION

A qualifying banker's bank is eligible to have the FDIC deduct certain assets from its assessment base, subject to a limit. Report in this item the banker's bank deduction, which equals the sum of a qualifying banker's bank's average balances due from Federal Reserve Banks plus its average federal funds sold. These averages should be calculated on a daily or weekly basis consistent with the qualifying banker's bank's calculation of its average consolidated total assets in Schedule DI, item DI521 (and as reported in Schedule DI, item DI522 or DI523).

Balances due from Federal Reserve Banks include the total balances due from Federal Reserve Banks, including the qualifying banker's bank's own reserves and other balances as well as reserve balances actually passed through to a Federal Reserve Bank by the banker's bank on behalf of its respondent depository institutions (as described in the instructions for Schedule SC, item SC110: "Cash and Non-interest-earning Deposits" and SC118 "Other Interest-Earning Deposits"). For a qualifying banker's bank that is a respondent in a pass-through reserve relationship with a correspondent bank, balances due from Federal Reserve Banks include the reserve balances the correspondent bank has passed through to a Federal Reserve Bank for the respondent banker's bank. Balances due from Federal Reserve Banks also include the qualifying banker's bank's excess balance accounts, which are limited-purpose accounts at Federal Reserve Banks for maintaining an institution's excess balances that are eligible to earn interest on their Federal Reserve balances. See the Call Report Glossary entry for "pass-through reserve balances."

Federal funds sold are defined in the instructions for Schedule SC, item SC125, "Federal Funds Sold and Securities Purchased under Agreements to Resell." See also the Call Report Glossary entry for "federal funds transactions."

DI662: BANKER'S BANK DEDUCTION LIMIT

A qualifying banker's bank is eligible to have the FDIC deduct certain assets from its assessment base, subject to a limit. Report in this item the banker's bank deduction limit, which equals the sum of a qualifying banker's bank's average deposits of commercial banks and other depository institutions in the U.S. plus its average federal funds purchased. These averages should be calculated on a daily or weekly basis consistent with the qualifying banker's bank's calculation of its average consolidated total assets in DI521 (and as reported in DI522 or DI523).

Deposits of commercial banks and other depository institutions in the U.S. are defined as follows:

Commercial banks in the U.S. cover:

(1) U.S. branches and agencies of foreign banks; and

(2) All other commercial banks in the U.S., i.e., U.S. branches of U.S. banks.

Other depository institutions in the U.S. cover:

(1) Building or savings and loan associations, homestead associations, and cooperative banks;

(2) Credit unions; and

(3) Mutual and stock savings banks.

For purposes of DI662, U.S. branches and agencies of foreign banks include U.S. branches and agencies of foreign official banking institutions and investment companies that are chartered under Article XII of the New York State banking law and that are majority-owned by one or more foreign banks.

For the appropriate treatment of deposits of depository institutions for which the reporting savings association is serving as a pass-through agent for federal required reserves, see the Call Report Glossary entry for "pass-through reserve balances."

Refer to the Call Report Glossary entries for "banks, U.S. and foreign" and "depository institutions in the U.S." for further discussion of these terms.

Exclude from this item deposits of banks in foreign countries

Federal funds purchased are defined in Schedule SC, item SC730 "Federal Funds Purchased and Securities Sold Under Agreements to Repurchase." See also the Call Report Glossary entry for "federal funds transactions."

DI663: CUSTODIAL BANK CERTIFICATION

If the reporting institution meets the custodial bank definition, it should answer "Yes" to item DI663 and complete items DI664 and DI664. If the reporting institution does not meet the custodial bank definition, it should answer "No" to item DI663 and it should not complete items DI664 and DI665.

A custodial bank, as defined in Section 327.5(c)(1) of the FDIC's regulations, is an insured depository institution that had reported in Schedule FS-Fiduciary and Related Services:

(1) "Fiduciary and custody and safekeeping assets" (the sum of items FS210-FS270, FS211-FS271, and FS280) of $50 billion or more as of the end of the previous calendar year, **or**

(2) Income from fiduciary activities (the sum of items FS310-FS390) that was more than 50 percent of its total revenue (interest income plus noninterest income, which is the sum of items SO115- SO172, SO181-SO185, and SO410-SO488 of Schedule SO: Consolidated Statement of Operations) during the previous calendar year.

DI664: CUSTODIAL BANK DEDUCTION

An institution that meets the definition of a custodial bank is eligible to have the FDIC deduct certain assets from its assessment base, subject to a limit. Report in this item the custodial bank deduction, which equals average qualifying low-risk assets. Qualifying low-risk assets are determined without regard to the maturity of the assets. Average qualifying low-risk assets equals the sum of:

(1) The average amount of cash (CCR400) and balances due from depository institutions (included in CCR409) with a risk weighting for risk-based capital purposes of zero percent (as defined for Schedule CCR 0% Risk-Weight) plus 50 percent of the average amount of cash and balances due from depository institutions with a risk weighting of 20 percent (included in CCR445);

(2) The average amount of held-to-maturity securities with a risk weighting for risk-based capital purposes of zero percent (as defined for Schedule CCR, item CCR405) plus 50 percent of the average amount of held-to-maturity securities with a risk weighting of 20 percent (as defined for Schedule CCR, item CCR430);

(3) The average amount of available-for-sale securities with a risk weighting for risk-based capital purposes of zero percent (CCR405) plus 50 percent of the average amount of available-for-sale securities with a risk weighting of 20 percent (included CCR450); and

(4) The average amount of federal funds sold and securities purchased under agreements to resell with a risk weighting for risk-based capital purposes of zero percent (as defined in CCR, item 415) plus 50 percent of the average amount of federal funds sold and securities purchased under agreements to resell with a risk weighting of 20 percent (as defined in CCR 450).

These averages should be calculated on a daily or weekly basis consistent with the custodial bank's calculation of its average consolidated total assets in DI521 and as reported in either DI522 or DI523.

DI665: CUSTODIAL BANK DEDUCTION LIMIT

An institution that meets the definition of a custodial bank is eligible to have the FDIC deduct certain assets from its assessment base, subject to a limit. Report in this item the custodial bank deduction limit, which equals the average amount of the institution's transaction account deposit liabilities identified by the institution as being directly linked to a fiduciary, custodial, or safekeeping account reported in Schedule FS – Fiduciary and Related Services. The titling of a transaction account or specific references in the deposit account documents should clearly demonstrate the link between the transaction account and a fiduciary, custodial, or safekeeping account.

For deposits in domestic offices, the term "transaction account" is defined in Federal Reserve Regulation D and in the Call Report Glossary entry for "deposits" and such deposits are reported in Schedule SC, Item SC710. In general, a transaction account is a deposit or account from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone transfers, or other similar devices for the purpose of making payments or transfers to third persons or others or from which the depositor may make third party payments at an automated teller machine, a remote service unit, or another electronic device, including by debit card. For purposes of reporting the custodial bank deduction limit in this item, a custodial bank with deposits in foreign offices should include foreign office deposit liabilities with the characteristics of a transaction account that are linked to a fiduciary, custody, or safekeeping account reported in Schedule FS – Fiduciary and Related Services.

Exclude form this item escrow accounts, interest on Lawyers Trust Accounts, and other trust and custody-related deposit accounts related to commercial bank services, or otherwise offered outside a custodial bank's fiduciary business unit or another distinct business unit devoted to institutional custodial services. Also exclude all nontransaction account deposit liabilities (i.e. savings and time deposits).

This average should be calculated on a daily or weekly basis consistent with the custodial bank's calculation of its average consolidated total assets in DI521 and as reported in either DI522 or DI523.

DI580 – DI585: DEPOSIT DATA FOR NONINTEREST BEARING TRANSACTION ACCOUNTS AS DEFINED IN SECTION 343 OF THE "DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT OF 2010"

NOTE: Schedule DI, Items DI580 and DI585, below, for the amount of noninterest-bearing transactions accounts of more than $250,000 are to be completed – beginning in the reports for December 31, 2010 – by all FDIC-insured depository institutions, whether or not they had previously opted to participate in the FDIC's Transaction Account Guarantee Program. Line items DI580 and DI585 are to be reported as of the quarter-end report date, not as daily averages for the quarter.

Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act amended the Federal Deposit Insurance Act with respect to the insurance coverage of noninterest-bearing transaction accounts. These amendments take effect December 31, 2010, and require the FDIC to "fully insure the net amount that any depositor at an insured depository institution maintains in a noninterest-bearing transaction account." This unlimited insurance coverage will be in effect only through December 31, 2012.

As defined in Section 343 of the Dodd-Frank Act, a "noninterest-bearing transaction account" is an account (in a domestic office of an insured branch in Puerto Rico or a U.S. territory or possession) "(I) with respect to which interest is neither accrued nor paid; (II) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic medias transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (III) on which the insured depository institution does not reserve the right to require advance notice of an intended withdrawal." In addition as of the December 31, 2010 TFR Report, include **"Interest on Lawyer Trust Accounts (IOLTAs)"** with balances of more than $250,000 in the total amount and number of Dodd-Frank Act noninterest-bearing transaction accounts of more than $250,000 that you report on DI580 and DI585. Reference the FDIC's *Financial Institution Letter*, FIL-2-2011, dated January 21, 2011, for a discussion of the December 29, 2010, amendment to the FDI Act to include IOLTAs.

Thus the term "noninterest-bearing transaction account" includes all demand deposits, including certified checks and official checks (such as cashiers' checks and money orders) drawn on the reporting institution, on which the institution makes no payment to or for the account of any depositor as compensation for the use of funds constituting a deposit. However, pursuant to Section 627 of the Dodd-Frank Act as of July 21, 2011, institutions are no longer be restricted from paying interest on demand deposit accounts. If an institution modifies the terms of its demand deposit agreement on or after July 21, 2011, so that the account may earn interest, the account will no longer satisfy the definition of a noninterest-bearing transaction account, will no longer be eligible for full deposit insurance coverage, and should no longer be reported in Line Items DI580 and DI585.

Even if checks may be drawn on the account, a "noninterest-bearing transaction account" does not include, for example, any transaction account that may earn interest, such as a negotiable order of withdrawal (NOW) account; or, a money market deposit account (MMDA) as defined in Federal Reserve Regulation D.

Account features such as the waiver of fees or the provision of free-reducing credits do not prevent an account from qualifying as a noninterest-bearing transaction account as long as the account otherwise satisfies the definition of a noninterest-bearing transaction account.

In determining whether funds are in noninterest-bearing transaction account for purposes of reporting in Line Items DI580 and DI585, the FDIC will apply its normal rules and procedures under Section 360.8 of the FDSIDC's regulations for determining account balances at a failed insured depository institution. Under these procedures, funds may be swept or transferred from a noninterest-bearing transaction account to another type of deposit account or product that is not a noninterest-bearing transaction account. Except as described in the following sentence, unless the funds are in a noninterest-bearing transaction account after the completion of the sweep under Section 360.8, the funds in the resulting account or product will not be eligible for full deposit insurance coverage and they should not be reported in Line Items DI580 and DI585. However, in the case of funds swept from a noninterest-bearing transaction account to a noninterest-bearings savings account as defined in Federal Reserve Regulation D, the FDIC will treat the swept funds as being in a noninterest-bearing savings account plus any amount remaining in the related noninterest-bearing savings account plus and amount remaining in the related noninterest-bearing transaction account is more than $250,000, this sum should be reported in Line Items DI580 and the swept funds and the related noninterest-bearing transaction account should be reported as one account in Line Item DI585.

Include public funds held in “noninterest-bearing transactions accounts” of more than $250,000 whether or not they are collateralized with pledges securities or other pledged assets.

Report in the appropriate sub item the amount outstanding and the number of noninterest-bearing transaction accounts (as defined above and in any FDIC regulations implementing Section 343) with a balance on the report date of more than $250,000. An institution may exclude noninterest-bearing transaction accounts with a balance of more than $250,000 where the entire balance is not fully insured under the FDIC’s regular deposit insurance rules. These amounts may be excluded to the extent that they can be determined by the institution and fully supported in the institution’s user notes that are electronically transmitted using the Electronic Filing System software. An institution is not required to make a determination of amounts otherwise insured but may do so at its option.

DI586: HAS THE REPORTING INSTITUTION BEEN CONSOLIDATED WITH A PARENT BANK OR SAVINGS ASSOCIATION IN THAT PARENT BANK’S OR PARENT SAVINGS ASSOCIATION’S CALL REPORT OR THRIFT FINANCIAL REPORT?

Report either yes or no.

DI587: IF THE ANSWER TO DI586 IS “YES”

Report the legal title of that parent bank or parent savings association.

DI588: IF THE ANSWER TO DI586 IS “YES”

Report the five digits FDIC Certificate Number of that parent bank or parent savings association using leading zeros if necessary. For example if the FDIC Certificate Number is “1” report “00001.”

SCHEDULE DI ITEMS DI589-DI602 ARE TO BE COMPLETED BY SAVINGS ASSOCIATIONS THAT ARE “LARGE INSTITUTIONS” AS DEFINED IN THE FDIC REGULATIONS

GENERAL INSTRUCTIONS FOR DI ITEMS DI589-DI602

DI589-DI602 are applicable only to large savings associations. Amounts reported in items DI589-DI591 will not be made available to the public on an individual institution basis.

According to Section 327.8(f) of the FDIC’s regulations, a large institution is an FDIC-insured savings association that reported total assets of $10 billion or more as of December 31, 2006, that does not meet the definition of a highly complex institution. After December 31, 2006, if a savings association not previously classified as a large institution reports total assets of $10 billion or more for four consecutive quarters, the savings association will be classified as a large institution beginning the following quarter. In the Consolidated Statement of Condition and Income, an FDIC-insured savings association's total assets are reported in item SC60.

Transition Guidance for Reporting "Subprime Consumer Loans" and "Leveraged Loans and Securities" as Defined for Assessment Purposes Only in FDIC Regulations[11]

For loans originated or purchased prior to April 1, 2012, and for securities where the underlying loans were originated predominantly prior to April 1, 2012, for which the reporting institution does not have the information necessary to determine subprime consumer or leveraged status in accordance with the definitions of these asset categories set forth in the FDIC's assessment regulations and these instructions, the institution may use its existing internal methodology for identifying subprime consumer or leveraged loans and securities as the basis for reporting these assets for deposit insurance assessment purposes in Schedule DI, items DI590 and DI591. Institutions that do not have an existing methodology in place to identify subprime consumer or leveraged loans and securities (because they are not required to report on these exposures to their primary federal regulator for examination or other supervisory purposes or did not measure and monitor loans and securities with these characteristics for internal risk management purposes) may, as an alternative to applying the definitions in the FDIC's assessment regulations to pre-April 1, 2012, loans and securities, apply existing guidance provided by their primary federal regulator, the agencies' 2001 Expanded Guidance for Subprime Lending Programs,[12] or the February 2008 Comptroller's Handbook on Leveraged Lending[13] for purposes of identifying subprime consumer and leveraged loans originated or purchased prior to April 1, 2012, and subprime consumer and leveraged securities where the underlying loans were originated predominately prior to April 1, 2012. All loans originated on or after April 1, 2012, must be reported according to definitions of these asset categories set forth in the FDIC's assessment regulations and these instructions.

For loans purchased on or after April 1, 2012, institutions may apply this transition guidance to loans originated prior to that date. Loans purchased on or after April 1, 2012, that also were originated on or after that date must be reported as subprime or leveraged according to the definitions of these asset categories set forth in the FDIC's assessment regulations and these instructions.

Amounts Guaranteed or Insured by the U.S. Government, its Agencies, or its Government-Sponsored Agencies – The instructions for Schedule VA, items VA960-VA975 and DI589-DI591, DI593, DI594; and, DI596-DI602, refer to amounts recoverable from, or guaranteed or insured by, the U.S. government, its agencies, or government-sponsored agencies under guarantee or insurance provisions. Examples include guarantees or insurance (or reinsurance) provided by the Department of Veterans Affairs, the Federal Housing Administration, the Small Business Administration (SBA), the Department of Agriculture Rural Development Loan Program, and the Department of Education for individual loans as well as coverage provided by the FDIC under loss-sharing agreements. For loan securitizations and securities, examples include those guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) as well as SBA Guaranteed Loan Pool Certificates and securities covered by FDIC loss-sharing agreements. However, if an institution holds securities backed by mortgages it has transferred to Fannie Mae or Freddie Mac with recourse or other transferor-provided credit enhancements, these securities should not be considered guaranteed to the extent of the institution's maximum contractual credit exposure arising from the credit enhancements. NOTE: Because certain information on coverage under FDIC loss-sharing agreements is reported elsewhere in the Consolidated Statement of Condition

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[11] The definitions for subprime consumer and leveraged loans included in these instructions are essentially the same as the definitions for subprime consumer and leveraged loans included in the FDIC's assessment regulations (12 CFR Part 327). However, to assist institutions in properly identifying subprime consumer and leveraged loans for reporting in Schedule DI and deposit insurance pricing purposes, certain clarifications to the definitions in the assessment regulations have been included in these instructions to facilitate the identification of subprime consumer and leveraged loans for deposit for assessment reporting purposes.

[12] http://www.fdic.gov/news/news/press/2001/pr0901a.html

[13] http://www.occ.gov/static/publications/handbook/LeveragedLending.pdf

and the Consolidated Statement of Operations, the treatment of FDIC loss-sharing agreements varies in items found in Schedule VA960-VA975 and DI589-DI591, DI593, DI594; and, DI596-DI602.

NOTE: Schedule VA, items VA960-VA975 and Schedule DI, items DI589-DI595 are to be completed by "large institutions."

CRITICIZED AND CLASSIFIED ITEMS

Reference Schedule VA Instructions for items: VA960, VA965, VA970, and VA975.

DI589: "NONTRADITIONAL 1- 4 FAMILY RESIDENTIAL MORTGAGE LOANS (IN DOMESTIC OFFICES)"AS DEFINED FOR ASSESSMENT PURPOSES ONLY IN FDIC REGULATIONS

Report the balance sheet amount of nontraditional 1-4 family residential mortgage loans (in domestic offices), as defined for assessment purposes only in Appendix C to subpart A to Part 327 of the FDIC's regulations, which includes all 1-4 family residential loan products that allow the borrower to defer repayment of principal or interest and includes all interest-only products, teaser rate mortgages, and negative amortizing mortgages, with the exception of home equity lines of credit and reverse mortgages. Nontraditional mortgage loans do not include loans reported as trading assets in Schedule SI, conventional fully amortizing adjustable rate mortgage loans that do not have a teaser rate, and interest-only residential construction loans, but include conventional fully amortizing adjustable rate mortgage loans that have a teaser rate.

A teaser-rate mortgage loan is defined for assessment purposes as a mortgage with a discounted initial rate. A discounted initial rate is an effective interest rate at the time of origination or refinance that is less than the rate the bank is willing to accept for an otherwise similar extension of credit with comparable risk.[14] A mortgage loan is no longer considered a nontraditional mortgage once the teaser rate has expired, or in the case of an escalating interest rate, once the rate is no longer discounted and the borrower is making full principal and interest payments (has not been granted any principal and interest concessions). Nontraditional mortgage loans can be reclassified as traditional loans once they become fully amortizing loans, provided they no longer have a teaser rate.

Nontraditional 1-4 family residential mortgage loans as defined for assessment purposes also include securitizations where more than 50 percent of the assets backing the securitization meet one or more of the preceding criteria for nontraditional 1-4 family residential mortgage loans, with the exception of those securities reported as "trading assets" in Schedule SI.

The amount to be reported in this item for nontraditional mortgage loans should include purchased credit impaired loans as defined in ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"), provided they meet the characteristics of nontraditional as described above. The amount to be reported in this item should exclude amounts recoverable on nontraditional mortgage loans from the U.S. government, its agencies, or its government-sponsored agencies, under guarantee or insurance provisions, including FDIC loss-sharing agreements.

[14] The discount rate is a short-term subsidy on a loan rate. If the rate is below market rates, it is likely discounted or subsidized.

DI590: "SUBPRIME CONSUMER LOANS" AS DEFINED FOR ASSESSMENT PURPOSES ONLY IN FDIC REGULATIONS

Report the balance sheet amount of subprime consumer loans as defined for assessment purposes only in Appendix C to Subpart A to Part 327 of the FDIC's regulations, excluding subprime consumer loans that have been reported as nontraditional 1-4 family residential mortgage loans in DI589 above. For assessment purposes, subprime consumer loans are loans secured by 1-4 family residential properties (as defined for Schedule SC, items SC251, SC254, and SC255) and loans to individuals for household, family, and other personal expenditures (as defined for Schedule SC, items SC328, SC330, SC323, SC310, SC316, SC320, and SC326) that have been made to borrowers who display one or more of the following credit risk characteristics at origination or upon refinancing, whichever is more recent:

- Two or more 30-day delinquencies in the last 12 months, or one or more 60-day delinquencies in the last 24 months;
- Judgment, foreclosure, repossession, or charge-off in the prior 24 months;
- Bankruptcy in the last 5 years; or
- Debt service-to-income ratio of 50 percent or greater, or otherwise limited ability to cover family living expenses after deducting total monthly debt-service requirements from monthly income.[15]

For assessment purposes, subprime consumer loans also include loans identified by an insured depository institution as subprime loans based upon similar borrower characteristics and securitizations where more than 50 percent of assets backing the securitization meet one or more of the preceding criteria for subprime loans, excluding those securities reported as trading assets in Schedule SI.

The amount to be reported in this item for subprime consumer loans should include purchased credit impaired loans as defined in ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"), provided they meet the characteristics of subprime above.

The amount to be reported in this item should exclude consumer loans reported as trading assets in Schedule SI and amounts recoverable on subprime consumer loans from the U.S. government, its agencies, or its government-sponsored agencies, under guarantee or insurance provisions, including FDIC loss-sharing agreements.

DI591: "LEVERAGED LOANS AND SECURITIES" AS DEFINED FOR ASSESSMENT PURPOSES ONLY IN FDIC REGULATIONS

Report the balance sheet amount plus the unfunded amount of leveraged loans and securities as defined for assessment purposes only in Appendix C to Subpart A to Part 327 of the FDIC's regulations. For assessment purposes, leveraged loans and securities include:

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[15] http://www.fdic.gov/news/news/press/2001/pr0901a.html; however, the definition of subprime consumer loans in the FDIC's assessment regulations and in these instructions for this item excludes any reference to FICO or other credit bureau scores.

(1) All commercial and industrial loans (funded and unfunded) (as defined for Schedule SC, items SC300 and SC303, but excluding loans to individuals for commercial, industrial, and professional purposes) with an original amount[16] greater than $1 million that meet any one of the conditions[17] below at either origination or renewal;

(2) Securities issued by commercial borrowers that meet any one of the conditions below at either origination or renewal, except securities reported as trading assets in Schedule SI; and

(3) Securitizations that are more than 50 percent collateralized by assets that meet any one of the conditions below at either origination or renewal, except securities reported as trading assets in Schedule SI.

Leveraged loans exclude loans secured by real estate (as defined for Schedule SC, items SC230-SC240, SC265, and SC251-SC265), loans to finance agricultural production and other loans to farmers (included in Schedule SC) and commercial and industrial loans reported as trading assets in Schedule SI, item SI323.

The conditions to be considered when evaluating whether loans or securities should be reported as leveraged loans or securities are:

- Loans or securities where the borrower's post-financing total debt or senior debt to trailing twelve-month earnings before interest, taxes, depreciation, and amortization (EBITDA) (i.e., operating leverage ratio) is greater than 4 or 3 times, respectively. For purposes of this calculation, the only permitted EBITDA adjustments are those adjustments specifically permitted for that borrower in its credit agreement; or
- Loans or securities that are designated as highly leveraged transactions by the syndication agent.[18]

For the purposes of calculating debt/EBITDA ratios, total debt is defined as short-term borrowings plus long-term borrowings as follows:

- Short-term borrowings include bank overdrafts, short-term debts and borrowings, repurchase agreements (repos), the short-term portion of long-term borrowings or debt, current obligations under capital (finance) leases, trust receipts, and bankers acceptances.

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[16] The following guidelines should be used to determine the "original amount" of a loan:

(1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date.

(2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender.

(3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Consistent with the guidelines of "original amount" stated in the glossary under "Small Business and Small Farm Loans", multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the institution's business loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may treat multiple loans to one borrower as separate individual loans.

[17] The leveraged loans criteria to be used for assessment purposes are based on guidance issued by the Office of the Comptroller of the Currency in its Comptroller's Handbook on Leveraged Lending, http://www.occ.gov/static/publications/handbook/LeveragedLending.pdf, but do not include all of the criteria in the handbook.

[18] http://www.fdic.gov/news/news/press2001/pr2801.html

- Long-term borrowings (or long-term debt) include all interest-bearing financial obligations that are not previously captured in short-term borrowings. These obligations include debentures, bonds, loans, mortgage debts, sinking funds, long-term bank overdrafts and capital (finance) lease obligations, including those obligations that are convertible, redeemable, or retractable. They also include mandatory redeemable preferred and trust preferred securities accounted for as liabilities in accordance with ASC Subtopic 480-10, Distinguishing Liabilities from Equity – Overall (formerly FASB Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity"), and subordinated capital notes. Long-term borrowings exclude the short-term portion of long-term debt, pension obligations, deferred tax liabilities, and preferred equity.

Senior debt shall include any portion of total debt as previously defined that has a priority claim on the assets of the borrower.

Institutions should report the balance sheet amount of leveraged loans as defined for assessment purposes that have been funded as well as the unfunded portion of leveraged loans. Institutions should report unfunded amounts that include the unused portions of irrevocable and revocable commitments to make or purchase leveraged loans, i.e., the unused commitment as defined in the instructions for Schedule CCR.

The amount to be reported in this item for leveraged loans and securities should include purchased credit impaired loans and securities as defined in ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"), provided the loans and securities meet the definition of a leveraged loan or security.

The amount to be reported in this item should exclude amounts recoverable on leveraged loans and securities from the U.S. government, its agencies, or its government-sponsored agencies, under guarantee or insurance provisions, including FDIC loss-sharing agreements.

DI592-DI593: CONSTRUCTION, LAND DEVELOPMENT, AND OTHER LAND LOAN COMMITMENTS

For purposes of DI592 and DI593, construction, land development, and other land loans are defined in the instructions for Schedule SC, items SC230-SC240 "Construction Loans," and SC265 "Land." Commitments are defined in the instructions for Schedule CC105 "Mortgage Construction Loans" and CC115 "Other Mortgage Loans."

DI592: TOTAL UNFUNDED COMMITMENTS

Report the unused portion of commitments to extend credit to fund construction, land development, and other land loans that, when funded, would be reportable as loans secured by real estate in Schedule SC, items SC230-SC240 "Construction Loans" and SC265 "Land." The amount reported in this item should also have been included in the amounts reported in Schedule CC, items CC105-CC125.

DI593: PORTION OF UNFUNDED COMMITMENTS GUARANTEED OR INSURED BY THE U.S. GOVERNMENT (INCLUDING THE FDIC)

Report the amount of the unused portion of the construction, land development, and other land loan commitments reported in DI592, above that is recoverable from the U.S. government, its agencies, or government-sponsored agencies, under guarantee or insurance provisions, including FDIC loss-sharing agreements.

Exclude amounts recoverable from state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations.

DI594: AMOUNT OF OTHER REAL ESTATE OWNED RECOVERABLE FROM THE U.S. GOVERNMENT UNDER GUARANTEE OF INSURANCE PROVISIONS (EXCLUDING FDIC LOSS-SHARING AGREEMENTS)

Report the amount of other real estate owned (as defined in Schedule SI, SI789-SI793, and foreclosed properties from "GNMA loans") that is recoverable from the U.S. government, its agencies or its government-sponsored agencies, under guarantee or insurance provisions, excluding any other real estate owned that is covered under FDIC loss-sharing agreements.

Exclude other real estate owned that is protected under guarantee or insurance provisions by state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations.

DI595: NONBROKERED TIME DEPOSITS OF MORE THAN $250,000 (INCLUDED IN DI352)

Report the amount of nonbrokered time deposits of more than $250,000 included in Schedule DI, item DI352 that are not brokered deposits.

DI596-DI602: PORTION OF FUNDED LOANS GUARANTEED OR INSURED BY THE U.S. GOVERNMENT (EXCLUDING FDIC LOSS-SHARING AGREEMENTS)

Report in the appropriate subitem the portion of the balance sheet amount of funded loans that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements.

Exclude loans guaranteed or insured by state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations as well as loans collateralized by securities issued by the U.S. government, including its agencies and its government-sponsored agencies.

DI596: CONSTRUCTION, LAND DEVELOPMENT, AND OTHER LAND LOANS (IN DOMESTIC OFFICES)

Report the portion of the balance sheet amount of construction, land development, and other land loans (in domestic offices) (as defined for Schedule SC, items SC230,SC235, SC240, and SC265) that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements.

DI597: LOANS SECURED BY MULTIFAMILY RESIDENTIAL AND NONFARM NONRESIDENTIAL PROPERTIES (IN DOMESTIC OFFICES)

Report the portion of the balance sheet amount of loans secured by multifamily (5 or more) residential properties and loans secured by nonfarm nonresidential properties (in domestic offices) (as defined for Schedule SC, item SC256 and nonfarm property included in item SC260, respectively) that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements.

DI598: CLOSED-END LOANS SECURED BY FIRST LIENS ON 1-4 FAMILY RESIDENTIAL PROPERTIES (IN DOMESTIC OFFICES)

Report the portion of the balance sheet amount of closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) (as defined for Schedule SC, item SC254) that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements.

DI599: CLOSED-END LOANS SECURED BY JUNIOR LIENS ON 1-4 FAMILY RESIDENTIAL PROPERTIES AND REVOLVING, OPEN-END LOANS SECURED BY 1-4 FAMILY RESIDENTIAL PROPERTIES AND EXTENDED UNDER LINES OF CREDIT (IN DOMESTIC OFFICES)

Report the portion of the balance sheet amount of closed-end loans secured by junior liens on 1-4 family residential properties revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit (in domestic offices) (as defined for Schedule SC, item SC255 and SC, item SC251, respectively) that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements.

DI600: COMMERCIAL AND INDUSTRIAL LOANS

Report the portion of the balance sheet amount of commercial and industrial loans (as defined for Schedule SC, items SC300-SC303) that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements.

DI601: CREDIT CARD LOANS TO INDIVIDUALS FOR HOUSEHOLD, FAMILY, AND OTHER PERSONAL EXPENDITURES

Report the portion of the balance sheet amount of credit card loans to individuals for household, family, and other personal expenditures (as defined for Schedule SC, item SC328) that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements**.**

DI602: OTHER CONSUMER LOANS (INCLUDES OTHER REVOLVING CREDIT PLANS, AUTOMOBILE LOANS, SINGLE PAYMENT, INSTALLMENT, AND ALL STUDENT LOANS)

Report the portion of the balance sheet amount of other consumer loans (as defined for Schedule SC, items SC310,SC316,SC320, SC326, and SC330) that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements.

SCHEDULE SI —SUPPLEMENTAL INFORMATION

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

TRADING ASSETS, LIABILITIES, AND OTHER DATA ITEMS

Savings associations that are defined as large institutions as defined in the 12 C.F.R. 327.8(h) of the FDIC Regulations or report $10 billion or more in total assets in their June 30, 2011, or subsequent TFR must provide data on the fair value of trading assets and liabilities included in various balance sheet assets and liability categories reported in TFR Schedule SC in items SI301-SI331 below as follows: TRADING ASSETS (SI301-SI329), TRADING LIABILITIES (SI331), and OTHER DATA ITEMS (SI332-SI342).

Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity and credit derivative contracts; other financial instruments; and other assets for resale, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes.

Pursuant to ASC Subtopic 825-10, Financial Instruments (formerly FASB Statement No. 159,

"The Fair Value Option for Financial Assets and Financial Liabilities"), – Overall all securities within the scope of ASC Topic 320, Investments – Debt and Equity Securities (formerly FASB Statement No. 115,

"Accounting for Certain Investments in Debt and Equity Securities"), that a savings association has elected to report at fair value under a fair value option (with changes in fair value reported in current earnings) should be classified as trading securities. In addition, for purposes of these reports, savings associations may classify assets (other than securities within the scope of ASC Topic 320) and liabilities as trading if the savings association applies fair value accounting (with changes in fair value reported in current earnings) and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities.

For example, a savings association would generally not classify a loan to which it has applied the fair value option as a trading asset unless the savings association holds the loan, which it manages as a trading position, for one of the following purposes: (a) for market making activities, including such activities as accumulating loans for sale or securitization; (b) to benefit from actual or expected price movements; or (c) to lock in arbitrage profits. When reporting loans classified as trading in Schedule SI, savings associations should include only the fair value of the funded portion of the loan in this schedule.

If the unfunded portion of the loan, if any, is classified as trading (and does not meet the definition of a derivative), the fair value of the commitment to lend should be reported as an "Other trading asset" or an "Other trading liability," as appropriate, in Schedule SI, item SI329 or item SI331, respectively.

Assets, liabilities, and other financial instruments classified as trading shall be consistently valued at fair value.

Exclude from this schedule all available-for-sale securities and all loans and leases that do not satisfy the

criteria for classification as trading as described above. (Also see the FFIEC Call Report Instructions – Glossary entry for "trading account."). Loans and leases that do not satisfy the criteria for the trading account should not be reported in Schedule SI.

TRADING ASSETS

SI301: Other Interest-Earning Deposits (line item SC118)

Report the total fair value of interest- earning checking accounts and time certificates held with depository institutions held for trading.

SI302: Federal Funds Sold and Securities Purchased Under Agreements to Resell (line item SC125)

Report the total fair value of Federal Funds Sold and Securities Purchased Under Agreements to Resell held for trading.

SI303: U.S. Government, Agency, and Sponsored Enterprise Securities (line item SC130)

Report the total fair value of nonmortgage debt instruments issued by the U.S. Government, its agencies and sponsored enterprises held for trading. Exclude mortgage-backed securities.

SI304: Equity Securities Carried at Fair Value (line item SC140)

Report the total fair value of all investments in equity securities held for trading.

SI305: State and Municipal Obligations (line item SC180)

Report the total fair value of debt securities issued by states and political subdivisions in the United States local governments held for trading.

SI306: Securities Backed by Nonmortgage Loans (line item SC182)

Report the total fair value of the outstanding balance, as determined in accordance with GAAP, of all securities collateralized by nonmortgage loans such as credit card loans and auto loans held for trading.

SI307: Other Investment Securities (line item SC185)

Report the total fair value of investment securities and other instruments not reported on SC110 through SC182 or SC510 or SC540 held for trading.

SI308: Other Pass-Through Mortgage-Backed Securities (line item SC215)

Report the total fair value of mortgage pass-through securities that are not insured or guaranteed by an agency or sponsored enterprise of the U.S. held for trading.

SI309: Other Mortgage-Backed Securities (line item SC222)

Report the total fair value of all other mortgage-backed securities not reported on SC210 through SC219 held for trading.

SI312: Other Mortgage-Backed Securities (Excluding Bonds) Issued or Guaranteed by U. S. Government Agencies or Sponsored Agencies (line item SC219)

Report the total fair value of all residential mortgage pass-through securities issued or guaranteed by and securitized mortgage derivatives that are collateralized by mortgage derivatives issued by U. S. Government Agencies or Sponsored Agencies that are held for trading.[19]

SI313: Mortgage–Backed Securities Other Than the Two Preceding Categories (line items SC210 and SC217)

Report the total fair value of mortgage pass-through securities insured or guaranteed by an agency or sponsored enterprise of the U.S. and securitized mortgage derivatives issued or guaranteed held for trading.[16]

SI314: Construction Loans (line items SC230, SC235, and SC240)

Report the total fair value of all construction, land development, and other land loans held for trading.

SI315: Revolving Open-End Loans on 1-4 Family Residential Properties (line item SC251)

Report the total fair value of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit held for trading.

SI316: Loans Secured By First Liens on 1-4 Family Residential Properties (line item SC254)

Report the total fair value of the outstanding balance of closed –end loans secured by first liens on 1-4 family residential properties held for trading.

SI317: Loans Secured By Junior Liens on 1-4 Family Residential Properties (line item SC255)

Report the total fair value of the outstanding balance of closed-end loans secured by junior liens on 1-4 family residential properties held for trading.

SI318: Real Estate Loans on Multifamily (5 or more) Dwelling Units (line item SC256)

Report the total fair value of loans secured by multifamily (5 or more) residential properties held for trading.

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19 U. S. Government agencies include, but are not limited to, such agencies as the Government Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

SI319: Real Estate Loans on Nonresidential Property (Except Land) – Only Loans Secured by Nonfarm Nonresidential Properties (line item SC260)

Report the total fair value of loans secured by nonfarm nonresidential properties held for trading.

SI321: Real Estate Loans on Nonresidential Property (Except Land) – Only Loans Secured by Farmland (line item SC260)

Report the total fair value of the outstanding balance of all loans secured by farmland held for trading.

SI322: Loans Secured by Land (line item SC265)

Report the total fair value of the outstanding balance of all loans secured by land held for trading.

SI323: Commercial Loans (Except Loans to Finance Agricultural Production and Other Loans to Farmers) (line item SC32)

Report the total fair value of the outstanding balance of all loans secured by Commercial Loans (except loans to finance agricultural production and other loans to farmers) held for trading.

SI324: Loans to Finance Agricultural Production and Other Loans To Farmers (line item SC32)

Report the total fair value of the outstanding balance of loans to finance agricultural production and Other Loans to Farmers held for trading.

SI325: Credit Cards (line item SC328)

Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures held for trading.

SI326: Other Consumer Loans (line items SC310, SC316, SC320, SC323, SC326 and SC330)

Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards held for trading.

SI327: Other Equity Investments Not Carried at Fair Value (line item SC540)

Report the total fair value of investments in unconsolidated subordinate organizations and other pass-through investments held for trading.

SI328: Interest-Only Strip Receivables and Certain Other Instruments (line item SC665)

Report the total fair value of certain nonsecurity financial instruments (CNFIs) accounted for at fair value like investments in debt securities classified as available-for-sale or trading held for trading.

SI329: Other Assets (line item SC689)

Report the total fair value of all trading assets that cannot properly be reported in items SI301-SI328 above. Exclude revaluation gains on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts.

TRADING LIABILITIES

SI331: Other Liabilities and Deferred Income (line item SC796)

Report the total fair value of all trading liabilities other than the reporting savings association's liability for short positions. Exclude revaluation losses on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts.

OTHER DATA ITEMS

Report "Other Data Items" as defined in SI332-SI342 below.

SI332: Amortized Cost of U.S. Government, Agency, and Sponsored Enterprise Securities – Only Securities Held-To-Maturity (line SC130)

Report the total amortized cost of U. S. Government, agency, and sponsored enterprise securities (only securities held-to-maturity). In general, amortized cost is the purchase price of a debt security adjusted for amortization of premium or accretion of discount if the debt security was purchased at other than par or face value. (See the FFIEC Call Report Instructions – Glossary entry for "premiums and discounts.")

SI333: Fair Value of U.S. Government, Agency, and Sponsored Enterprise Securities –Only Securities Held-To-Maturity (line SC130)

Report the total fair value of U. S. Government, agency, and sponsored enterprise securities (only securities held-to-maturity). As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, "Fair Value Measurements"), fair value is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." For further information, see the FFIEC Call Report Instructions – Glossary entry for "fair value."

SI334: Amortized Cost of U.S. Government, Agency, and Sponsored Enterprise Securities – Only Securities Available-For-Sale (line SC130)

Report the total amortized cost of U. S. Government, agency, and sponsored enterprise securities (only securities available-for-sale). In general, amortized cost is the purchase price of a debt security adjusted for amortization of premium or accretion of discount if the debt security was purchased at other than par or face value. (See the FFIEC Call Report Instructions – Glossary entry for "premiums and discounts.")

SI335: Fair Value of U.S. Government, Agency, and Sponsored Enterprise Securities –Only Securities Available-For-Sale (line SC130)

Report the total fair value of U. S. Government, agency, and sponsored enterprise securities (only securities available-for-sale). As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, “Fair Value Measurements”), fair value is “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” For further information, see the FFIEC Call Report Instructions – Glossary entry for “fair value.”

SI336: Real Estate Loans Secured by Farmland (not held for trading) Included in Loans Secured by “Nonresidential” Property (line item SC260)

Report the total unpaid principal balance outstanding for all loans secured by farmland (not held for trading) reported in item SC260.

SI337: Loans to Finance Agricultural Production and Other Loans to Farmers (not held for trading) included in “Secured” and “Unsecured” Commercial Loans (line items SC300 and SC303)

Report the total unpaid principal balance outstanding for all loans to finance agricultural production and other loans to farmers (not held for trading) included in “secured” and “unsecured” commercial loans reported in items SC300 and SC303.

SI338: Advances from Federal Home Loan Bank with a Remaining Maturity of One Year or Less (included in line item SC720)

Report the total advances from Federal Home Loan Bank with a remaining maturity of one year or less included in items SC720.

SI339: Mortgage Collateralized Securities Issued: CMOs (including REMICs) with a Remaining Maturity of One Year or Less (included in line item SC740)

Report the total Mortgage Collateralized Securities Issued: CMOs (including REMICs) with a Remaining Maturity of One Year or Less included in line item SC740.

SI341: Other Borrowings with a Remaining Maturity of One Year or Less (included in line SC760)

Report the total Other Borrowings with a Remaining Maturity of One Year or Less included in line item SC760.

SI342: Deposits in Foreign Offices, Edge and Agreements Subsidiaries, and International Banking Facilities (included in line item SC71)

Report the Deposits in Foreign Offices, Edge and Agreements Subsidiaries, and International Banking Facilities included in line item SC71.

MISCELLANEOUS (ALL SAVINGS ASSOCIATIONS MUST FILE):

SI370: NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES

Report the actual number of full-time equivalent employees employed by you and your consolidated subsidiaries. Report the actual whole number; do not round to thousands.

SI375: FINANCIAL ASSETS HELD FOR TRADING PURPOSES

Financial assets held for trading purposes are defined as securities and other financial assets that are bought and held for the purpose of short term resale or with the intent of benefiting from actual or expected price movements, and carried at fair value with the change in fair value reflected in current earnings. Trading generally reflects active and frequent buying and selling to generate profits in the short-term.

Report financial assets held for trading purposes on this line and also on SI376. Financial assets held for trading purposes reported on this line should include any trading securities where it is management's intent to actively buy and sell such securities to generate profits in the short term.

SI376: FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH EARNINGS

Report the balance of financial assets carried at fair value where the changes in fair value are reflected in current earnings for trading securities, derivatives, and all other financial assets where the fair value option is elected. Such assets are reported on various lines on Schedule SC and, therefore, the total of all assets reported at fair value is included on SC60. For example, derivative assets are included in SC689.

Include financial assets held for trading purposes on this line. Such assets are also reported on SI375.

Available-for-sale securities are financial assets carried at fair value. However for available-for-sale securities, the changes in fair value are not reflected in current earnings, but rather in other comprehensive income net of any deferred tax impact. Accordingly, do not include the balance of available-for-sale securities on this line. Rather, report such amount on SI385.

Under a "fair value option," servicing assets may be carried at fair value with the changes in fair value reflected in current earnings. However, servicing assets are not financial assets. Accordingly, do not include the balance of any servicing assets on this line.

SI377: FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH EARNINGS

Report the balance of financial liabilities carried at fair value where the changes in fair value are reflected in current earnings for derivatives and all other financial liabilities where the fair value option is elected.

Such liabilities are reported on various lines on Schedule SC, and therefore the total of all net liabilities reported at fair value is included on SC70. For example, derivative liabilities are included in SC796.

SI385: AVAILABLE-FOR-SALE SECURITIES

Report all investments in debt securities including mortgage securities, and all investments in equity securities that have readily determinable fair values that are classified as available-for-sale and are carried at fair value, with the change in fair value reflected in other comprehensive income. Do not include equity securities whose sale is restricted by governmental or contractual requirement – for example, FHLB stock. Include amounts reported on SC665, Interest-Only Strip Receivables and Certain Other Instruments, that are not classified as trading.

Exclude unrealized gains and losses from current earnings and report, net of taxes, as a separate component of equity on SC860, Unrealized Gains (Losses) on Available-for-Sale Securities, until realized. In addition, report certain nonsecurity financial instruments, CNFIs, classified as available-for-sale.

Transfer securities from the available-for-sale category to held-to-maturity at fair value as of the date of transfer.

SI387: ASSETS HELD FOR SALE

Report all assets held for sale except securities and repossessed assets. Report assets held for sale at the lower of cost or market, LOCOM. Recognize unrealized losses in current earnings on SO465, Net Income (Loss) from LOCOM Adjustments Made to Assets Held for Sale.

Transfer assets from the ”for sale” category to an investment account at the lower-of-cost-or-market as of the date of transfer.

Include:

1. Loans and participations originated or purchased by you with the intent to sell.
2. Assets originally held for investment but now held for sale.
3. Assets held for sale, including real estate and branch offices, whether or not there is an outstanding commitment to sell.

Do not include:

1. Securities, report on SI385.
2. Repossessed assets.

SI390: LOANS SERVICED FOR OTHERS

Report the principal balance of mortgage and nonmortgage whole loans and participating interests in loans serviced by you, but owned by others.

Include:

1. Loans and securities that you sold to others but for which you perform the servicing.
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.

SI394: PLEDGED LOANS

Report the recorded investment in loans included in SC26 and SC31 that have been pledged as collateral for borrowings. Include the recorded investment for loans pledged to the Federal Reserve or to the Federal Home Loan Bank.

When a thrift has pledged an entire portfolio of loans to secure its Federal Home Loan Bank advances, it should report the amount of the entire portfolio in this line, excluding any loans within the portfolio that the thrift has the right, without constraint, to repledge to another party. (However, if any such loans have been repledged to another party, they should be reported in this item.)

SI395: PLEDGED TRADING ASSETS

Report trading assets included in SI375 and SI376 that have been pledged as collateral for borrowings. Trading assets are financial assets held for trading purposes, as defined in the instructions to SI375.

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 Examination 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.

For purposes of this reporting only, the measurement of the investment in capital stock should be based on the cost method, and not the equity method. Under the cost method, your investment in capital stock will include amounts paid to acquire the stock, but will not include accumulated undistributed earnings and losses of the service corporations. As a result, your aggregate investment reported on this line will likely differ from the related amount obtained from your accounting records and from the amount reported on SC540.

EXTENSIONS OF CREDIT BY THE REPORTING ASSOCIATION (AND ITS CONTROLLED SUBSIDIARIES) TO ITS EXECUTIVE OFFICERS, PRINCIPAL SHAREHOLDERS, DIRECTORS, AND THEIR RELATED INTERESTS AS OF THE REPORT DATE

Federal Reserve Regulation O defines the terms used in this item.

An **extension of credit** is a making or renewal of any loan, a granting of a line of credit, or an extension of credit in any manner whatsoever. Extensions of credit include, among others, loans, prearranged overdrafts, cash items, standby letters of credit, and securities purchased under agreements to resell. For lines of credit, the amount reported as an extension of credit is normally the total amount of the line of credit extended to the insider, not just the current balance of the funds that have been advanced to the insider under the line of credit. *See* 12 CFR § 215.3, Regulation O.

An **executive officer** of the reporting savings association is person who participates or has authority to participate, other than as a director, in major policy-making functions of the reporting savings association, an executive officer of the savings association's holding company, and, unless excluded by the savings association's board of directors or bylaws, any other subsidiary of that holding company. *See* 12 CFR § 215.2(e), Regulation O.

A **director** of the reporting savings association is person who is a director of the savings association, whether or not receiving compensation, a director of the holding company of which the savings association is a subsidiary, and, unless excluded by the savings association's board of directors or bylaws, a director of any other subsidiary of that holding company. *See* 12 CFR § 215.2(d), Regulation O.

A **principal shareholder** of the reporting savings association is an individual or a company other than an insured depository institution that directly or indirectly, or acting through or in concert with one or more persons, owns controls, or has the power to vote more than 10% of any class of voting stock of the reporting savings association. Regulation O considers shares owned or controlled by a member of an individual's immediate family to be held by the individual. A principal shareholder includes a principal shareholder of a holding company of which the reporting savings association is a subsidiary and a principal shareholder of any other subsidiary of that holding company. *See* 12 CFR § 215.11(a)(1), Regulation O.

A **related interest** is either:

1. A company, other than an insured depository institution or a foreign bank that is controlled by an executive officer, director, or principal shareholder.
2. A political or campaign committee that is controlled by or the funds or services of which will benefit an executive officer, director, or principal shareholder. See 12 CFR § 215.11(a)(2), Regulation O.

SI590: AGGREGATE AMOUNT OF ALL EXTENSIONS OF CREDIT

Report the aggregate amount outstanding as of the report date of all extensions of credit by you and your controlled subsidiaries to all of your executive officers, principal shareholders, directors, and their related interests.

Include each extension of credit in the aggregate amount only one time, regardless of the number of borrowers.

SI595: NUMBER OF EXECUTIVE OFFICERS, PRINCIPAL SHAREHOLDERS, AND DIRECTORS TO WHOM THE AMOUNT OF ALL EXTENSIONS OF CREDIT (INCLUDING EXTENSIONS OF CREDIT TO RELATED INTERESTS) EQUALS OR EXCEEDS THE LESSER OF $500,000 OR FIVE PERCENT OF UNIMPAIRED CAPITAL AND UNIMPAIRED SURPLUS (CCR30 + CCR35 + CCR530 + CCR105)

Report the number of your executive officers, principal shareholders, and directors to whom the amount of all extensions of credit outstanding by you and your controlled subsidiaries as of the report date equals or exceeds the lesser of $500,000 or five percent of unimpaired capital and unimpaired surplus. That is, five percent x (CCR30 + CCR35 + CCR530 + CCR105). Report the actual number; do not round to thousands.

For purposes of this item, the amount of all extensions of credit by you and your controlled subsidiaries to an executive officer, principal shareholder, or director includes all extensions of credit by you to the related interests of the executive officer, principal shareholder, or director. A single extension of credit to more than one borrower must be included in full for all extensions of credit for each executive officer, principal shareholder, and director included in the credit. That is, one loan may be included more than once in the calculation of the $500 thousand or 5% of unimpaired capital and unimpaired surplus limit, because it will be included for each executive officer, principal shareholder, and director listed on the loan.

SUMMARY OF CHANGES IN SAVINGS ASSOCIATION EQUITY CAPITAL

SI600: SAVINGS ASSOCIATION EQUITY CAPITAL, BEGINNING BALANCE

The EFS software automatically generates this amount from your prior quarter's SC80.

Special instructions for mergers and reorganizations:

Purchase Mergers – Report SI680 for the previous quarter for the surviving savings association only.

Change of Control involving pushdown accounting including receiverships – Report SI680 for the previous quarter. Adjustments should be reported on SI660.

SI610: NET INCOME (LOSS) ATTRIBUTABLE TO SAVINGS ASSOCIATION (SO91)

The EFS software automatically generates this amount from SO91.

DIVIDENDS DECLARED:

SI620: Preferred Stock

Report the dollar amount of cash dividends declared during the period on preferred stock. These dividends are not charged to interest expense, but directly reduce retained earnings.

Include:

Dividends declared on preferred stock reported on SC812 and SC814.

SI630: Common Stock

Report the dollar amount of cash dividends declared during the period for common stock reported on SC820. These dividends are not charged to interest expense, but directly reduce retained earnings. Include cash dividends made to holding companies as well as to individual shareholders.

Do not include:

1. Stock dividends.
2. Stock splits.
3. Property dividends. Report as a negative amount on SI655.

SI640: STOCK ISSUED

Report the amount of cumulative and noncumulative perpetual preferred stock and common stock issued during the quarter.

Include:

1. Perpetual preferred stock, including discounts and premiums, issued by you during the quarter that qualifies as equity under GAAP.
2. The par value and paid-in-capital received in connection with the stock issue.

Do not include:

1. The conversion of preferred stock into common stock.
2. Gains on treasury stock sold. Report on SI671.
3. Capital contributed not connected with a stock issue. Report on SI655.

When applying push-down accounting, report the amount paid in a change of control for your stock. Report the previously recorded par value and capital in excess of par value on SI650.

SI650: STOCK RETIRED

Report the amount paid for common and perpetual preferred stock retired during the quarter. Report the amount as a positive number.

When applying push-down accounting, report the previously recorded par value and capital paid in excess of par value of the stock acquired by the new owners. The amount paid for this stock is reported on SI640.

SI655: CAPITAL CONTRIBUTIONS (WHERE NO STOCK IS ISSUED)

Report increases during the quarter in SC830, Common Stock: Paid in Excess of Par, that came from stockholders but that did not result from the issuing of stock.

Include the fair value of employee stock options granted as compensation.

Also include as a negative amount property distributions to stockholders. Record the transfer of dividends other than cash at the fair value of the asset on the declaration date of the dividend. Recognize a gain or loss on the transferred asset in the same manner as if you disposed of the property in an outright sale at or near the declaration date.

SI660: NEW BASIS ACCOUNTING ADJUSTMENTS

Include:

1. Adjustments made during the period in applying push-down accounting in the change-of-control.
2. Adjustments made in accounting for a savings association taken into receivership during the period.

SI662: OTHER COMPREHENSIVE INCOME

The EFS software automatically generates this amount as the change during the quarter in SC86, Accumulated Other Comprehensive Income: Total.

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.
4. Cumulative foreign currency translation adjustments and qualifying foreign currency transaction gains and losses, net of taxes.

SI668: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments for purposes of the TFR include:

1. Changes to a beginning balance of equity capital pursuant to transition requirements under newly adopted accounting pronouncements.
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.
3. Cumulative effects of a change in accounting principle.

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: TOTAL SAVINGS ASSOCIATION EQUITY CAPITAL, ENDING BALANCE (SC80)

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 Savings Association 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.

SI760: ACTIVITY DURING THE QUARTER OF OTHER COVERED TRANSACTIONS WITH AFFILIATES NOT SUBJECT TO QUANTITATIVE LIMITS

Report all other affiliate transactions that are **not** included in SI750. Generally, these include:

- The sale of securities or other assets from you to an affiliate, including assets subject to a repurchase agreement.
- Your payment of funds to, or furnishing of services to, an affiliate, including such tasks as collection of debt payments, data processing, maintenance, office supplies or payroll.
- Any transaction in which an affiliate receives an agency or broker's fee from you for its services on behalf of you or a 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.

CAPTIVE INSURANCE AND REINSURANCE SUBSIDIARIES

SI762: TOTAL ASSETS OF CAPTIVE INSURANCE SUBSIDIARIES

Report the carrying amount of assets held by captive insurance subsidiaries of the reporting savings association. A captive insurance company is a limited purpose insurer licensed as a direct writer of insurance. Some common lines of business include credit, life, accident, health, disability insurance, and employee benefits coverage. Report total assets before eliminating intercompany transactions between the consolidated insurance subsidiary and other offices or subsidiaries of the consolidated savings association.

SI763: TOTAL ASSETS OF CAPTIVE REINSURANCE SUBSIDIARIES

Report the carrying amount of all assets held by captive insurance subsidiaries of the reporting savings association. Reinsurance is the transfer, with indemnification, of all or part of the underwriting risk from one insurer to another for a portion of the premium or other consideration. For further information, see Call Report Glossary entry for “reinsurance.”

Some common lines of business include credit life, accident, and health reinsurance; disability reinsurance; reinsurance of employee benefits coverage; private mortgage guaranty reinsurance; and terrorism risk reinsurance. Report total assets before eliminating intercompany transactions between the consolidated reinsurance subsidiary and other offices or subsidiaries of the consolidated savings association.

ASSETS COVERED BY FDIC LOSS-SHARING AGREEMENTS:

Under a loss-sharing agreement, the FDIC agrees to absorb a portion of the losses on a specified pool of a failed insured depository institution’s assets in order to maximize asset recoveries and minimize the FDIC’s losses. In general, for transactions that occurred before April 2010, the FDIC reimburses 80 percent of losses incurred by an acquiring institution on covered assets over a specified period of time up to a stated threshold amount, with the acquirer absorbing 20 percent of the losses on these assets. Any losses above the stated threshold amount will be reimbursed by the FDIC at 95 percent of the losses recognized by the acquirer. For more recent transactions, the FDIC generally reimburses 80 percent of the losses incurred by the acquirer on covered assets, with the acquiring institution absorbing 20 percent.

Report in the appropriate line items below the Schedule SC – Consolidated Statement of Condition carrying amount as of the report date of all assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. These asset amounts should also be included in the balance sheet category appropriate to the asset on Schedule SC.

Do not report the “book value” of the covered assets on the failed institution’s books, which may be the amount upon which payments from the FDIC to the reporting bank are to be based in accordance with the loss-sharing agreement.

ASSETS COVERED BY FDIC LOSS-SHARING AGREEMENTS:

SI770: LOANS AND LEASES (INCLUDED IN SCHEDULE SC)

Report the carrying amount of loans and leases held for sale and the recorded investment in loans held for investment (included in SC230-SC265; SC32; and, SC310-SC330) acquired from the failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

LOANS SECURED BY REAL ESTATE:

CONSTRUCTION, LAND DEVELOPMENT, AND OTHER LAND LOANS:

SI764: 1-4 FAMILY RESIDENTIAL CONSTRUCTION LOANS

Report the amount of 1-4 family residential construction loans included in Schedule SC230 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI765: OTHER CONSTRUCTION LOANS AND ALL LAND DEVELOPMENT AND OTHER LAND LOANS

Report the amount of other construction loans and all land development and other land loans included in Schedule SC acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI766: SECURED BY FARMLAND

Report the amount of loans secured by farmland (as defined in the Call Report Glossary) included in Schedule SC acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SECURED BY 1-4 FAMILY RESIDENTIAL PROPERTIES:

SI767: REVOLVING, OPEN-END LOANS SECURED BY 1-4 FAMILY RESIDENTIAL PROPERTIES AND EXTENDED UNDER LINES OF CREDIT

Report the amount of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit included in Schedule SC251 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

CLOSED-END LOANS SECURED BY 1-4 FAMILY RESIDENTIAL PROPERTIES:

SI768: SECURED BY FIRST LIENS

Report the amount of revolving, closed-end loans secured by first liens on 1-4 family residential properties included in Schedule SC254 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI769: SECURED BY JUNIOR LIENS

Report the amount of closed-end loans secured by junior liens on 1-4 family residential properties included in Schedule SC255 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI771: SECURED BY MULTIFAMILY (5 OR MORE) RESIDENTIAL PROPERTIES

Report the amount of loans secured by multifamily (5 or more) residential included in Schedule SC256 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SECURED BY NONFARM NONRESIDENTIAL PROPERTIES:

SI775: LOANS SECURED BY OWNER-OCCUPIED NONFARM NONRESIDENTIAL PROPERTIES

Report the amount of loans secured by owner-occupied nonfarm nonresidential properties included in Schedule SC260 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI777: LOANS SECURED BY OTHER NONFARM NONRESIDENTIAL PROPERTIES

Report the amount of loans secured by other nonfarm nonresidential properties included in Schedule SC acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI779: COMMERCIAL AND INDUSTRIAL LOANS

Report the amount of commercial and industrial loans included in Schedule SC items SC300 – SC306 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. “Commercial And Industrial Loans” are defined in the Call Report Glossary.

LOANS TO INDIVIDUALS FOR HOUSEHOLD, FAMILY, AND OTHER PERSONAL EXPENDITURES:

SI780: CREDIT CARDS

Report the amount of extensions of credit arising from credit cards included in SC328 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI781: AUTOMOBILE LOANS

Report the amount of automobile loans included in SC323 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI782: OTHER CONSUMER LOANS (INCLUDES SINGLE PAYMENT, INSTALLMENT, ALL STUDENT LOANS, AND REVOLVING CREDIT CARD PLANS OTHER THAN CREDIT CARDS)

Report the amount of extensions of credit arising from other revolving credit plans and other consumer loans included in Schedule SC acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI783: ALL OTHER LOANS AND LEASES

Report the amount of loans that cannot be properly reported in items SI764 – SI782, above acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Include in these items covered loans in the following categories:

(1) Loans to depository institutions and acceptances of other banks included in Schedule SC;

(2) Loans to foreign governments and official institutions included in Schedule SC;

(3) Other loans (loans to finance agricultural production and other loans to farmers," obligations (other than securities and loans) of states and political subdivisions in the U.S., " and "Loans to nondepository institutions and other loans.");and,

(4) Lease financing receivables included in Schedule SC acquired from failed depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Report in items SI784 through SI787, each category of loans and leases within "All other loans and leases' covered by loss-sharing agreements with the FDIC, and the dollar amount of covered assets in such category that exceeds 10 percent of total loans and leases covered by loss-sharing agreements with the FDIC (i.e.10 percent of the sum of items SI764 through SI783). Preprinted line items have been provided in items SI784 – SI787 for reporting the amount of covered loans and leases for the following loan and lease categories if the amount for a loan or lease category exceeds the 10 percent reporting threshold: Loans to depository institutions and acceptances of other banks (SI784), Loans to foreign governments and official institutions (SI785), Other loans (i.e. Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and Loans to finance agricultural production and other loans to farmers) (SI786), and Lease financing receivables (SI787).

SI772: REAL ESTATE OWNED (included in Schedule SC):

Report the carrying amount of real estate owned (included in SC40) acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI789: CONSTRUCTION, LAND DEVELOPMENT, AND OTHER LAND

Report the carrying amount of real estate owned included in SC405 and SC428 acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI790: FARMLAND

Report the carrying amount of real estate owned in Schedule SC40 for farmland acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI791: 1-4 FAMILY RESIDENTIAL PROPERTIES

Report the carrying amount of real estate owned included in Schedule SC415 for 1-4 family residential properties acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI792: MULTIFAMILY (5 OR MORE) RESIDENTIAL PROPERTIES

Report the carrying amount of real estate owned included in Schedule SC425 for multifamily (5 or more) family residential properties acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI793: NONFARM NONRESIDENTIAL PROPERTIES

Report the carrying amount of real estate owned included in Schedule SC426 for nonfarm nonresidential properties acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

SI795: PORTION OF COVERED OTHER REAL ESTATE OWNED INCLUDED IN ITEMS SI789 – SI793 ABOVE THAT IS PROTECTED BY FDIC LOSS-SHARING AGREEMENTS

Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the real estate owned reported in items SI789 – SI793, beyond the amount that has already been reflected in the measurement of the reporting savings association's indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

In general, the maximum amount recoverable from the FDIC on covered other real estate owned is the carrying amount of the other real estate, as reported in the preceding Schedule SI items, multiplied by the current applicable loss coverage rate (e.g., 80 percent or 95 percent). This product will normally be the maximum amount recoverable because reimbursements from the FDIC for covered losses related to the amount by which the "book value" of a covered asset on the failed institution's books (which is the amount upon which the payments under FDIC loss-sharing agreement are based) exceeds the amount at which the reporting savings association reports the covered asset on Schedule SC – Consolidated Statement of Condition should already have been taken into account in measuring the carrying amount of the reporting savings association's loss-sharing indemnification asset, which is reported in Schedule SC.

SI774: DEBT SECURITIES (INCLUDED IN SCHEDULE SC)

Report the amortized cost of held-to-maturity debt securities and the fair value of available-for-sale debt securities (included in SC11 and SC22) acquired from failed insured depository institutions or otherwise purchased from the FDIC and covered by loss-sharing agreements with the FDIC.

SI776: OTHER ASSETS (EXCLUDES FDIC LOSS-SHARING INDEMNIFICATION ASSETS)

Report the carrying amount of all assets that cannot properly be reported on SI770, SI772, and SI774, and have been acquired from failed insured depository institutions or otherwise purchased from the FDIC and are covered by loss-sharing agreements with the FDIC.

Exclude FDIC loss-sharing indemnification assets. These indemnification assets represent the carrying amount of the right to receive payments from the FDIC for losses incurred on specified assets acquired from failed depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Report FDIC loss-sharing indemnification assets in SC689, "Other Assets".

MUTUAL FUND AND ANNUITY SALES:

SI815: TOTAL ASSETS YOU MANAGE OF PROPRIETARY MUTUAL FUNDS AND ANNUITIES

Report the total of net assets held by mutual funds and annuities as of the report date for which you, your subsidiaries, your affiliates, or parent company acts as investment adviser.

AVERAGE BALANCE SHEET DATA (BASED ON MONTH-END DATA)

Report average balance sheet data for the quarter. At a minimum, compute these data based on balances at month-end. However, you may compute these data based on other than month-end balances, such as daily or weekly balances. All balances should be as reported in Schedule SC. For example, the balance of loans should reflect premiums, discounts, deferred loan fees, allowances for credit losses, etc. Each month's average should be computed using the prior month's ending balance plus the current month's ending balance divided by two. For example, the balance at December 31 is considered to be the beginning balance at January 1. The average for the three months in the quarter should then be summed and divided by three.

In the case of a business combination accounted for using the purchase method of accounting or acquisition by a holding company where you used pushdown accounting, you should include amounts for the acquired entity from the date of its acquisition through the end of the quarter.

Example of Averaging:

	Balances		
Month	Beginning	Ending	Average
December	N/A	1,500	N/A
January	1,500	1,575	1,538
February	1,575	1,550	1,563
March	1,550	1,695	1,623
Sum			4,724

Quarter Average Balance = $4,724 / 3 = $ 1,575

If you consummated a merger on February 20, the calculation would be as follows:

	Beginning	Ending	Average	Adjustment	Adjusted Average
December	N/A	1,500	N/A		N/A
January	1,500	1,575	1,538		1,538
February pre-merger	1,575	1,550	1,563	x 19 days = 29,698	
February post-merger	3,200	3,280	3,240	x 9 days = 29,160	
				(29,698+ 29,160)/28	2,102
March	3,280	3,965	3,623		3,623
Sum					7,263

Quarter Average Balance = $7,263 / 3 = $2,421

SI870: TOTAL ASSETS

Report your average assets for the quarter based on the calculation explained above using total assets reported on SC60.

SI875: DEPOSITS AND INVESTMENTS EXCLUDING NON-INTEREST-EARNING ITEMS

Report your average deposits and investments for the quarter based on the calculation explained above using interest-earning deposits and investments reported on SC112 through SC185. Do not include mortgage loans and mortgage-backed securities included in SI880.

If you invest in adjustable rate products on which the interest rate has been reduced to zero as a result of market conditions, you should continue to report such investments in these averages.

SI880: MORTGAGE LOANS AND MORTGAGE-BACKED SECURITIES

Report your average mortgage loans and mortgage-backed securities for the quarter based on the calculation explained above using mortgage loans and mortgage-backed securities reported on SC210 through SC222 and SC230 through SC265.

SI885: NONMORTGAGE LOANS

Report your average nonmortgage loans for the quarter based on the calculation explained above using nonmortgage loans reported on SC300 through SC330.

SI890: DEPOSITS AND ESCROWS

Report your average **interest-earning** deposits and escrows for the quarter based on the calculation explained above using interest-earning deposits included in SC710 and SC712. If you offer deposit products on which you periodically adjust the interest rate, and the interest rate has been reduced to zero as a result of market conditions, you should continue to report such deposits as interest-bearing accounts in these averages.

SI895: TOTAL BORROWINGS

Report your average **interest-bearing** borrowings for the quarter based on the calculation explained above using interest-bearing borrowings reported on SC720 through SC760.

BROKERAGE ACTIVITES:

SI901: DOES YOUR INSTITUTION, WITHOUT TRUST POWERS, ACT AS TRUSTEE OR CUSTODIAN FOR INDIVIDUAL RETIREMENT ACCOUNTS, HEALTH SAVINGS ACCOUNTS, AND OTHER SIMILAR ACCOUNTS THAT ARE INVESTED IN NON-DEPOSIT PRODUCTS?

Indicate whether the institution acts as trustee or custodian for Individual Retirement Accounts (IRAs), Health Savings Accounts (HSAs), or other similar accounts. To answer “Yes” on this line, the institution must be acting as trustee or custodian for accounts that are invested, to some extent, in non-deposit products (e.g. stocks, bonds, variable annuities, mutual funds) but those same accounts may also be invested in deposit products. Note that this line item is related to that of DI200 which asks the amount of IRA and Keogh accounts invested in deposit products.

Other similar accounts include Roth IRAs, Coverdell Education Savings Accounts, and Archer Medical Savings Accounts. Federal savings associations are permitted, under certain circumstances, to act as trustee or custodian for these types of accounts without obtaining trust powers. Place an “X” in the box marked “Yes” if the reporting institution acts as trustee or custodian for these types of accounts, regardless of whether it has trust powers, as long as the accounts are invested, to some extent, in non-deposit products. Otherwise, place an “X” in the box marked “No.”

SI905: DOES YOUR INSTITUTION PROVIDE CUSTODY, SAFEKEEPING OR OTHER SERVICES INVOLVING THE ACCEPTANCE OF ORDERS FOR THE SALE OR PURCHASE OF SECURITIES?

Indicate whether the institution takes orders from customers for the sale or purchase of securities (e.g. stocks, bonds, mutual funds, variable annuities), in custody, escrow, safekeeping, and other similar types of accounts. In some institutions this activity takes places in a trust department but federal savings associations are permitted to conduct this activity without obtaining trust powers. The account holders may be employee benefit plans, Individual Retirement Accounts, foundations, or other types of customers. Place an “X” in the box marked “Yes” if the reporting institution takes orders from customers for the sale or purchase of securities. Otherwise, place an “X” in the box marked “No.”

SI911: DOES YOUR INSTITUTION ENGAGE IN THIRD PARTY BROKER ARRANGEMENTS, COMMONLY REFERRED TO AS “NETWORKING”, TO SELL SECURITIES PRODUCTS OR SERVICES TO THRIFT CUSTOMERS?

Indicate whether the institution has entered into a contract with a broker-dealer or registered investment adviser to provide non-deposit products (e.g. stocks, bonds, mutual funds) or services (investment advisory or financial planning) to its customers. The broker-dealer or registered investment adviser may or may not be an affiliate of the institution. Institutions that have entered into a contract with an insurance company to only provide insurance products (e.g. life insurance, fixed annuities, property & casualty insurance) to its customers should place an “X” in the box marked “No”. Place an “X” in the box marked “Yes” if the reporting institution has entered into a contract with a broker-dealer or registered investment adviser to provide non-deposit products or services to its customers. Otherwise, place an “X” in the box marked “No.”

SI915: DOES YOUR INSTITUTION SWEEP DEPOSIT FUNDS INTO ANY OPEN-END INVESTMENT MANAGEMENT COMPANY REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940 THAT HOLDS ITSELF OUT AS A MONEY MARKET FUND?

Indicate whether the institution offers a “sweep” program to its customers whereby the customer’s deposit funds are invested or reinvested into money market mutual funds on a regular basis such as daily, weekly, etc. Place an “X” in the box marked “Yes” if the reporting institution offers a sweep program to its customers that invests or reinvests on a regular basis deposit funds into a money market mutual fund. Otherwise, place an “X” in the box marked “No.”

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SCHEDULE SQ — CONSOLIDATED SUPPLEMENTAL QUESTIONS

*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. However, in this schedule, you should answer all questions except SQ310 based on your data alone, and not on your consolidated subsidiaries' data. SQ310 applies to both you and your consolidated subsidiaries.*

Indicate whether an activity occurred during the period by placing an ***X*** in either the ***Yes*** or ***No*** column of each question. No question that can be answered with a ***yes*** or ***no*** should be left blank. Check ***Yes*** if there is any doubt as to whether an activity occurred during the quarter.

SQ270: Your fiscal year-end (MM)

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.

SQ280: Code representing nature of work to be performed by independent public accountants for the current fiscal year

Enter the code for the statement below that best describes the level of audit or other attestation work – such as review, compilation, or agreed-upon procedures – that an independent public accountant will have performed by the end of your current fiscal year. The current fiscal year is the 12-month period that includes the quarter that you are reporting.

07 You do not plan to have an audit or other attestation work by an independent public accountant.

08 You do not plan to have an audit. However, you do plan to have other attestation work performed and reported on by an independent public accountant.

09 You plan to have an audit of, and receive a report on, only the holding company's consolidated financial statements by an independent public accountant.

Use this code where plans are for an audit and report on:

a. **Only** your holding company's consolidated financial statements.

b. **Not** your separate financial statements.

1. Your holding company's consolidated financial statements include, by consolidation, your financial statements. Use code 10 for an audit and report on, your separate financial statements.

10 You plan to have an audit of, and receive a report on, your financial statements by an independent public accountant.

1. Use this code where plans are for an audit and report on:

   a. **Only** your separate financial statements, or

   b. **Both** your separate financial statements and your holding company's consolidated financial statements.

2. Use code 09 for an audit of, and report on, only the holding company's consolidated financial statements.

SQ300: Did you change your independent public accountant during the quarter?

Check *yes* if you did one or both of the following:

Gave notice to your prior independent public accountant terminating his engagement.

Engaged a successor accountant.

SQ310: Did you and your consolidated subsidiaries have any outstanding futures or options positions at quarter end?

SQ320: Do you have a Subchapter S election in effect for federal income tax purpose for the current year?

SQ410: Have you been consolidated with your parent in another TFR? If so, enter the OTS docket number of your parent savings association.

SQ420: Have you been consolidated with your parent in a Commercial Bank Call Report? If so, enter the FDIC certificate number of your parent commercial bank.

SQ530: If you have a web page on the Internet, indicate your main Internet home page address (for transactional or nontransactional web sites).

Report your main Internet home page address, even if you do not have a transactional web site. This field has a maximum of 78 characters.

SQ540: Do you provide transactional Internet banking to your customers, as defined in 12 CFR 555.300(b)?

Respond ***Yes*** if you have a transactional Internet banking web site. Transactional Internet banking web sites are defined in 12 CFR 555.300(b).

SCHEDULE SB — CONSOLIDATED SMALL BUSINESS LOANS

*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.*

Starting as of March 31, 2010 complete this schedule quarterly using data as of the end of the quarter.

SB010: DO YOU HAVE ANY SMALL BUSINESS LOANS TO REPORT IN THIS SCHEDULE?

Respond ***No*** if you have no loans meeting the definitions of ***small business loans*** as defined in this schedule for agricultural and nonagricultural purposes. Respond ***Yes*** if you have loans to report in Schedule SB. If you respond ***No***, you should not complete any other lines in this schedule.

You should respond ***No*** and leave the remaining of Schedule SB blank if the following are true: (1) you and your consolidated subsidiaries have no loans reported on SC260, 300, 303, and 306; (2) your business loans and those of your consolidated subsidiaries only have **original amounts,** as defined below, exceeding $1 million; (3) your farm loans only have **original amounts** exceeding $500 thousand.

LOANS TO SMALL BUSINESSES AND SMALL FARMS:

Complete the following data for yourself and your consolidated subsidiaries to comply with Section 122 of the FDIC Improvement Act.

When you report the number and amount of business loans currently outstanding with **original amounts** of $1 million or less and farm loans with **original amounts** of $500 thousand or less, use the following guidelines:

1. For loans drawn down under lines of credit or loan commitments, the **original amount** of the loan is the amount existing when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the **original amount** is the amount currently outstanding.

2. For loan participations and syndications, the **original amount** of the loan participation or syndication is the entire amount of the credit originated by the lead lender.
3. For all other loans, the **original amount** is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

The **amount outstanding** is the amount reported on Schedule SC as of the report date and should be reported net of loans in process, specific valuation allowances, and yield adjustments to the extent possible.

Report the actual number of loans. Do not round to the nearest thousand.

Do not include loans to subsidiaries eliminated in consolidation.

Except as noted below for corporate or business credit card programs, when you determine **original amounts** and report the number and amount currently outstanding for a category of loans in this schedule, you should compute the amounts as follows: **combine multiple loans to one borrower and report them on an aggregate basis** rather than as separate individual loans, to the extent that you do not incur undue cost to obtain such aggregate individual borrower data. If the burden of such aggregation would be excessive, you may report multiple loans to one borrower as separate individual loans.

If you offer corporate or business credit card programs where credit cards are issued to one or more of a company's employees for business-related use, you should treat each company's entire credit card program as a single extension of credit. You should total the credit limits for all of the individual credit cards issued to the company's employees, and treat this total as the **original amount** of the corporate or business credit card program established for this company. The company's program should be reported as **one** loan and the amount currently outstanding would be the sum of the credit card balances as of the quarterly reporting date on each of the individual credit cards issued to the company's employees. However, when aggregated data for each individual company in a corporate or business credit card program are not readily determinable from your credit card records, you should develop reasonable estimates of the number of corporate or business credit card programs that exist as of the report date, the **original amounts** of these programs, and the **amounts currently outstanding** of these programs and should then report information about these programs on the basis of your reasonable estimates. In no case should individual credit cards issued to a company's employees under a corporate or business credit card program be reported as separate individual loans to small businesses.

SB100: Do you have any loans secured primarily by farms reported on SC260 or any loans to finance agricultural production or other loans to farmers reported on SC300, 303, or 306?

Answer **Yes** to this question only if the agricultural and farm loans had original amounts, as defined above, of $500 thousand or less.

If **yes**, complete lines 300 through 650; do not complete 110 through 210. If **no**, complete the following item, 110.

SB110: Are all or substantially all of your commercial loans (Schedule SC lines 260, 300, 303, and 306) loans with original amounts of $100,000 or less?

Indicate **yes** and complete only the following lines, 200 and 210, if:

1. The average amount outstanding of your commercial, nonfarm loans that you reported on Schedule SC lines 260, 300, 303, and 306 is $100 thousand or less **and**
2. Based on your loans and other relevant information, your lending officer believes that all or substantially all of your commercial loans have **original amounts**, as defined above, of $100 thousand or less.

Otherwise, indicate **no** and complete lines 300 through 450.

SB200: Number of loans reported on line SC260

Report the actual number – do not round to thousands – of loans reported on SC260, Permanent Mortgages on Nonresidential Property. Complete this line only if line 100 is **no** and 110 is **yes** – that is, all of the loans reported on SC260, 300, 303, and 306 are nonfarm loans and substantially all of the **original amounts** of the loans are $100 thousand or less.

SB210: Number of loans reported on SC300, 303, and 306

Report the actual number – do not round to thousands – of loans reported on SC300, 303, and 306, Nonmortgage Commercial Loans. Complete this line only if line 100 is **no** and 110 is **yes**; that is, all of the loans reported on SC260, 300, 303, and 306 are nonfarm loans and substantially all of the **original amounts** of the loans are $100 thousand or less.

NUMBER AND AMOUNT OUTSTANDING OF PERMANENT MORTGAGE LOANS SECURED BY NONFARM, NONRESIDENTIAL PROPERTIES REPORTED ON SC260:

Number of Loans with Original Amounts of:

SB300: $100,000 or less

SB320: Greater than $100,000 thru $250,000

SB340: Greater than $250,000 thru $1 million

Outstanding Balance with Original Amounts of:

SB310: $100,000 or less

SB330: Greater than $100,000 thru $250,000

SB350: Greater than $250,000 thru $1 million

NUMBER AND AMOUNT OUTSTANDING OF NONMORTGAGE, NONAGRICULTURAL COMMERCIAL LOANS REPORTED ON SC300, 303, AND 306:

Number of Loans with Original Amounts of:

SB400: **$100,000 or less**

SB420: **Greater than $100,000 thru $250,000**

SB440: **Greater than $250,000 thru $1 million**

Outstanding Balance with Original Amounts of:

SB410: **$100,000 or less**

SB430: **Greater than $100,000 thru $250,000**

SB450: **Greater than $250,000 thru $1 million**

NUMBER AND AMOUNT OUTSTANDING OF LOANS SECURED PRIMARILY BY FARMS REPORTED ON SC260:

Number of Loans with Original Amounts of:

SB500: **$100,000 or less**

SB520: **Greater than $100,000 thru $250,000**

SB540: **Greater than $250,000 thru $500,000**

Outstanding Balance with Original Amounts of:

SB510: **$100,000 or less**

SB530: **Greater than $100,000 thru $250,000**

SB550: **Greater than $250,000 thru $500,000**

NUMBER AND AMOUNT OUTSTANDING OF NONMORTGAGE, COMMERCIAL LOANS TO FINANCE AGRICULTURAL PRODUCTION AND OTHER NONMORTGAGE COMMERCIAL LOANS TO FARMERS REPORTED ON SC300, 303, AND 306:

Number of Loans with Original Amounts of:

SB600: $100,000 or less

SB620: Greater than $100,000 thru $250,000

SB640: Greater than $250,000 thru $500,000

Outstanding Balance with Original Amounts of:

SB610: $100,000 or less

SB630: Greater than $100,000 thru $250,000

SB650: Greater than $250,000 thru $500,000

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SCHEDULE FS — FIDUCIARY AND RELATED SERVICES

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

Complete Schedule FS on a consolidated basis, including the fiduciary or related services of any significant, majority-owned operating subsidiaries or service corporations.

For report dates through December 31, 2008, the information reported in Schedule FS on fiduciary and related services income (except total gross fiduciary and related services income) and on fiduciary settlements, surcharges, and other losses will not be made available to the public on an institution basis. Beginning with the March 31, 2009 report date, all of the information reported in Schedule FS for each savings association will be publicly available.

The income and expense data reported on FS310 through FS35 and the fiduciary settlements, surcharges, and other losses reported on FS710 through FS72 must be reported for the calendar year-to-date.

FS110: DOES YOUR INSTITUTION HAVE FIDUCIARY POWERS?

Check ***Yes*** if OTS, a state, or another banking authority has granted you trust powers to administer accounts in a fiduciary capacity. You should check ***Yes*** if your significant, majority-owned subsidiaries have been granted trust powers by OTS, a state, or another banking authority. Fiduciary capacity generally includes acting as a trustee, executor, administrator, registrar of stocks and bonds, transfer agent, assignee, receiver, guardian or conservator of the estate of a minor or incompetent, acting in connection with a Uniform Gift to Minors Act account, investment adviser (if you receive a fee for your investment advice), any capacity in which you possess investment discretion on behalf of another, or any other similar capacity.

FS120: DOES YOUR INSTITUTION EXERCISE THE FIDUCIARY POWERS IT HAS BEEN GRANTED?

Check ***Yes*** if you exercise your fiduciary powers. Exercising fiduciary powers means that you serve in a fiduciary capacity as described in the instructions for FS110.

FS130: DOES YOUR INSTITUTION HAVE ANY FIDUCIARY OR RELATED ACTIVITY (IN THE FORM OF ASSETS OR ACCOUNTS) TO REPORT IN THIS SCHEDULE?

Check ***Yes*** if you have assets, accounts, or income from fiduciary or related services. You should check ***No*** if you have trust powers and **only** use those powers to provide services in connection with land trusts or if you act as a document custodian for mortgage-backed securities, such as those offered by Fannie Mae (FNMA), Freddie Mac (FHLMC), or Ginnie Mae (GNMA). If you check ***No***, do not complete the remainder of this schedule.

Reportable related services are those services that do not require trust powers but are related to fiduciary services. Specifically, this includes custodial services for assets held by you in a fiduciary capacity. You should report on this schedule fiduciary related services that are offered through your trust department, fiduciary business unit, or other distinct department or business unit that is devoted to the provision of fiduciary or related services. You should not include custodial services provided to commercial bank services such as hold in custody repurchase assets, escrow accounts that benefit third parties, safety deposit boxes, and other similar commercial arrangements.

FILING REQUIREMENTS

If your answer to FS130 is ***Yes***, complete the applicable items of Schedule FS as follows:

If your total fiduciary assets (items FS20 and FS21) are greater than $250 million for the preceding calendar year or your gross fiduciary and related services income was greater than 10 percent of total revenue (net interest income plus noninterest income), you must complete:

1. Items FS210 through FS30 and FS610 through FS65 **each quarter**;
2. Items FS391 through FS35 **annually** with the December report; and
3. Memorandum items FS410 through FS72 **annually** with the December report.

If your total fiduciary assets (items FS20 and FS21) are greater than $100 million but less than or equal to $250 million for the preceding calendar year or your gross fiduciary and related services income was **not** greater than 10 percent of total revenue (net interest income plus noninterest income), you must complete:

1. Items FS210 through FS291 **each quarter**; and
2. FS310 through FS35 and FS410 through FS72, **annually** with the December report.

If your total fiduciary assets (items FS20 and FS21) are $100 million or less for the preceding calendar year or your gross fiduciary and related services income was **not** greater than 10 percent of total revenue (net interest income plus noninterest income), you must complete:

1. Items FS210 through FS291 **each quarter**; and
2. Memorandum items FS410 through FS65 **annually** with the December report.

FIDUCIARY AND RELATED ASSETS

Report fiduciary and related assets using market value as of the report date. While market value quotations are readily available for marketable securities, many financial and physical assets held in fiduciary accounts are not widely traded or easily valued. If the methodology for determining market value is not set or governed by applicable law (including state or federal law governing the fiduciary relationship, the terms of an instrument governing the fiduciary relationship, or any court order pertaining to the relationship), you may use any reasonable method to establish values for purposes of reporting on this schedule. Reasonable methods may include appraisals, book value, or reliable estimates. Valuation methods should be consistent from reporting period to reporting period. This "reasonable method" approach to reporting market value applies both to financial assets that are not marketable and to physical assets. Physical assets held in fiduciary accounts may include equipment, art, collectibles, and household goods.

Only those Individual Retirement Accounts, Health Savings Accounts, and other similar accounts offered through a fiduciary business unit should be reported in Schedule FS. When such accounts are not offered through the trust department or fiduciary business unit, they should not be reported in Schedule FS. Accounts that consist solely of deposits in the thrift itself should not be reported in Schedule FS.

If two institutions are named cofiduciary in the governing instrument, both institutions should report the account. In addition, where one institution provides fiduciary or related services to another institution's accounts (for example: Bank A provides custody services to the trust accounts of Bank B; or Bank A provides investment management services to the trust accounts of Bank B) both institutions should report the accounts, according to the services provided.

Exclude unfunded trusts, anticipated testamentary executor appointments, and any other arrangements that represent potential future fiduciary accounts.

Report asset values net of any outstanding liabilities. For example, report: (1) an employee benefit account with participant loans net of the outstanding loan balances; (2) an account with a real estate asset and corresponding mortgage loan net of the mortgage liability; (3) gross fiduciary assets net of any associated overdrafts; and (4) gross assets net of the fair value of derivative instruments, even if the fair value is negative.

Reflect securities lending transactions as sales or as secured borrowings according to GAAP. A transferee (borrower) of securities generally is required to provide collateral to the transferor (lender) of securities. When such transactions do not qualify as sales, securities lenders and borrowers should account for the transactions as secured borrowings in which cash (or securities that the holder is permitted by contract or custom to sell or repledge) received as collateral by the securities lender is considered the amount borrowed and the securities loaned are considered pledged against the amount borrowed. For purposes of this schedule, securities held in fiduciary accounts that are loaned in securities lending transactions and are accounted for as secured borrowings should be reported as an asset of the respective fiduciary account that loaned the securities, but the collateral received should not be reported as an asset of the fiduciary account.

In the Fiduciary and Related Assets section (FS210 through FS291), you should include for each account in whatever line item is pertinent, the market value of common trust fund units, collective investment fund (CIF) units, and shares of proprietary mutual funds held by the account. **Proprietary mutual funds** are those funds where you, your affiliates, or your subsidiaries act as investment adviser to the fund. You **should not** report a **common** trust fund or a **collective** investment fund administered by you as a separate account in FS260/262. You should report each proprietary mutual fund as a separate account in FS260 and include its assets in FS262. When reporting a proprietary mutual fund in FS290, subtract from the value of the mutual fund as a whole, those shares held by fiduciary or custodial accounts that are already reported in the fiduciary and related section on FS210 through FS291. This will prevent duplicate reporting.

MANAGED ASSETS

Report the total market value of assets held in managed fiduciary accounts. An account should be categorized as managed if you have investment discretion over the assets of the account. Investment discretion is defined as the sole or shared authority to determine what securities or other assets to purchase or sell on behalf of the fiduciary account, even if that authority is not exercised. If you have delegated your investment authority to another institution, then you **both** have investment discretion for reporting purposes. You should report an account as either managed or nonmanaged based on your predominant responsibility.

Whether an account where investment discretion has been delegated to a registered investment adviser, whether affiliated or nonaffiliated, should be reported as a managed account depends on whether the delegation of investment authority to the registered investment adviser was made pursuant to the exercise of investment discretion. If so, the account is deemed to be a managed account. Otherwise, the account would be a non-managed account for purposes of Schedule FS.

NONMANAGED ASSETS

Report the total market value of assets held in nonmanaged fiduciary accounts. An account should be categorized as nonmanaged if you do not have investment discretion. Accounts should be categorized as nonmanaged where you are a fiduciary and provide a menu of investment options but the ultimate selection authority remains with the account holder or an external manager. For example, if you provide a choice of sweep vehicles or an array of mutual funds, you are not necessarily exercising investment discretion. Another example of a fiduciary nonmanaged account is where you serve as trustee for a 401(k) employee benefit plan and the plan participants make their own investment selections. Investment advisory agency accounts for which a savings association provides investment advice for a fee but where the ultimate investment decision rests with the customer should be reported as a nonmanaged account.

NUMBER OF MANAGED ACCOUNTS

Report the total number of managed fiduciary accounts.

NUMBER OF NONMANAGED ACCOUNTS

Report the total number of nonmanaged fiduciary accounts.

FS210 Through 213: Personal Trust and Agency Accounts

Report the market value and number of accounts for all testamentary trusts, revocable and irrevocable living trusts, and any other personal trusts and estates. Include accounts in which you serve as trustee, executor, administrator, guardian, or conservator. Do not include personal investment management accounts, these should be reported on FS260/262. Personal investment advisory accounts should be reported on FS261/263. Also, do not include Keogh Act plans, and other pension or profit sharing plans for self-employed individuals. These should be included in FS240 through FS243. Individual Retirement Accounts, Health Savings Accounts and other similar accounts should be included in FS234 through FS237 and in FS240 through FS243. Include accounts that only receive custody or safekeeping services in FS280 and FS281.

Retirement-related Trust and Agency Accounts:

FS220 Through FS223: Employee Benefit - Defined Contribution

Report the market value and number of accounts for all employee benefit, defined contribution accounts for which you serve as trustee or in another fiduciary capacity. Include 401(k) plans, 403(b) plans, profit-sharing plans, money purchase plans, target benefit plans, stock bonus plans, employee stock ownership plans, and thrift savings plans. Employee benefit accounts for which you serve as a directed trustee should be reported as non-managed. The number of accounts reported should reflect the total number of plans administered rather than the number of plan participants. Report employee benefit accounts for which you are a custodian in FS280 and FS281.

FS230 Through FS233: Employee Benefit - Defined Benefit

Report the market value and number of accounts for all employee benefit, defined benefit plans for which you serve as trustee or in another fiduciary capacity. The number of accounts reported should reflect the total number of plans administered rather than the number of plan participants. Report employee benefit accounts for which you are a custodian in FS280 and FS281.

FS240 Through FS243: Other Retirement Accounts

Report the market value and number of accounts for all other retirement related accounts in which you serve as trustee or in another fiduciary capacity. Include Keogh Act plans and other pension or profit-sharing plans for self-employed individuals. Also report the market value of assets and the number of accounts for employee welfare benefit trusts and agencies. Employee welfare benefit plans include plans, funds, or programs that provide medical, surgical, or hospital care benefits; benefits in the event of sickness, accident, disability, death, or unemployment; vacation benefits; apprenticeship or other training programs; day care centers; scholarship funds; or prepaid legal services. Individual Retirement Accounts, Health Savings Accounts, Medical Savings Accounts where you are the trustee should be reported on this line as well as on FS234 through 237. Report employee benefit accounts for which you are a custodian in FS280 and FS281 as well as on FS234 through FS236. The number of accounts reported should reflect the total number of plans or accounts administered rather than the number of plan participants.

FS250 Through FS253: Corporate Trust and Agency Accounts

Report the market value and number of all your corporate trust accounts. Report assets for which you have the responsibility to manage or administer in accordance with the corporate trust agreement. Include assets of unpresented bonds or coupons relating to issues that have been called or matured. Do not include the entire market value of the associated securities or the outstanding principal of associated debt issues. Include accounts where you are the trustee for corporate securities, tax-exempt and other municipal securities, and other debt securities including unit investment trusts. Also, include accounts for which you are the dividend or interest paying agent or any other type of corporate trustee or agent.

FS260 Through FS263: Investment Management and Investment Advisory Agency Accounts

Report the market value and number of accounts for all investment management and investment advisory accounts that are administered within the fiduciary area. Investment management accounts are those accounts for which you have investment discretion although title to the assets remains with the client. Investment advisory accounts are those agency accounts that you provide investment advice for a fee, but for which some other person is responsible for investment decisions. Investment management accounts should be reported as managed. Investment advisory agency accounts should be reported as non-managed. Investment management and advisory accounts maintained for foundations and endowments should be reported in FS264 through FS267. Include accounts for which you serve as a sub-advisor. Include those mutual funds that you advise in a separately identifiable department or division or by an operating subsidiary. The different investment classes of a single mutual fund should be combined and reported as a single account.

FS 264 Through FS267: Foundations and Endowments

Report the market value and number of accounts for all foundations and endowments (whether established by individuals, families, corporations, or other entities) that file Form 990, regardless of which version, for which you serve as trustee or agent. Also report those foundations and endowments that do not file Form 990, 990EZ, or 990PF solely because the organization's gross receipts or total assets fall below reporting thresholds, but would otherwise be required to file. Foundations and endowments established by churches, which are exempt from filing Form 990, should also be reported in this item. Employee benefit accounts maintained for a foundation's or endowment's employees should be reported in the Retirement-related Trust and Agency Accounts section. Accounts that are solely custodial or safekeeping should be reported in FS280 and FS281.

FS270 Through FS273: Other Fiduciary Accounts

Report the market value and number of accounts for all other fiduciary accounts not reported in FS210 through FS267. Report custody and safekeeping accounts in FS280 and FS281.

FS20 THROUGH FS23: TOTAL FIDUCIARY ACCOUNTS

The EFS software will compute these lines as the sums of their respective columns, from FS210, FS211, FS212, and FS213 through FS270, FS271, FS272, and FS273.

FS280 and FS281: Custody and Safekeeping Accounts

Report the market value and the number of accounts for all individual and institutional custody and safekeeping accounts administered by you. Safekeeping and custody accounts are a type of account for which you perform custody or safekeeping services. In these accounts, you do not act in a fiduciary capacity, such as trustee, and you do not provide investment advice for a fee or have investment discretion. Safekeeping and custodial services may include holding assets, processing income and redemptions, recordkeeping, or customer reporting. For employee benefit custody or safekeeping accounts, the number of accounts you report should reflect the total number of plans administered rather than the number of plan participants. Include accounts in which you serve as a sub-custodian for another institution. For example, where you contract with another institution for custody services, both of you should report the accounts. **Do not** include accounts for which you provide document custodial services for Ginnie Mae, Fannie Mae, or other mortgage-backed securities. Also, **do not** include accounts for which you provide services to land trusts.

Individual Retirement Accounts, Health Savings Accounts, Medical Savings Accounts where you serve as custodian should be reported on this line as well as on FS234 through FS237. Exclude, IRAs, HSAs, and other similar accounts not offered through your trust department or fiduciary business unit.

Accounts in which you serve as trustee or in an agency capacity in addition to being custodian should be reported in the category of the primary relationship. For example, personal trust accounts in which you serve as trustee and custodian should be reported as personal trust accounts and not as custodian accounts. Include custody and safekeeping accounts that are administered by your trust department or other identifiable business unit area that focuses on offering custodial services to individual or institutional fiduciary clients. Do not include those custodial, escrow, and safekeeping activities that are related to commercial bank services such as hold in custody repurchase assets, securities safekeeping services for correspondent banks, escrow assets held for the benefit of third parties, safety deposit box assets or any other similar commercial arrangement.

FS234 Through 237: IRAs, HSAs, and Similar Accounts

Report the market value and number of Individual Retirement Accounts, Health Savings Accounts, and other similar accounts, included in FS240 through FS243 or FS280 and FS281. Other similar accounts include Roth IRAs, Coverdell Education Savings Accounts, and Archer Medical Savings Accounts. Exclude accounts not offered through your trust department or fiduciary business unit.

FS290 and FS291: Assets Included Above, Excluded for Purposes of the OTS Assessment Complexity Component

OTS imposes semiannual assessments on savings associations based on three components: the thrift's size, its condition, and the complexity of its portfolio. For savings associations that have trust powers, a complexity component is assessed for those associations that administer over $1 billion in trust assets.

This complexity component, broken into three different categories, is calculated by utilizing different line items of this schedule. There are situations where OTS requires savings associations to report certain assets on a line item in Schedule FS that will not be included for assessment purposes. Therefore, the purpose of FS290 and FS291 is to exclude certain assets for OTS assessment purposes.

Report on FS290 those assets of proprietary mutual funds that are reported as a separate account in lines FS260 through FS263. Do not include in FS290 those shares of the proprietary mutual fund held by fiduciary or custodial accounts that are reported in other sections of Schedule FS.

Also, include in FS290 and FS291, any amounts you have included in FS234 through FS237. Since these assets are already included in FS240 through FS243 or FS280 and FS281 as well as FS234 through FS237, they should be excluded for purposes of assessment so as to avoid duplicate assessment.

FIDUCIARY AND RELATED SERVICES INCOME (CALENDAR YEAR-TO-DATE)

Report fiduciary and related services income and expense for the calendar year-to-date. The following income categories correspond to the asset categories described in FS210 through FS237. Report income and expense on an accrual basis. You may report both income and expense on a cash basis **only** if the results would not materially differ from those obtained using an accrual basis. For report dates through December 31, 2008, the information reported in Schedule FS on fiduciary and related services income (except total gross fiduciary and related services income) will not be made available to the public on an individual basis. Beginning with the March 31, 2009 report date, all of the information reported in Schedule FS will be publicly available.

FS310: PERSONAL TRUST AND AGENCY ACCOUNTS

Report gross income generated from the services provided to personal trust and agency accounts reported on FS210 through FS213.

RETIREMENT RELATED TRUST AND AGENCY ACCOUNTS:

FS320: Employee Benefit – Defined Contribution

Report gross income generated from the services provided to defined contribution, employee benefit trust and agency accounts reported on FS220 through FS223.

FS330: Employee Benefit – Defined Benefit

Report gross income generated from the services provided to defined benefit, employee benefit trust and agency accounts reported on FS230 through FS233.

FS340: Other Retirement Accounts

Report gross income generated from the services provided to other retirement accounts reported on FS240 through FS243.

FS350: CORPORATE TRUST AND AGENCY ACCOUNTS

Report gross income generated from the services provided to corporate trust and agency accounts reported on FS250 through FS253.

FS360: INVESTMENT MANAGEMENT AND INVESTMENT ADVISORY AGENCY ACCOUNTS

Report gross income generated from the services provided to investment management and investment advisory agency accounts reported on FS260 through FS263. Include income received from investment advisory activities when the assets are not held by the institution.

FS365: FOUNDATIONS AND ENDOWMENTS

Report gross income generated from the services provided to foundation and endowment accounts reported on FS264 through FS267.

FS370: OTHER FIDUCIARY ACCOUNTS

Report gross income generated from services provided to other fiduciary accounts reported on FS270 through FS273.

FS380: CUSTODY AND SAFEKEEPING ACCOUNTS

Report gross income generated from services provided to custody and safekeeping accounts reported on FS280 and FS281.

FS390: OTHER FIDUCIARY AND RELATED SERVICES INCOME

Report all other gross fiduciary and related services income that cannot properly be reported on FS310 through FS380. Include income received from others, including affiliates, for fiduciary and related services provided by you. Income received from investment advisory services in which the account assets are held in a custody or safekeeping account at the reporting institution should be reported in FSFS380. Also, include net income generated from securities lending activities, after deduction of broker rebates and income paid to lending accounts. Include income from providing services for land trusts and mortgage-backed securities if you have these activities in addition to other trust and fiduciary activities. Do not include allocations of income to the trust department from other areas of your savings association, such as credits for fiduciary cash held as a deposit on your commercial side.

FS30: TOTAL GROSS FIDUCIARY AND RELATED SERVICES INCOME

The EFS software will compute this line as the sum of FS310 through FS390.

FS391: LESS: EXPENSES

Report total direct and indirect expenses attributable to the fiduciary and related services reported in this schedule.

Direct expenses are immediately identifiable as costs for and directly chargeable to the trust department or fiduciary business unit. These expenses include: salaries, bonuses, hourly wages, overtime pay, employee benefits, and incentive pay associated with officers and employees of, or associated with, the fiduciary and related services reported in this schedule. If only a portion of their time is allocated to reportable activities, report that proportional share of their salaries and employee benefits. For trust only institutions, include expenses directly chargeable to the fiduciary and related services reported in this schedule such as those associated with occupancy, i.e. maintenance, service and repairs, telephones and utilities, insurance coverage, real estate or property taxes, depreciation/amortization, lease/rental payments for premises and equipment, and any leasehold improvements. Also include fees paid directly for external or internal audits of the fiduciary and related services, trust examination fees, employee training, fees directly paid for outside legal counsel and/or consultants, and expenses paid directly for advertising and business development activities.

Indirect expenses are those expenses charged to the fiduciary and related services activity from other departments of the institution. The expenses are generally reflected in your retail accounting system and include any allocation for the proportionate share of corporate expenses that you do not directly charge to a particular department or function. If your internal accounting system is unable to provide the information, you may use a reasonable alternate method to estimate indirect costs. Indirect expenses include: the proportionate share of data processing expenses; building rent or depreciation; utilities; real estate taxes; insurance; in-house and/or outside legal counsel; business development activities; charitable contributions; corporate overhead, such as allocated expenses for corporate planning and/or financial staff; board of director/committee fees; temporary personnel and professionals; travel; entertainment; stationary and postage; and automobile expenses. You must keep your reporting methods for indirect expenses consistent from period to period.

Do not include settlements, surcharges, and other losses reported in FS710 through FS742.

FS392: LESS: NET LOSSES FROM FIDUCIARY AND RELATED SERVICES

Report net losses resulting from fiduciary and related services. Net losses are gross losses less recoveries. Gross losses may result from settlements, surcharges, errors from trade processing, miscalculation of fees or taxes, pricing discrepancies and other losses that are realized in the reporting period attributable to the fiduciary and related services. Recoveries should include those that are attributable to prior and current period losses. FS392 must equal the sum of gross managed and nonmanaged account losses minus recoveries (FS 70 + FS 71 - FS 72) reported in the Memoranda section of the FS Schedule.

FS393: PLUS: INTRACOMPANY INCOME CREDITS FOR FIDUCIARY AND RELATED SERVICES

If applicable, report credits from other areas of your association for activities reportable in this schedule. Include any intracompany income credit made available to the fiduciary area for fiduciary account holdings of own-bank deposits. Also, include credits for other intracompany services and transactions.

FS35: NET FIDUCIARY AND RELATED SERVICES INCOME

The EFS software will compute this line as the sum of FS30 less FS391 and FS392 plus FS393.

MEMORANDA

MANAGED ASSETS HELD IN FIDUCIARY ACCOUNTS

Column A, Personal Trust and Agency and Investment Management Agency Accounts

Report the market value of managed assets held in personal trust and agency accounts (as defined for FS210/212) and investment management agency accounts (as defined for FS260/262 in accordance with how the account is invested. Do not include investment advisory agency accounts (as defined for FS261/263).

Column B, Employee Benefit and Retirement Related Accounts

Report the market value of managed assets held in employee benefit and retirement related trust and agency accounts (as defined for FS220/FS222, FS230/232, and FS240/242)

Column C, All Other Accounts

Report the market value of managed assets held in corporate trust and agency accounts (as defined for FS250/252), foundations and endowments (as defined for FS264/266), and other fiduciary accounts (as defined for FS270/272.

For units in common trust funds and collective investment funds that are held by a managed fiduciary account, report the market value of the units in this section. Do not allocate the underlying assets of each common trust fund or collective investment fund attributable to managed accounts in the other lines of this section. Please note that line items FS463 through FS465 should be used to report investments in common trust funds and collective investment funds. Report securities held in fiduciary accounts that are loaned in securities lending transactions, accounted for as secured borrowings, as an asset of the fiduciary account that loaned the securities. Do not report the collateral received as an asset of this fiduciary account.

FS410 Through FS412: Non-interest-bearing Deposits

Report all non-interest-bearing deposits, including deposits of both principal and income cash.

FS415 Through FS417: Interest-bearing Deposits

Report interest-bearing savings and time deposits. Include NOW accounts, MMDA accounts, BICs (bank investment contracts) that are insured by the FDIC, and certificates of deposit. Report interest-bearing deposits of both principal and income cash.

FS420 Through FS422: U.S. Treasury and U.S. Government Agency Obligations

Report all securities issued by and loans to the U.S. Government and agencies and sponsored enterprises of the U.S. Include certificates or other obligations that represent pass-through participations in pools of real estate loans when the participation instruments: (1) are issued by FHA-approved mortgagees and guaranteed by Ginnie Mae, or (2) are issued, insured, or guaranteed by a U.S. Government agency or sponsored enterprise, such as Freddie Mac. Also include CMOs and REMICs issued by Fannie Mae and Freddie Mac.

FS425 Through FS427: State, County and Municipal Obligations

Report all short and long-term obligations of state and local governments and political subdivisions of the United States. Include obligations of U.S. territories and their political subdivisions and all Federal income tax exempt obligations of authorities such as local housing and industrial development authorities that derive their tax-exempt status from relationships with state or local governments. Tax-exempt money market mutual funds should be reported with money market mutual funds on FS428 through 430.

FS428 Through FS430: Money Market Mutual Funds

Report all holdings of mutual funds registered under the Investment Company Act of 1940 that attempt to maintain net asset values at $1.00 per share or that meet the SEC's requirements at 17 C.F.R. § 270.2a-

7. Include both taxable and tax-exempt money market mutual funds. Do not include any short-term common or collective investment funds.

FS431 Through FS433: Equity Mutual Funds

Report all holdings of mutual funds registered under the Investment Company Act of 1940, exchange traded funds (ETFs), and unit investment trusts (UITs) that invest primarily in equity securities. For this item you should categorize these investments either on the basis of the fund's investment objective as stated in the fund prospectus or the fund classification of a company that tracks information on these funds, such as Morningstar, Lipper, etc. Your methodology for categorizing mutual fund, UIT, and ETF investments should be consistently applied.

FS437 Through FS439: Other Mutual Funds

Report all holdings of all other mutual funds registered under the Investment Company Act of 1940, ETFs and UITs. For this item you should categorize these investments either on the basis of the fund's investment objective as stated in the fund prospectus or the fund classification of a company that tracks information on these funds, such as Morningstar, Lipper, etc. Your methodology for categorizing mutual fund, UIT, and ETF investments should be consistently applied.

FS463 Through FS465: Common Trust Funds and Collective Investment Funds

Report all holdings of all common trust funds and collective investment funds. Common trust funds and collective investment funds are funds that banks are authorized to administer by Section 9.18 of the Office of the Comptroller of the Currency's regulations or comparable state regulations.

FS434 Through FS436: Other Short-Term Obligations

Report all other short-term obligations. Short-term obligations are defined as obligations with original maturities of less than 1 year, or 13 months in the case of the time portion of master notes. In addition to short-term notes, include in this item such money market instruments as master note arrangements, commercial paper, bankers' acceptances, securities repurchase agreements, and other short-term liquidity investments. Do not include any state, county or municipal obligations.

FS440 Through FS442: Other Notes and Bonds

Report all other bonds, notes other than personal notes, and debentures.

Include:

1. Corporate debt, insurance annuity contracts, GICs and BICs that are not insured by the FDIC, and obligations of foreign governments.
2. Certificates or other obligations, however named, representing pass-through participation in pools of real estate loans when the participation instruments are issued by financial institutions and guaranteed in whole or in part by private guarantors.
3. CMOs and REMICs that are **not** issued by Fannie Mae or Freddie Mac, even if the collateral consists of Ginnie Mae or Fannie Mae pass-throughs or Freddie Mac PCs.

Do not include:

1. Short-term obligations that should be reported on FS435.
2. Personal notes.

FS466 Through FS468: Investment in Unregistered Funds and Private Equity Investments

Report all holdings of funds exempt from registration under Sections 3c1 or 3c7 of the Investment Company Act of 1940, for example, "hedge funds". Report all holdings of private equity investments exempt from registration under Securities Act of 1933 Regulation D. Private equity investments is an asset class consisting of purchased equity securities in operating companies that are not publicly traded on a stock exchange or otherwise registered with the SEC under federal securities laws. Private equity-related funds are funds that invest primarily in private equity investments. Unregistered private equity funds should be reported in this item.

Investments in family businesses that are associated with the grantors or beneficiaries of a fiduciary account should not be reported in this Memorandum item as a "private equity investment". Such investments may arise, for example, from an in-kind transfer to a fiduciary account of securities of a closely-held family business or an increase in a fiduciary account's percentage ownership of an existing closely-held family business whose securities are held in the account. Such investments should be reported in FS460 through FS462.

FS445 Through FS447: Other Common and Preferred Stocks

Report all holdings of domestic and foreign common and preferred equities, including warrants and options. Exclude investments in unregistered funds and private equity investments (which should be reported in FS466 through FS468).

FS450 Through FS452: Real Estate Mortgages

Report real estate mortgages, real estate contracts, land trust certificates, and ground rents. These assets may be reported at their unpaid balance if that figure is a fair approximation of market value.

FS455 Through FS457: Real Estate

Report real estate and other similar assets.

Include:

1. Mineral interests.
2. Royalty interests.
3. Leaseholds.
4. Land and buildings associated with farm management accounts.
5. Investments in limited partnerships that are solely or primarily invested in real estate.

FS460 Through FS462: Miscellaneous Assets

Report personal notes, tangible personal property, and other miscellaneous assets that cannot be properly reported on FS410 through FS457. Include crops, equipment, and livestock associated with farm management accounts. Also, include investments in closely-held family businesses if such investments represent in-kind transfers to a fiduciary account of securities in a closely-held family business or an increase in a fiduciary account's percentage ownership of an existing closely-held family business whose securities are held in the account.

FS40 Through FS442: Total Managed Assets

The EFS software will compute these lines as the sums of their respective columns, from FS410, FS411, and FS412 through FS460, FS461, and FS462

INVESTMENTS OF MANAGED FIDUCIARY ACCOUNTS IN ADVISED OR SPONSORED MUTUAL FUNDS

FS495: Market Value of Accounts Invested in Advised/Sponsored Mutual Funds

Report the market value of all fiduciary managed assets invested in mutual funds that you, a subsidiary or affiliate sponsors or acts as investment adviser.

FS496: Number of Accounts Invested in Advised/Sponsored Mutual Funds

Report the number of fiduciary managed accounts with assets invested in advised or sponsored mutual funds.

CORPORATE TRUST AND AGENCY ACCOUNTS:

FS510 and FS515: Corporate and Municipal Trusteeships

Report in FS510 the total number of corporate and municipal issues, including equities, such as trust preferred securities, or asset-backed securities, for which you serve as trustee. Also, report other debt issues such as unit investment trusts and private placement leases, for which you serve as trustee. If more than one institution is trustee for an issue, both institutions should report the issue. Consider securities with different CUSIP numbers as separate issues; however, consider serial bond issues as a single issue. When you serve as trustee of a bond issue and you also perform agency functions for the issue such as transfer agent or paying agent, you should report the issue only in FS510, as the trustee appointment is considered the primary function. Do not include issues that have been called in their entirety or matured even if they are unpresented bonds or coupons for which funds are being held.

Report on FS515 the unpaid principal balance of the outstanding securities for the issues reported on FS510. For zero-coupon bonds, report the final maturity amount. For trust preferred securities, report the redemption price. Do not include assets, such as cash, deposits, and investments, that are being held for corporate trust purposes; report these on FS250 or FS251.

FS516 and FS517:

Report in FS516 the total number and in FS517 the unpaid principal balance (redemption price for trust preferred securities) of the issues reported in FS510 that are in substantive default. A substantive default occurs when the issuer (a) fails to make a required payment of principal or interest, defaults on a required payment into a sinking fund, files for bankruptcy, or is declared bankrupt or insolvent, and (b) default has been declared by the trustee. Issues should not be reported as being in substantive default during a cure period, provided the indenture for the issue provides for a cure period. Private placement leases where the trustee is required to delay or waive the declaration of an event of default, unless requested in writing to make such declaration, should not be reported as being in substantive default, provided such written request has not been made. Once a trustee's duties with respect to an issue in substantive default have been completed, the issue should no longer be reported as being in default.

Do not report issues that are in technical default, i.e., if the obligor failed to provide information or documentation to the trustee within specified time period.

FS520: Transfer Agent, Registrar, Paying Agent, and Other Corporate Agency

Report the total number of issues for which you act in a corporate agency capacity. Include the total number of equity, debt, and mutual fund issues for which you act as transfer agent or registrar regardless of whether the transfer agent is registered with its appropriate regulatory agency. Separate classes of a mutual fund should be consolidated and reflected as a single issue. Include the total number of stock or bond issues for which you disburse dividend or interest payments. Also include the total number of issues of any other corporate appointments that are performed by you through your fiduciary capacity. Issues where you serve in a dual capacity should be reported once. Corporate and municipal trusteeships reported in FS510, in which you also serve as transfer agent, registrar, paying agent, or other corporate agency capacity should not be included in FS520. Include only those agency appointments that do not relate to issues reported in FS510.

COLLECTIVE INVESTMENT FUNDS AND COMMON TRUST FUNDS:

Report in the appropriate subitem the number of funds and the market value of the assets held in Collective Investment Funds (CIFs) and Common Trust Funds administered by you. Common trust funds and collective investment funds are funds that banks are permitted to administer by Section 9.18 of the Office of the Comptroller of the Currency's regulations or comparable state regulations. If you administer a common or collective fund that is used more than one institution, the entire fund should be reported in this section only by the institution that administers the fund. Do not include proprietary mutual funds in this section. Each common or collective investment fund should be reported in the one subitem that best fits the fund type.

FS610 and FS615: Domestic Equity

Report funds investing primarily in U.S. equities.

Include:

1. Funds seeking growth, income, or both growth and income.
2. U.S. index funds and those concentrating on small, mid, or large cap domestic stocks.

Do not include funds specializing in a particular sector, such as technology, health care, financial institutions, or real estate. Sector funds should be reported on FS670 and FS675.

FS620 and FS625: International/Global Equity

Report funds investing exclusively in equities of issuers located outside the U.S. and those funds representing a combination of U.S. and foreign issuers. Include funds that specialize in a particular country, region, or emerging market.

FS630 and FS635: Stock/Bond Blend

Report funds investing in a combination of equity and bond investments. Include funds with a fixed allocation along with those having the flexibility to shift assets between stocks, bonds, and cash.

FS640 and FS645: Taxable Bond

Report funds investing in taxable debt securities.

Include funds that specialize in:

1. U.S. Treasury and U.S. Government agency debt.
2. Investment grade corporate bonds.

3. High-yield debt securities.
4. Mortgage-related securities.
5. Global, international, and emerging market debt funds.

Do not include funds that invest in:

1. Municipal bonds; report these on FS650 and FS655.
2. Funds that qualify as short-term investments that should be reported on FS660 and FS665.

FS650 and FS655: Municipal Bond

Report funds investing in debt securities issued by states and political subdivisions in the U.S. Such securities may be taxable or tax-exempt. Include funds that invest in municipal debt issues from a single state. Do not include funds that qualify as short-term investments that should be reported on FS660 and FS665.

FS660 and FS665: Short Term Investments/Money Market

Report funds subject to the provisions of 12 C.F.R. 9.18(b)(4)(ii)(B) or comparable state regulations that invest in short-term money market instruments. Money market instruments may include U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Include taxable and nontaxable funds.

FS670 and FS675: Specialty/Other

Report funds that specialize in equity securities of particular sectors, such as technology, health care, financial, or real estate. Also report funds that do not fit into any of the above categories.

FS60 AND FS65: TOTAL COLLECTIVE INVESTMENT FUNDS

The EFS software will compute these lines as the sum of FS610 through FS670 and the sum of FS615 through FS675.

FIDUCIARY SETTLEMENTS, SURCHARGES, AND OTHER LOSSES (CALENDAR YEAR-TO-DATE)

Report for the calendar year-to-date all aggregate gross settlements, surcharges, and other losses arising from errors, misfeasance, or malfeasance on managed accounts on FS710 through FS740 and on nonmanaged accounts, including custody and safekeeping accounts on FS711 through FS741. Gross losses should reflect losses recognized on an accrual basis before recoveries or insurance payments. Do not include fiduciary related contingent losses, including those for pending or threatened litigation.

Report recoveries on FS712 through FS742. Recoveries may be for current or prior years' losses and should be reported when payment is actually realized, not upon the filing of an insurance claim.

For report dates through December 31, 2008, the information reported on fiduciary settlements, surcharges, and other losses will not be made available to the public on an individual institution basis. Beginning with the March 31, 2009 report date, all of the information reported in Schedule FS for each savings association will be publicly available.

FS710 through FS712: Personal Trust and Agency Accounts

Report gross losses and recoveries for managed and nonmanaged personal trust and agency accounts.

FS720 through FS722: Retirement Related Employee Benefit Accounts

Report gross losses and recoveries for managed and nonmanaged retirement related employee benefit accounts. Include gross losses and recoveries for all defined contribution, defined benefit, and other retirement accounts.

FS730 through FS732: Investment Management and Investment Advisory Agency Accounts

Report gross losses and recoveries for investment management and investment advisory agency accounts.

FS740 through FS742: Other Fiduciary Accounts and Related Services

Report gross losses and recoveries for all other fiduciary accounts and related services that are not included in FS710 through FS732. Include losses and recoveries from corporate trust and agency accounts, foundations and endowments, other fiduciary accounts, custody and safekeeping accounts, and other fiduciary related service accounts.

FS70 THROUGH FS72: TOTAL FIDUCIARY SETTLEMENTS, SURCHARGES, AND OTHER LOSSES

The EFS software will compute these lines as the sum of FS710 through FS740, FS711 through FS741, and FS712 through FS742. The sum of FS70 and FS71 minus FS72 must equal FS392.

SCHEDULE HC — SAVINGS ASSOCIATION 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 savings association 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 savings association 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 savings association), 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. Subsidiary operations, as a component of the investment account, would include dividends, earnings, and other activity updated on a quarterly basis. 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 savings association 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 fiscal 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.

You must file Schedule HC no later than the 45th day following the end of the **calendar** quarter.

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.

HC130: 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.

PARENT ONLY

The parent holding company is an entity within the corporate structure. Parent-only reporting reflects the activities of the holding company. The parent activities are often limited to ownership of subsidiaries, financing activities and administrative activities. The parent records investments in subsidiaries as an investment or under the equity method as prescribed by GAAP. On a parent-only basis, intra-group transactions are not eliminated.

HC210: Total Assets

Report total assets on a parent only basis. Report details for components included in Total Assets on HC301 through HC370.

HC220: Total Liabilities

Report total liabilities on a parent only basis. Report details for components included in Total Liabilities on HC410 through HC460.

Equity:

Perpetual Preferred Stock:

Include:

1. Preferred stock that the holding company has issued that is nonredeemable by the purchaser and that qualifies as equity capital under GAAP.
2. Preferred stock convertible into common stock.

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

Dividends on perpetual preferred stock reduce retained earnings when declared. Include them on HC575, Dividends Declared Attributable to Holding Company.

Do not include:

1. Redeemable preferred stock.
2. Permanent preferred stock issued by a consolidated subsidiary.

HC221: Cumulative

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

HC222: Noncumulative

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

Common Stock:

HC223: Par Value

Report the par value of all outstanding common stock – permanent, reserve, or guaranty stock – that the holding company has issued.

If the par value of common stock issued is less than $500, report “1” in this data field to indicate that it is not zero, and, if necessary, reduce the amount that you report on HC224 by one.

You must reduce retained earnings at the time that the holding company declares dividends on common stock. Report the reduction of retained earnings on HC575, Dividends Declared Attributable to Holding Company.

Do not include deductions for:

Stock the holding company reacquired – treasury stock. Report as a negative on HC229, Other Components of Equity.

Unallocated ESOP shares. Report as a negative on HC229, Other Components of Equity.

HC224: Paid in Excess of Par

Include:

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

Do not include:

Paid-in capital from the issuance of preferred stock. Report on HC221 or HC222, Perpetual Preferred Stock.

Accumulated Other Comprehensive Income:

HC225: Accumulated Gains (Losses) on Certain Securities

Report accumulated gains (losses), net of taxes, on securities and on certain nonsecurity financial instruments, CNFIs, classified as available for sale (AFS).

Gains and losses reported here are not reported in the statement of operations until either the asset is sold, an other-than-temporary impairment loss is recognized, or this amount is amortized in accordance with the following paragraph.

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

In addition, report on this line the amount of the other-than-temporary impairment (OTTI) on AFS and HTM debt securities that is related to all factors other than credit, where that amount is appropriately recognized in other comprehensive income.

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

HC226: Gains (Losses) on Cash Flow Hedges

Report the accumulated fair value gain or loss, net of taxes, on cash flow hedges.

HC227: Other

Report any accumulated other comprehensive income not included on HC225 or HC226.

Include:

1. Any minimum pension liability adjustment.
2. Cumulative foreign currency translation adjustments and qualifying foreign currency transaction gains and losses, net of taxes.
3. Any other items of accumulated other comprehensive income not reported in other Accumulated Other Comprehensive Income HC line items.

HC228: Retaining Earnings

Retained earnings consists of the holding company’s accumulated net income, less distributions to shareholders, and certain accounting adjustments.

HC229: Other Components of Equity

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

Include:

1. Treasury stock.
2. Unearned employee stock ownership plan (ESOP) shares, when such reporting is required under GAAP.

HC240: Total Equity

The EFS software will compute this line as the sum of HC221, HC222, HC223, HC224, HC225, HC226, HC227, HC228, and HC229.

Generally, parent only Total Equity should be equal to consolidated Total Equity (HC630), less any amount reported on HC620, Noncontrolling Interests in Consolidated Subsidiaries. If this is not the case, explain the difference in a user note.

HC20: Total Liabilities and Equity

The EFS software will compute this line as the sum of HC220 and HC240. This amount should equal that on HC210.

HC250: Net Income (Loss) Attributable to: Holding Company

Report the holding company's net income or loss. Include the parent holding company's proportionate share of any thrift institution subsidiary's income or loss. The amount reported on this line is comprised of the amounts reported on HC509, HC570, and HC571.

HC575: Dividends Declared Attributable to: Holding Company

Report the cash and noncash dividends declared on preferred and common stock reported on HC221, HC222, HC223, and HC224.

Included in Total Assets:

HC301: Cash, Deposits, and Investment Securities

Report the total amount of cash, including deposits with financial institutions, and investment securities.

Do not include the holding company's investments in subsidiaries. Report such amounts on HC330 and HC340.

Receivable from Subsidiaries:

HC310: Savings Association

Report the holding company's receivable from savings association subsidiaries, which is sometimes referred to as "advances to" or "due from." Include certain ESOP borrowings reflected on the savings association's books that are reported as receivables on a parent only basis.

HC320: Other Subsidiaries

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

Investments in Subsidiaries:

HC330: Savings Association

Report the holding company's direct investment in savings association subsidiaries in a manner that reflects the equity method of accounting. In most cases, if you are wholly owned, this line should equal your equity (SC80).

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

HC340: Other Subsidiaries

Report the holding company's investment in subsidiaries other than savings association subsidiaries in a manner that reflects the equity method of accounting. If this holding company is not the direct owner of the savings association, report the holding company's investments in one or more the mid-tier holding companies.

Intangible Assets

HC350: Mortgage Servicing Assets

Report the carrying amount of mortgage servicing assets.

HC360: Nonmortgage Servicing Assets and Other

Report the balance of the parent's nonmortgage servicing assets and other intangible assets.

Include on this line intangible assets such as the following:

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

HC370: Deferred Policy Acquisition Costs

Report deferred policy acquisition costs (DPAC) incurred by insurance companies. DPAC include 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) Payable to Subsidiaries:

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.

Savings Association Subsidiaries:

HC410: Transactional

Report the holding company's payable to savings association 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 savings association. Do not include amounts reported on HC410.

Other Subsidiaries:

HC430: Transactional

Report the holding company's payable to subsidiaries other than savings association 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 savings association subsidiaries. Do not include amounts reported on HC430 and HC445.

HC445: Trust Preferred Instruments

Trust preferred securities are typically issued to third party investors by a wholly owned trust of the holding company. The holding company typically borrows from the trust substantially all the net proceeds from issuance of the trust preferred securities. For parent only reporting, report the balance of the holding company's borrowings from the trust that issued the trust preferred securities.

In most cases, the holding company's financial statements do not reflect consolidation of the financial statements of the trust that issued the trust preferred securities. Accordingly, the amounts in HC445 and HC 670 should be equal. If the trust is consolidated, report on HC 670 the balance of the trust preferred instruments.

HC450: Other Debt Maturing in 12 Months or Less

Report all borrowings, excluding deposits, payable to subsidiaries, and trust preferred instruments 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 savings association 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.

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 HC450/HC680.

HC460: 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:

HC505: Interest Income

Report interest income on all interest-bearing assets, including those assets reported on HC301, HC310, and HC320.

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 net income or loss of its directly owned subsidiaries.

For example, assume that the holding company's equity in the net income of its savings association 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 (Loss) Attributable to Holding Company", 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 savings association subsidiary would not be reported separately on Schedule HC.

HC525: From Savings Association Subsidiaries

Report dividends from savings association 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 all other subsidiaries than savings association subsidiaries recognized by the holding company under the equity method of accounting.

HC509: Total Income

Report the holding company's total income from all sources, including the amounts reported on HC505, HC525, and HC535.

Interest Expense

HC545: Trust Preferred Instruments

Report interest expense from borrowings from the trust that issued the trust preferred instruments.

HC555: 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.

HC570: Total Expenses

Report the holding company's total expenses from all sources, including the amounts reported on HC545 and HC555.

HC571: Total Income Taxes

Report the holding company's provision for current and deferred income taxes, determined in accordance with GAAP.

HC565: Net Cash Flow From Operations Attributable to: Holding Company

Report the net increase or decrease in cash and cash equivalents from **operating activities**, as it would appear in a statement of cash flows prepared in accordance with GAAP. **Do not include** any change in cash and cash equivalents from investing and financing activities.

CONSOLIDATED

Prepare the consolidated amounts on Schedule HC in accordance with GAAP unless specifically stated otherwise. All data is reported as of the end of the quarter, or in the case of income, expense, and other activity data, for the period of one calendar quarter. Report subsidiaries that are not GAAP-consolidated subsidiaries using the equity method of accounting.

HC600: Total Assets

Report total consolidated assets. Report details for components included in Total Assets on HC601 through HC660.

HC610: Total Liabilities

Report total consolidated liabilities. Report details for components included in Total Liabilities on HC670 through HC690.

Equity:

Perpetual Preferred Stock:

Include:

1. Preferred stock that the holding company has issued that is nonredeemable by the purchaser and that qualifies as equity capital under GAAP.

2. Preferred stock convertible into common stock.

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

Dividends on perpetual preferred stock reduce retained earnings when declared. Include them on HC775, Dividends Declared Attributable to Holding Company.

Do not include:

1. Redeemable preferred stock.
2. Permanent preferred stock issued by a consolidated subsidiary.

HC621: Cumulative

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

HC622: Noncumulative

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

Common Stock:

HC623: Par Value

Report the par value of all outstanding common stock – permanent, reserve, or guaranty stock – that the holding company has issued.

If the par value of common stock issued is less than $500, report “1” in this data field to indicate that it is not zero, and, if necessary, reduce the amount that you report on HC624 by one.

You must reduce retained earnings at the time that the holding company declares dividends on common stock. Report the reduction of retained earnings on HC775, Dividends Declared Attributable to Holding Company.

Do not include deductions for:

Stock the holding company reacquired – treasury stock. Report as a negative on HC629, Other Components of Equity.

Unallocated ESOP shares. Report as a negative on HC629, Other Components of Equity.

HC624: Paid in Excess of Par

Include:

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

Do not include:

Paid-in capital from the issuance of preferred stock. Report on HC621 or HC622, Perpetual Preferred Stock.

Accumulated Other Comprehensive Income:

HC625: Accumulated Gains (Losses) on Certain Securities

Report accumulated gains (losses), net of taxes, on securities and on certain nonsecurity financial instruments, CNFIs, classified as available for sale (AFS).

Gains and losses reported here are not reported in the statement of operations until either the asset is sold, an other-than-temporary impairment loss is recognized, or this amount is amortized in accordance with the following paragraph.

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

In addition, report on this line the amount of the other-than-temporary impairment (OTTI) on AFS and HTM debt securities that is related to all factors other than credit, where that amount is appropriately recognized in other comprehensive income.

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

HC626: Gains (Losses) on Cash Flow Hedges

Report the accumulated fair value gain or loss, net of taxes, on cash flow hedges.

HC627: Other

Report any accumulated other comprehensive income not included on HC625 or HC626.

Include:

1. Any minimum pension liability.
2. Cumulative foreign currency translation adjustments and qualifying foreign currency transaction gains and losses, net of applicable income taxes.
3. Any other items of accumulated other comprehensive income not reported in other Accumulated Other Comprehensive Income HC line items.

HC628: Retained Earnings

Retained earnings consists of the holding company’s accumulated net income, less distributions to shareholders, and certain accounting adjustments.

HC629: Other Components of Equity

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

Include:

1. Treasury stock.

2. Unearned employee stock ownership plan (ESOP) shares.

HC60: Total Holding Company Equity

The EFS software will compute this line as the sum of HC621, HC622, HC623, HC624, HC625, HC626, HC627, HC628, and HC629.

This subtotal excludes noncontrolling interests in consolidated subsidiaries.

HC620: Noncontrolling Interests in Consolidated Subsidiaries

Include:

Common and perpetual preferred stock issued by the holding company's consolidated subsidiaries to third parties that constitute a noncontrolling interest.

For any net income or loss attributable to a noncontrolling interest in a consolidated subsidiary, see the instructions for HC640, Net Income (Loss) Attributable to Holding Company.

Do not include:

Mandatorily redeemable preferred stock that must be classified as a liability under GAAP. Report this amount on HC610, Total Liabilities.

Redeemable and perpetual preferred stock that was issued by consolidated subsidiaries and is owned by the holding company or its other subsidiaries as an investment asset. When making consolidating entries, eliminate the preferred stock of the consolidated subsidiary.

HC630: Total Equity

The EFS software will compute this line as the sum of HC60 and HC620.

Generally, consolidated Total Equity should be equal to parent only Total Equity on HC240, plus Noncontrolling Interests in Consolidated Subsidiaries on HC620. If this is not the case, explain the difference in a user note.

HC70: Total Liabilities and Equity

The EFS software will compute this line as the sum of HC610 and HC630. This amount should equal that on HC600.

HC635: Net Income (Loss) Attributable to Holding Company and Noncontrolling Interests

Report net income or loss on a consolidated basis, including the net income or loss attributable to noncontrolling interests in consolidated subsidiaries. The amount reported on this line is comprised of the amounts reported on HC709, HC770, and HC771.

HC640: Net Income (Loss) Attributable to Holding Company

Report net income or loss on a consolidated basis attributable to the holding company only; that is, without regard to the net income or loss attributable to noncontrolling interests in consolidated subsidiaries.

HC775: Dividends Declared Attributable to: Holding Company

Report the cash and noncash dividends declared on preferred and common stock reported on HC621, HC622, HC623, and HC624, that are attributable to the holding company. **Do not** include dividends attributable to noncontrolling interests in consolidated subsidiaries.

Included in Total Assets:

HC601: Cash, Deposits, and Investment Securities

Report the total amount of cash, including deposits with financial institutions, and investment securities.

Do not include the holding company’s investments in consolidated subsidiaries, as such amounts should be eliminated in consolidation.

Intangible Assets:

HC650: Mortgage Servicing Assets

Report the carrying amount of mortgage servicing assets.

HC655: Nonmortgage Servicing Assets and Other

Report the balance of the total consolidated nonmortgage servicing assets and other intangible assets. See HC360 for further explanation.

HC660: Deferred Policy Acquisition Costs

Report deferred policy acquisition costs (DPAC) incurred by insurance companies. DPAC include 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) Payable to Subsidiaries:

HC670: Trust Preferred Instruments

Where the holding company's financial statements reflect consolidation of the financial statements of the trust that issued the trust preferred securities, report the balance of the trust preferred securities - not the balance of the holding company's borrowings from the trust. Where the trust's financial statements are consolidated with those of the holding company, the holding company's borrowings from the trust are eliminated in consolidation. Refer to HC445 for additional information on reporting of Trust Preferred Instruments. In most cases, the holding company’s financial statements do not reflect consolidation of the financial statements of the trust. Accordingly, report the balance of the holding company borrowings from the trust.

HC680: Other Debt Maturing in 12 Months or Less

Report all other borrowings (on a consolidated basis), excluding deposits, trust preferred instruments and intercompany borrowings not eliminated in consolidation, that will mature in less than 12 months. If a direct savings association ownership by the parent exists, then this line should include the proportionate ownership of FHLB advances, repurchase agreements, and most of the items that would meet the definition of borrowings as reported on SC72 at the savings association level. Intercompany accounts between all entities included in this consolidation should be eliminated. See HC450 for further explanation.

HC690: Other Debt Maturing in More than 12 Months

Report other borrowings (on a consolidated basis), that will mature in more than 12 months. If a direct savings association ownership by the parent exists, then this line should include the proportionate ownership of FHLB advances, repurchase agreements, and most of the items that would meet the definition of borrowings as reported on SC72 at the savings association level. Intercompany accounts between all entities included in this consolidation should be eliminated. See HC460 for further explanation.

Reflected in Net Income:

HC705: Interest Income

Report interest income on all interest-bearing assets, including those assets reported on HC601.

HC709: Total Income

Report the holding company's total income from all sources, including the amount reported on HC705.

Interest Expense:

HC710: Trust Preferred Instruments

Where the holding company's financial statements do not reflect consolidation of the financial statements of the trust that issued the trust preferred instruments, report interest expense on the borrowings from the trust that issued the trust preferred instruments. (In this case, HC445 and HC670 will be equal). If the trust is consolidated, report on HC710 the dividends paid on the trust preferred instruments. (When the financial statements of the trust are consolidated with those of the holding company, the interest expense on the holding company's borrowings from the trust are eliminated in consolidation.)

HC720: All Other Debt

Report interest expense, **excluding** interest expense on trust preferred instruments reported on HC710.

HC770: Total Expenses

Report the holding company's total expenses from all sources, including the amounts reported on HC710 and HC720.

HC771: Total Income Taxes

Report the holding company's provision for current and deferred income taxes on a consolidated basis, determined in accordance with GAAP.

Cash Flow:

HC730: Net Cash Flow from Operations Attributable to Holding Company

Report the net increase or decrease in cash and cash equivalents from **operating activities**, as it would appear in a statement of cash flows prepared in accordance with GAAP. **Do not include** any change in cash and cash equivalents from investing and financing activities, or from operating activities attributable to noncontrolling interests.

Supplemental Questions

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):

A ***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 terms are used here, a “subsidiary” may be a company whose assets and liabilities are not consolidated with those of the holding company, and a “person” is an individual or company.

A ***significant subsidiary*** is a subsidiary that meets any of the following criteria:

- Accounts for **five percent** or more of the **consolidated assets** of the holding company
- Accounts for **five percent** or more of the **consolidated gross revenue** of the holding company
- Engages in transactions with the savings association as described in §563.41.

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 savings association 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 affiliates:

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.

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: Conducting operations outside of the U.S. through a foreign branch or subsidiary?

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

Check ***Yes*** only 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 only 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 only 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 terms, collateral substitution, changes in repayment dates, interest payment 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 only 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 only 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 only 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, these lines should be left blank.

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SCHEDULE CCR — CONSOLIDATED CAPITAL REQUIREMENT

*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

OTS-regulated savings associations must comply with two overlapping sets of regulatory capital standards listed below:

12 CFR § 567, Capital (FIRREA)

1. Tangible capital: The minimum ratio, as a percent of tangible assets, is 1.5 percent.
2. Core or leverage capital: The minimum ratio, as a percent of adjusted total assets, is 3 percent for savings associations assigned a composite CAMELS rating of ”1”, and 4 percent for all other savings associations.
3. Risk-based capital: The minimum ratio, as a percent of risk-weighted assets, is 8 percent.

12 CFR § 565, Prompt Corrective Action (FDICIA)

4. Tangible equity: Savings associations with tangible equity equal to or less than 2 percent of tangible assets are critically undercapitalized.
5. Tier 1 or leverage capital: Savings associations are adequately capitalized or well capitalized if the minimum ratios, as a percent of adjusted total assets, are 4 percent or 5 percent, respectively.

   Note: § 567 contains an exception to these standards.
6. Tier 1 risk-based capital: Savings associations are adequately capitalized or well capitalized if the minimum ratios, as a percent of risk-weighted assets, are 4 percent or 6 percent, respectively.

Total risk-based capital: Savings associations are adequately capitalized or well capitalized if the minimum ratios, as a percent of risk-weighted assets, are 8 percent or 10 percent, respectively.

Note: The following paragraph refers to numbers 1 through 7 above.

Schedule CCR - Consolidated Capital Requirement uses the following conventions:

- Tangible capital (FIRREA) [See 1 above.]

  Schedule CCR does not include this measure because the minimum ratio is no longer considered a meaningful limitation for most savings associations.

- Tangible equity (FDICIA) [See 4 above.]

  CCR840 reports the calculated tangible equity ratio.

- Core or leverage capital (FIRREA) [See 2 above.] and Tier 1 or leverage capital (FDICIA) [See 5 above.]

  Schedule CCR treats these two measurements as one and refers to them as Tier 1 (core) capital. CCR810 reports the actual ratio. An adequately capitalized savings association must have a minimum Tier 1(core) capital ratio of 4 percent. CCR20 reports the calculated amount.

- Tier 1 risk-based capital (FDCIA) [See 6 above.]

  CR830 reports the calculated ratio.

- Risk-based capital (FIRREA) [See 3 above.] and total risk-based capital (FDICIA) [See 7 above.]

  Schedule CCR treats these two measurements as one and refers to them as total risk-based capital. CCR820 reports the calculated ratio. An adequately capitalized savings association must have a minimum total risk-based capital ratio of 8 percent. CCR39 reports the calculated amount.

Generally, report all data on a consolidated basis with all subsidiaries that you would consolidate under GAAP, except as noted in these instructions.

Where OTS exercises its Reservation of Authority under 12 CFR Section 567.11, and requires a savings association to apply another risk weight, credit equivalent amount, or credit conversion factor that OTS deems appropriate for the risk of a particular asset or off-balance sheet item, the savings association should report these assets, regardless of asset type, on CCR 506 according to the newly assigned risk weight. See instructions for CCR 506. For savings associations subject to an Individual Minimum Capital Requirement (IMCR) imposed pursuant to 12 CFR Section 567.3 that changes the Tier 1 (Core) or Total Risk-Based capital requirement on CCR 27 and CCR 80, respectively, you must over-ride the calculated amount, and self-report the supervisory capital requirement on those lines.

Subsidiary: The term subsidiary means any corporation, partnership, business trust, joint venture, association, or similar organization where you, directly or indirectly, hold an ownership interest and consolidate the assets with yours for purposes of reporting under GAAP. Generally these are majority-owned subsidiaries.

This definition does not include ownership interests taken in satisfaction of debts previously contracted, provided you have not held the interest for more than five years, or a longer period if approved by OTS.

Generally, treat investments in entities not constituting subsidiaries under this definition as equity investments for capital purposes.

The following shows the regulatory capital treatment of debt and equity investments in subsidiaries and other subordinated organizations:

- Consolidate includable subsidiaries in accordance with GAAP.
- Deduct debt and equity investments in nonincludable subsidiaries in full (100 percent) from assets and capital. All previously applicable transition provisions have expired.
- Deduct nonincludable equity investments in subordinate organizations constituting subsidiaries in full (100 percent) in computing total capital for the total risk-based capital standard.

Nonincludable subsidiaries: Generally include subsidiaries engaged as principal in activities not permissible for a national bank. The instructions for CCR105 define nonincludable subsidiaries.

***Note*:** Do not consolidate subsidiaries with investments fully covered by the FDIC. Include all FDIC-covered assets in the zero percent risk-weight category, and report them on CCR409, Notes and Obligations of FDIC, Including Covered Assets.

These instructions deal with investments in **mutual funds** and certain asset pools based on the characteristics of the assets in the fund. Where the mutual fund holds various assets that have different risk weights under the capital requirement, risk weight the entire ownership interest in the mutual fund based on the category of the asset with the highest capital requirement – highest risk weight or subject to deduction. On a case-by-case basis, OTS may allow you to assign the portfolio proportionately to the various risk-weight categories based on the proportion of the risk-weight categories represented in the mutual fund. See 12 CFR § 567.6(a)(1)(vi)(C).

Lower-tier subsidiary: Subsidiaries where you do not directly hold an ownership interest. Rather, your service corporation or operating subsidiary directly or indirectly holds the ownership interest.

TIER 1 (CORE) CAPITAL REQUIREMENT

CALCULATION OF CORE (TIER 1) CAPITAL

CCR100: Total Savings Association Equity Capital (SC80)

The EFS software generates this line from SC80, Total Savings Association Equity Capital.

Explanatory Note:

> Schedule CCR adjusts Total Savings Association Equity Capital, CCR100 in calculating Tier 1 (core) capital according to the OTS capital rule. For example, the OTS capital rule does not include cumulative perpetual preferred stock in Tier 1 (core) capital. Furthermore, the OTS capital rule requires you to deduct debt and equity investments in nonincludable subsidiaries and certain other assets from total assets and equity capital in computing Tier 1 (core) capital. In addition, OTS's capital rule reverses the adjustment to GAAP equity for unrealized gains and losses on available-for-sale (AFS) debt securities included in SC860 in computing Tier 1 (core) capital. However, you report marketable **equity** securities at the lower of cost or market for Tier 1 (core) capital purposes.

Deduct:

CCR105: Investments in, Advances to, and Noncontrolling Interests in Nonincludable Subsidiaries

Reduce Tier 1 (core) capital by your investment in, advances to, guaranteed obligations of, and noncontrolling interests in certain nonincludable subsidiaries. The general instructions to Schedule CCR define subsidiary.

In consolidation, you eliminate the investment and intercompany loan accounts of subsidiaries, and you establish the noncontrolling interests in subsidiaries on Schedule SC. Therefore, you must obtain the amount of the investment and advances from your books before consolidation (as well as the noncontrolling interests after consolidation). Calculate the investment using the equity method as prescribed by GAAP plus any loans, advances, guaranteed obligations, or other extensions of credit, whether secured or unsecured. Use negative investments to offset loans, guaranteed obligations, or advances to the same subsidiary, but do not reduce this line below zero. If you have a nonincludable subsidiary and the result on this line rounds to zero or is a negative amount, report a one to indicate that you have reported your nonincludable subsidiary.

Note: Report investments in subsidiaries and equity investments where the FDIC fully covers the investments on CCR409, zero percent risk weight: FDIC Covered Assets. This rule applies to your investment regardless of the business activity of such entity.

Nonincludable Subsidiaries

Section 5(f) of HOLA [12 USC 1464(t)(5)(A)] defines nonincludable subsidiaries as subsidiaries of a savings association that engage in activities impermissible for a national bank with the following exceptions:

1. Subsidiaries only engaged in impermissible activities as an agent for its customers where the subsidiary has no risk of loss.
2. Subsidiaries engaged solely in mortgage banking activities.
3. Insured depository institutions acquired as subsidiaries before May 1, 1989.
4. Subsidiaries of federal savings associations that existed on August 8, 1989, and were chartered before October 15, 1982, as a savings bank or cooperative bank under state law.
5. Subsidiaries of federal savings associations that existed on August 8, 1989, that acquired their principal assets from a savings association chartered before October 15, 1982, as a savings bank or cooperative bank under state law.

Generally, a subsidiary of a savings association is nonincludable if any of its unconsolidated assets are impermissible for a national bank. If any **lower-tier subsidiary** engages in impermissible activities or invests in an entity that engages in impermissible activities, but the first-tier subsidiary owned by the parent savings association does not directly engage in impermissible activities, the first-tier subsidiary is an **includable** subsidiary. Deduct only subsidiary's investment in the nonincludable lower-tier subsidiary in computing the capital of the upper-tier subsidiary on an unconsolidated basis and in computing your consolidated capital. Deduct from total capital, equity investments of subsidiaries in lower-tier subordinate organizations that are not considered subsidiaries, if those equity investments are not permissible for national banks.

Fully deduct all nonincludable subsidiaries from capital.

You should report investments in and advances to nonincludable subsidiaries net of all general valuation allowances, specific valuation allowances, and charge-offs, as they have already reduced equity capital.

CCR115: Goodwill and Certain Other Intangible Assets

For some savings associations, this line may equal SC660. However, you may manually override this amount in certain cases. For purposes of regulatory capital only, you may elect to:

- Reduce the amount Goodwill by any associated deferred tax liability.
- Reduce Core Deposit Intangible Assets (CDIs) and Certain Other Intangible Assets acquired in a nontaxable business combination by any associated deferred tax liabilities.
- You do not reduce the amount of Purchase Credit Card Relationships (PCCRs) by any associated deferred tax liability.

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

Include:

1. Goodwill.
2. Core deposit intangible assets (CDIs).
3. Purchased credit card relationships (PCCRs).

Do not include:

1. Servicing assets.
2. Certain nonsecurity financial instruments reported on SC665.
3. Net deferred tax assets.
4. Computer software (purchased and internally-developed).
5. Intangible pension assets.

CCR133: Disallowed Servicing Assets, Disallowed Deferred Tax Assets, Disallowed Residual Interests, and Other Disallowed Assets

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

Disallowed Servicing Assets

You may include servicing assets reported on SC642 and SC644 in regulatory capital, subject to **both** of the following limitations:

1. For mortgage and nonmortgage servicing assets, and PCCRs, combined — include in capital the lesser of:
   a. 100 percent of Tier 1 (core) capital.
   b. 90 percent of fair value.
   c. 100 percent of reported amount.
2. For nonmortgage servicing assets and PCCRs, as a separate sub-limit — include in capital the lesser of the following:
   a. 25 percent of Tier 1 (core) capital.
   b. 90 percent of fair value.
   c. 100 percent of reported amount.

Accordingly, on CCR133, include the amount of servicing assets reported on SC642 and SC644 (that are not in a nonincludable subsidiary) and PCCRs included on SC660 that exceed the above limitations.

For purposes of the 25 percent and 100 percent of Tier 1 (core) capital limitations above, base the deduction on a Tier 1 (core) capital subtotal before the deduction. In addition, in computing the deduction for the 25 percent and 100 percent limitations, you may reduce the amount of servicing assets by any corresponding deferred tax liability.

Disallowed Deferred Tax Assets

If regulatory capital includes disallowed deferred tax assets, include the amount of the disallowed deferred tax assets on this line. To the extent that realizing deferred tax assets depends on your future taxable income (exclusive of reversing temporary differences and carryforwards), or your tax planning strategies, such deferred tax assets are limited for regulatory capital purposes to the lesser of the following:

1. The amount that you can realize within one year.
2. 10 percent of Tier 1 (core) capital.

Accordingly, disallowed deferred tax assets is that amount includable in assets under GAAP, but **not** includable in regulatory capital pursuant to OTS policy. The deferred tax asset subject to the limitation is the net deferred tax asset or liability included on Schedule SC, adjusted for the deferred tax asset or liability added to or subtracted from total assets related to the following:

1. Accumulated gains and losses on certain AFS securities and cash flow hedges on CCR280.
2. Goodwill and other intangible assets on CCR265 and CCR285.

3. Servicing assets on CCR270.

Note: You can generally realize deferred tax assets without limitation from the following sources:

1. Taxes paid in prior carry-back years.
2. Future reversals of existing taxable temporary differences.

For purposes of the 10 percent of Tier 1 (core) capital limitation above, base the deduction on a Tier 1 (Core) capital subtotal before the deduction.

Disallowed Residual Interests

Include on this line that portion of credit-enhancing interest-only strips (as defined) reported on SI402 that must be deducted in computing Tier 1 capital, pursuant to 12 CFR Part 567. With certain exceptions provided for in the regulation, you must deduct from equity capital the amount of any credit-enhancing interest-only strips that exceeds 25% of Tier 1 capital before the deduction. In computing the deduction, you may reduce the amount by any corresponding deferred tax liability.

CCR134: Other

Report other items required to be deducted from Tier 1 Capital not included in CCR105 through CCR133.

Include equity instruments you issue that we may permit as supplemental capital but not as Tier 1 capital. This includes cumulative preferred stock reported on SC812, and preferred stock reported on SC812 or SC814 where the dividend adjusts based on current market conditions or indexes and the issuer's current credit rating.

Include the accumulated net increase in retained earnings (equity capital) resulting from certain net gains reported on SO485; specifically, those gains, net of losses, on liabilities carried at fair value, net of income taxes, that are attributable to changes in the savings association's own creditworthiness.

Add:

CCR180: ACCUMULATED LOSSES (GAINS) ON CERTAIN SECURITIES AND CASH FLOW HEDGES

Report on this line:

1. Accumulated Unrealized Gains and Losses on Certain Securities

Equity capital on SC80 includes a separate component for accumulated, unrealized gains and losses, net of income taxes, on certain securities. See SC860, Unrealized Gains (Losses) on Certain Securities. However, you cannot include most of that separate component of equity capital in regulatory capital, as specified below.

For regulatory capital purposes on Schedule CCR, but not for reporting purposes on Schedule SC:

- Report aggregate AFS **debt** securities at amortized cost, not at fair value.
- Report aggregate AFS **equity** securities at the lower of cost or fair value, not at fair value.

Report on CCR180 the amount on SC860, Unrealized Gains (Losses) on Certain Securities, adjusted for losses on certain equity securities, as follows:

- SC860, Unrealized Gains (Losses) on Certain Securities
- Plus: As a positive number, any portion of the amount on SC860 that represents unrealized **losses** on **equity** securities (but not debt securities), net of gains and net of income taxes.

2. Accumulated Gains and Losses on Cash Flow Hedges

Equity capital on SC80 includes a separate component for accumulated gains and losses on 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: Intangible Assets

Report PCCRs included on SC660.

CCR187: Qualifying Noncontrolling (Minority) Interest In Consolidated Subsidiaries

Report from Line item SC800 only the qualifying portion of noncontrolling interests in consolidated subsidiaries that are permissible in Tier 1 regulatory capital.

CCR195: Other

Report other items permitted to be added to Tier 1 Capital that are not included in CCR180 through CCR185.

Include the accumulated net decrease in retained earnings (equity capital) resulting from certain net losses reported on SO485; specifically, those losses, net of gains, on liabilities carried at fair value, net of income taxes, that are attributable to changes in the savings association's own creditworthiness.

CCR20: Tier 1 (Core) Capital

The EFS software will compute this line as follows: CCR100 less CCR105, CCR115, CCR133, and CCR134, plus CCR180, CCR185, CCR187, 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

Generally, 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.

- **Goodwill**

  If you elect to reduce the amount of Goodwill by any associated deferred tax liability on CCR 115, then you must also reduce the amount of Goodwill on CCR 265 by the same amount.

- **Certain Other Intangible Assets**

  Similarly, if you elect to reduce the amount of Certain Other Intangible Assets arising from nontaxable transactions by any associated deferred tax liability on CCR 115, then you must also reduce the amount of Certain Other Intangible Assets on CCR 265 by the same 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 Securities and Cash Flow Hedges

Report on this line:

1. Accumulated Unrealized Gains and Losses on Certain Securities

Report amounts included in total assets for accumulated unrealized gains and losses on certain securities, including any related component of income tax assets. Calculate the amount included on this line for unrealized gains and losses on certain 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 the gains and losses on derivative instruments reflected in SC865, Gains (Losses) on 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: Intangible Assets

For most savings associations, this line will equal CCR185; therefore, the EFS software will generate the amount from CCR185.

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

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) imposed pursuant to 12 CFR 567.3, you should override the calculated amount and report your IMCR.

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

CCR30: TIER 1 (CORE) CAPITAL

The EFS software will bring forward Tier 1 (core) capital from CCR20.

TIER 2 (SUPPLEMENTARY) CAPITAL

Under the OTS risk-based capital regulations, there are two types of capital: Tier 1 (core) capital and Tier 2 (supplementary) capital. Tier 2 (supplementary) capital includes certain specified instruments with characteristics of capital that do not qualify as Tier 1 (core) capital. You may include Tier 2 (supplementary) capital in your total risk-based capital, up to a maximum of 100 percent of your Tier 1 (core) capital.

Tier 2 (supplementary) capital consists of the following:

1. Permanent instruments not qualifying as Tier 1 (core) capital. Report on CCR310, Qualifying Subordinated Debt and Redeemable Preferred Stock; CCR340, Other Equity Instruments; and CCR355, Other.
2. Maturing instruments. After adjustments for the limitations described below, report on CCR310, Qualifying Subordinated Debt and Redeemable Preferred Stock; CCR340, Other Equity Instruments; and CCR355, Other.
3. Allowances for Loan and Lease Losses. Report on CCR350, Allowances for Loan and Lease Losses.
4. Up to 45 percent of your pretax unrealized gains, net of unrealized losses, on AFS equity securities. Report on CCR302.
5. Noncontrolling interests in includable subsidiaries consolidated under GAAP that are not eligible for inclusion in Tier 1 (core) Capital on CCR190, provided the noncontrolling interest meets the other requirements for Tier 2 (supplementary) capital and neither you nor any of your subsidiaries or other subordinate organizations that you own, directly or indirectly, hold the noncontrolling interest. Report such noncontrolling interest on CCR340, Other Equity Instruments.

Maturing Capital Instruments Issued on or Before November 7, 1989

Maturing capital instruments approved or grandfathered by the FHLBB before December 5, 1984, continue grandfathered status under the prior and current OTS capital regulation. You may include them in full in Tier 2 (supplementary) capital until the last year before maturity.

With our prior approval, you may include maturing capital instruments issued on or before November 7, 1989, in Tier 2 (supplementary) capital, following the procedures below that are applicable to instruments issued after that date.

Maturing Capital Instruments Issued After November 7, 1989

You may elect to include maturing capital instruments issued after November 7, 1989, by choosing one of the following options. Once you elect either option, you must continue to apply that option for all subsequent issuances of maturing capital instruments as long as there is a balance outstanding of such issuances. Once such issuances have all been repaid, you may elect the other option for future issuances.

Option 1 Tier 2 (supplementary) capital is equal to the outstanding capital instrument multiplied by the applicable percentage from the following amortization schedule:

Years to Maturity	Percentage Counted as Tier 2 (Supplementary) Capital
Greater than 5	100%
Greater than 4, but less than or equal to 5	80%
Greater than 3, but less than or equal to 4	60%
Greater than 2, but less than or equal to 3	40%
Greater than 1, but less than or equal to 2	20%
Less than or equal to 1	0%

Option 2 Tier 2 (supplementary) capital will include only the aggregate amount of maturing capital instruments that mature in any one year during the seven years immediately before an instrument's maturity that does not exceed 20 percent of your capital. Capital is Tier 1 (core) capital plus, without limitation, items included in Tier 2 (supplementary) capital. There is no percentage of assets limitation for general loan and lease valuation allowances. There are no limitations on maturing capital instruments based on maturity dates. There is no limitation on Tier 2 (supplementary) based on the amount of Tier 1 (core) capital.

CCR302: Unrealized Gains on Available-for-Sale Equity Securities

You may include in Tier 2 (supplementary) capital up to 45 percent of the amount of any pretax unrealized gains. This is net of any unrealized losses, on AFS **equity** securities included in SC140, Equity Securities Carried at Fair Value. If losses exceed gains, do not report an amount on this line. When you report unrealized gains, net of unrealized losses, here and include them in supplementary capital, you must include the entire (100 percent) unrealized gains, net of unrealized losses, in assets to risk weight. In other words, you must risk weight the fair value, not the historical cost of these AFS equity securities.

Do not include unrealized gains on AFS **debt** securities or on equity securities in a trading portfolio.

CCR310: Qualifying Subordinated Debt and Redeemable Preferred Stock

Include:

1. Perpetual subordinated debentures and mandatory convertible securities.
2. Maturing subordinated debentures, mandatory convertible securities, and redeemable preferred stock calculated according to the above instructions. For thrifts that have elected to be taxed under Subchapter S or are organized in mutual form, include the amount of subordinated debt securities issued to the Treasury Department under the CPP in this calculation.

CCR340: Other Equity Instruments

Report equity instruments you issued that we permit as supplemental capital but not as Tier 1 (core) capital and that you deducted on CCR134.

Include:

1. Cumulative preferred stock reported on SC812.
2. Preferred stock reported on SC812 or SC814 where the dividend adjusts based on current market conditions or indexes and the issuer's current credit rating; and
3. Any other equity instruments reported on CCR134 except preferred stock that is, in effect, collateralized by assets of the reporting savings association.

CCR350: Allowances for Loan and Lease Losses

Report ALLL established by you and your consolidated includable subsidiaries as defined in the instructions for CCR105. You cannot grandfather ALLL for nonincludable subsidiaries for this calculation. Note that Tier 2 (supplementary) capital limits the inclusion of ALLL reported on CCR 350 to 1.25 percent of risk-weighted assets. Apply the percentage limitation to Subtotal Risk-Weighted Assets on CCR75.

For regulatory capital purposes, the ALLL potentially reportable on CCR350 consists of:

1. First − allowances established to cover probable, but not specifically identifiable, credit losses associated with on-balance-sheet loans and leases, reported as ALLL on mortgage loans (SC283) and on nonmortgage loans (SC357).
2. Second, if the capital limit mentioned above permits − liabilities for credit losses associated with off-balance-sheet credit exposures (such as commitments, letters of credit, and guarantees) included in Other Liabilities and Deferred Income (SC796), with the following exception: *Any portion of this liability related to transfers of loans or other assets reported as sales with recourse is separate and distinct from the ALLL, and therefore is **not** includable in CCR350.*

Include purchased ALLL where the balance and nature of the purchased ALLL is consistent with OTS policy in the Examination Handbook, Sections 260 and 261.

Do not include:

1. ALLL of unconsolidated subordinate organizations.
2. ALLL of nonincludable subsidiaries.
3. Recourse liability accounts that arise from recourse obligations for any transfers of loans or other assets that are reported as sales. Such accounts are separate and distinct from the ALLL.

CCR355: Other

Report other items permitted in Tier 2 Capital that you do not include in CCR302 through CCR350.

CCR33: Tier 2 (Supplementary) Capital

The EFS software computes this line as the sum of CCR302, CCR310, CCR340, CCR350 and CCR355.

CCR35: ALLOWABLE TIER 2 (SUPPLEMENTARY) CAPITAL

The EFS software computes this line as follows.

If Tier 1 (core) capital is a positive amount, the software reports the lesser of the following:

1. Tier 2 (supplementary) Capital reported on CCR33.
2. Tier 1 (core) Capital reported on CCR30.
3. If you have negative Tier 1 (core) capital, the software reports zero on CCR35.

The amount of Tier 2 (supplementary) capital included in total capital cannot exceed the amount of Tier 1 capital.

CCR370: Equity Investments and Other Assets Required to be Deducted

Report the assets that 12 CFR § 567.5(c) requires to be deducted from total capital unless deducted elsewhere.

Include:

1. Investments in other depository institutions (reciprocal holdings) that other depository institutions may count in their regulatory capital such as capital stock, qualifying subordinated debt, etc.
2. The entire amount of all the following items:
   a. Your nonincludable debt and equity investments including debt and equity investments in subordinate organizations not constituting subsidiaries under 12 CFR § 567.1 (investments in entities not consolidated under GAAP) that engage as principal in activities impermissible for national banks and not otherwise includable under § 5(t) of HOLA.
   b. Investments in real property except real property primarily used or intended to be used by you, your subsidiaries, subordinate organizations, or affiliates as offices.
   c. Real property acquired in satisfaction of a debt, where you intend to hold the property for real estate investment purposes or do not expect to dispose of it within five years.

The term equity securities means any:

1. Stock.
2. Certificate of interest of participation in any profit sharing agreement.
3. Collateral trust certificate or subscription.
4. Preorganization certificate or subscription.
5. Investment Contract.
6. Voting trust certificate.
7. Securities immediately convertible into equity securities at the option of the holder without payment of substantial additional consideration such as convertible subordinated debt.
8. Securities carrying any warrant or right to subscribe to or purchase an equity security.
9. Investments, loans, advances, and guarantees issued on behalf of unconsolidated subordinate organizations.
10. Investments in real property not classified as fixed assets or repossessed property.

Do not include:

1. Interests in real property that are primarily used by you, your subsidiaries, subordinate organizations, or affiliates as offices or related facilities to conduct business. Report on CCR506, 100 percent Risk weight: All Other Assets.
2. Interests in real property that you acquire in satisfaction of a debt previously contracted in good faith or acquired in sales under judgments or decrees (REO). Report on CCR506, 100 percent Risk weight: All Other Assets.
3. FHLBank Stock.
4. Equity investments permissible for both savings associations and national banks. Risk weight them at 100 percent on CCR506. These include:
   a. Freddie Mac Stock.
   b. Fannie Mae Stock.
   c. Equity investments in subordinate organizations not constituting subsidiaries under 12 CFR § 567.1 – investments in subordinate organizations not consolidated under GAAP, that engage solely in activities as agent for customers or engage as principal in activities permissible for national banks or otherwise includable under § 5(t) of the HOLA.
   d. Real estate loans that are equity investments under GAAP and are permissible investments for national banks.
   e. Mutual funds and pass-through investments, defined in 12 CFR § 560.32 that invest in any of the above categories of permissible equity investments.

5. Investments in subsidiaries and/or equity investments that FSLIC or any successor agency fully covers. Report the entire amount of such investment on CCR409, 0% Risk weight: Notes and Obligations of FDIC, Including Covered Assets. There is no requirement for you to deduct such investments from capital.

Computation of CCR370 When General Valuation Allowances have been established:

Calculate the amount of equity investments reported on CCR370 net of charge-offs and general valuation allowances. For example, if you established a $10 specific valuation allowance against a $100 equity investment, you only deduct $90 from total capital and enter $90 on CCR370.

In computing CCR370, you should reduce the amount you calculated using the above instructions by the amount of general valuation allowances established against equity investments and required deductions in real property investments. To receive this credit, you **must** establish the general valuation allowance at the savings association level as a contra-asset to the equity investments and investments in real property. You must have and maintain adequate records to enable examiners to verify your claim that you established the general valuation allowances against these specific assets.

For example, if you have a $100 equity investment, net of charge-offs and specific valuation allowances, against which you established no general valuation allowance after July 1, 1994, you should enter the full asset amount, $100, on CCR370. If you established a $10 general valuation allowance against that same asset, you should deduct the $10 general valuation allowance from the $100 investment, resulting in deduction of $90.

Do **not** include general valuation allowances established on other assets in the credit computation outlined above.

CCR375: Deduction for Low-Level Recourse and Residual Interests

If you elect the “direct deduction” approach for low-level recourse and residual interests, report on this line the amount of 1) low-level recourse and 2) residual interests reported on SI402 and SI404. However, you should reduce the amount of residual interests reported here by any amount reported on CCR133. In addition, you may reduce the amount of low-level recourse and residual interests reported here by the amount of any corresponding deferred tax liability.

Include:

1. The amount of recourse liability you retain when it is less than the capital requirement for credit-risk exposure and therefore not converted to an on-balance-sheet equivalent. For example, in the sale of most assets with one percent recourse, the amount of liability retained usually is less than the capital requirements, and therefore you would report one percent of the assets sold on CCR375 or CCR605. See the instructions for the 100 percent credit conversion factor in the Conversion of Off-balance-sheet Items to On-balance-sheet Equivalents section above.
2. The amount of on-balance-sheet financial instruments representing subordinated credit risk interests, including interests in spread accounts and asset pools. However, your low-level recourse requirement may exceed the amount of this instrument if you are subject to credit losses exceeding the amount of the instrument.

CCR39: TOTAL RISK-BASED CAPITAL

The EFS software will compute this line as the total of CCR30 plus CCR35 minus CCR370, and CCR375.

RISK-WEIGHT CATEGORIES

General Instructions

To calculate the total risk-based capital standard you must classify your assets in one of four risk-weight categories described below. Do **not** risk weight the assets that you have deducted from Tier 1 (core) capital – for example, nonincludable subsidiaries, nonqualifying intangibles, and disallowed assets.

Consolidate the assets of includable, GAAP-consolidated subsidiaries in determining the appropriate risk-weight categories. However, exclude the assets of **nonincludable subsidiaries** and **nonincludable equity investments** when computing risk-weighted assets.

As discussed under the general instructions to CCR, where OTS exercises its Reservation of Authority under 12 CFR Section 567.11, and requires a savings association to apply another risk weight, credit equivalent amount, or credit conversion factor that OTS deems appropriate for the risk of a particular asset or off-balance sheet item, the savings association should report these assets, regardless of asset type, on CCR 506 according to the newly assigned risk weight. See instructions for CCR 506. For savings associations subject to an Individual Minimum Capital Requirement (IMCR) imposed pursuant to 12 CFR Section 567.3 that changes the Tier 1 (Core) or Total Risk-Based capital requirement on CCR 27 and CCR 80, respectively, you must over-ride the calculated amount, and self-report the supervisory capital requirement on those lines.

Tier 2 (supplementary) capital includes ALLL but does not include other general valuation allowances. Consequently, to calculate the amount to be risk weighted, you may deduct allocated general valuation allowances from assets other than loans and leases but you may **not** deduct **ALLL** from loans and leases. In other words, you should risk weight loans at their recorded investment less only their specific valuation allowances, and risk weight all other assets at their recorded investment less their specific valuation allowances and allocated general valuation allowances.

You should risk weight assets after you make regulatory capital adjustments to those assets. For example, if we required you to deduct gains or add back losses on AFS securities in Tier 1 (core) capital, you should risk weight those securities at historical cost, not at fair value. The same is true for adjustments for disallowed servicing assets, disallowed net deferred tax assets, and other adjustments to Tier 1(core) capital. If you exclude assets, portions of assets, or adjustments to assets from Tier 1 (core) capital, you should exclude them from risk-weighted assets. Additionally, where you have included up to 45 percent of the pretax unrealized gains, net of unrealized losses, on AFS equity securities in Tier 2 capital (CCR302), you should include 100 percent of those unrealized gains in risk-weighted assets. In other words, you should risk weight the fair value, not the historical cost, of these AFS equity securities.

In determining the appropriate risk-weight category for **secured loans**, you must look at the type of collateral. In determining the appropriate risk-weight category for investments in **mutual funds**, you must look to the characteristics of the assets in the fund. Where the portfolio of a mutual fund consists of various assets that require different treatment under the capital requirement, you have two alternatives:

1. You may deal with the entire ownership interest in the mutual fund based on the asset with the highest capital requirement in the portfolio, or exclude the mutual fund from assets and thus deduct it from calculations of total capital, as appropriate.
2. You may assign different risk-weight categories to the mutual fund on a pro-rata basis, according to the investment limits for different categories in the fund’s prospectus.

Regardless of the risk-weighting method used, the total risk weight of a mutual fund must be no less than 20 percent.

Accrued interest receivable that is not delinquent is part of the recorded investment in that loan or investment and should be risk-weighted with the underlying asset. Generally, delinquent accrued interest receivable is risk weighted at 100%

Multiply the sum of each risk-weight category by the appropriate risk-weight percentage for that category. For instance, you would multiply the sum of the zero percent risk-weight category by zero percent. After adding each risk-weight category and multiplying by its appropriate risk weight, add the product of each risk-weight category. This results in the on-balance-sheet portion of the total risk-based capital standard.

Include **off-balance-sheet items** in the total risk-based capital standard after converting them into on-balance-sheet equivalents. Convert off-balance-sheet items by taking the dollar amount of the off-balance-sheet item or the grossed up amount of off-balance-sheet recourse obligations under 12 CFR § 567.1, as appropriate. Multiply that amount by the appropriate credit conversion factor from the table that follows the discussion of risk-weight categories. Additionally, you should risk weight interest-rate and exchange-rate contracts by calculating a credit equivalent amount. See explanation following the discussion of off-balance-sheet items.

Report in the appropriate category all on-balance-sheet assets together with all on-balance-sheet equivalents (off-balance-sheet items after converting them according to the discussion above). From the sum of on-balance-sheet and off-balance-sheet risk-weighted assets, deduct ALLL that exceeds the amount you may include as capital on CCR350.

Note: Report all loans and investments that are more than **90 days past due** on CCR506, 100 percent Risk weight. Report all of these loans on CCR506 regardless of the type of investment or collateral, except for certain covered assets. See the instructions for CCR 409 and CCR 450 to report covered assets.

0% Risk weight

CCR400: Cash

Report all cash-on-hand, including the amount of domestic and foreign currency owned and held or in transit in all your offices. Convert any foreign currency into U.S. dollar equivalents as of the date of the report.

Do not include:

1. Cash deposited in another financial institution, whether interest-bearing or non-interest-bearing. Report on CCR445.
2. Cash equivalents such as travelers' checks. Report on CCR445.

CCR405: Securities Backed by Full Faith and Credit of U.S. Government

Report securities, not loans, on this line. Report the amount of securities issued by and other direct claims on the following:

1. The U.S. Government or its agencies to the extent such securities or claims are **unconditionally** backed by the full faith and credit of the U.S. Government.
2. The central government of an Organization of Economic Cooperation and Development (OECD) country.

Include:

1. Most Ginnie Mae securities. (Note that an interest only strip or Ginnie Mae security that exhibits similar interest rate risk would not be eligible for 0% risk weight. Report as 100% risk weight on CCR 505.)
2. U.S. Treasury securities.
3. SBA pools or certificates, or portions thereof, that have an unconditional guarantee by the full faith and credit of the U.S. Government.

Do not include:

1. Notes and obligations of the FDIC. Report on CCR409.
2. Assets collateralized by U.S. Government securities. Report on CCR450, 20% Risk weight: Other.
3. Mortgage-backed securities (MBS) where you have recourse for the underlying loans. The capital requirement on such obligations should follow the standard treatment of recourse obligations.
4. 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 on CCR450, 20% Risk weight: Other.

CCR409: Notes and Obligations of FDIC, Including Covered Assets

Report notes and obligations of the FDIC that have the unconditional backing by the full faith and credit of the U.S. Government. Include the following items:

1. FDIC insured deposits. For example, time certificates and/or savings deposits at an FDIC - insured institution that the savings association has booked an asset can be risk weighted at 0% up to the limits of FDIC insurance.
2. Direct claims on and claims unconditionally guaranteed by the FDIC.
3. Debt guaranteed under the FDIC's Temporary Liquidity Guarantee Program.
4. Other similarly guaranteed debt.
5. Report the portion of covered assets fully covered against capital loss and/or yield maintenance agreements initially by the Federal Savings and Loan Insurance Corporation (FSLIC), regardless of any successor agency, such as the FDIC. Place assets without initial FSLIC coverage (for example, those included in a deductible) in a risk-weight category according to the characteristics of the asset. If you cannot assign a deductible under a coverage agreement to a specific type of asset, then you should place the deductible in the 100 percent risk-weight category.

Include the portion of assets **fully** covered against capital loss and/or yield maintenance agreements by the FDIC. Place that portion of assets without FDIC coverage (for example, those included in a deductible) in a risk-weight category according to the characteristics of the asset. If you cannot assign a deductible under a coverage agreement to a specific type of asset, then you should place the deductible in the 100 percent risk-weight category.

Include investments in subsidiaries and equity investments with full FDIC coverage, regardless of the percentage of ownership or business activity of the entity in which you have invested.

CCR415: Other

Report all zero percent risk-weight assets not included above as defined in 12 CFR § 567.6(a)(1)(i).

Include:

1. Deposit reserves at, claims on, and balances due from Federal Reserve Banks, excluding interest rate contracts. Report interest rate contracts on CCR450, 20% Risk weight: Other.
2. The book value of paid-in Federal Reserve Bank stock.
3. That portion of assets not included elsewhere in the zero percent risk-weight category directly and unconditionally guaranteed by the U.S. Government or its agencies, or the central government of an OECD country.
4. Prepaid assessments of FDIC deposit insurance premiums.

CCR420: Total

The EFS software will compute this line as the sum of CCR400 through CCR415.

CCR40: 0% Risk-Weight Total

The EFS software will automatically compute this line as zero percent times CCR455, the risk-weighted product of all zero percent risk-weighted assets.

20% Risk weight

CCR430: Mortgage and Asset-Backed Securities Eligible for 20% Risk Weight

Report mortgage-related securities and other asset-backed securities that meet the criteria for 20% risk weight. ***Note*** that if you have a **subordinate** class of an otherwise 20% risk weight, high-quality MBS, you must gross up and risk weight your security plus the balance of all classes senior to it. However, if you are able to utilize the ratings based approach (12 CFR 567.6), it is not necessary to gross up the more senior positions. See also CC455, CC465, and CC468.

Include:

1. Most Fannie Mae and Freddie Mac mortgage-related securities. (Note: Report Fannie and Freddie principal-only stripped securities (POs) and interest-only stripped securities (IOs) that are not credit enhancing on CCR 506.)
2. Asset-backed securities with an AAA or AA rating that meet the criteria of the ratings based approach - 12 CFR § 567.6.

Do not include:

1. Stripped MBS. Report IO and PO strips that are not credit enhancing of otherwise high quality MBS on CCR506, 100% risk weight.
2. Ginnie Mae mortgage pool securities. Refer to instructions for CCR405.
3. MBSs where you have recourse for the underlying loans. The capital requirement on such obligations should follow the treatment of recourse obligations.

CCR435: Claims on FHLBs

Report all investments in, claims on, and balances due from Federal Home Loan Banks.

Include:

1. Book value of Federal Home Loan Bank stock.
2. Demand, savings, and time deposits with a FHLBank.
3. Securities, bonds, and notes issued by the Federal Home Loan Bank System
4. The credit equivalent amount of interest rate contracts, interest-rate swaps and caps, where the counterparty is a Federal Home Loan Bank.

CCR440: General Obligations of State and Local Governments

Report the amount of securities and other general obligations issued by state and local governments.

CCR445: Claims on Domestic Depository Institutions

Include the following obligations of domestic depository institutions:

1. Demand deposits and other transaction accounts.
2. Savings deposits.
3. Time certificates.
4. Travelers' checks and other cash equivalents.
5. Cash items in the process of collection.
6. Federal funds sold.
7. Loans and overdrafts.
8. Debt securities.
9. The credit equivalent amount of interest and exchange rate contracts (interest-rate swaps and caps) where the counterparty is a domestic depository institution.

Do not include:

1. Investments in other depository institutions where those institutions may count the investments in their regulatory capital, such as capital stock, qualifying subordinated debt, etc. Report on CCR370, Assets Required to be Deducted.
2. Interest rate contracts with a FHLBank or a Federal Reserve Bank. Report on CCR435 and CCR450, respectively.

CCR450: Other

Report all twenty percent risk-weight assets, not included above, as defined in 12 CFR § 567.6(a)(1)(ii).

Include:

1. Assets conditionally guaranteed by the U.S. Government, such as VA and FHA insured mortgage loans, the guaranteed portion of SBA, FhmA, and AID loans, and FICO and REFCO bonds, etc.
2. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option.
3. Loans and other assets fully collateralized by deposits.
4. The credit equivalent amount of interest rate contracts (interest-rate swaps and caps) where the counterparty is a Federal Reserve Bank.
5. Assets collateralized by U.S. Government securities other than mortgage related securities on CCR430.
6. Securities issued by, or other direct claims on, U. S. Government-sponsored agencies, including notes issued by Fannie Mae and Freddie Mac. Do not include equity securities or MBSs.
7. Loss sharing agreements entered into by the FDIC with the acquirers of assets from failed institutions are considered conditional guarantees for risk-based capital purposes due to contractual conditions that must be met. The guaranteed portion of assets subject to a loss-sharing agreement may be assigned a 20 percent risk weight. Consult with your regional supervisory regarding the appropriate risk-based capital treatment for specific loss-sharing arrangements.

CCR455: Total

The EFS software will compute this line as the sum of CCR430 through CCR450.

CCR45: 20% Risk-Weight Total

The EFS software will compute this line as twenty percent times CCR455, the risk-weighted product of all 20 percent risk-weighted assets.

50% Risk weight

CCR460: Qualifying Single-family Residential Mortgage Loans

Report the carrying value, outstanding balance less all specific valuation allowances, of all qualifying single-family residential mortgage loans secured by a first lien when you have no other extensions of credit secured by a second lien on the same property to the same consumer, if such loans meet all of the following criteria:

1. You have prudently underwritten the loan.
2. The loan is performing and not more than 90 days past due.
3. The current LTV ratio is 90% or less, calculated using the value at origination, including loans individually insured by private mortgage insurance or other appropriate credit enhancement that brings the effective LTV down to 90% or less.

Notes:

1. See 12 CFR 567.1 for the definition of Qualifying Mortgage Loan.
2. A loan with an LTV higher than 90%, without PMI or other readily marketable collateral enhancement, would not typically qualify for the 50% risk weight. The Real Estate Lending Guidelines urge savings associations as well as other types of banking organizations, to require PMI or other appropriate credit enhancement if a mortgage exceeds 90% LTV. See 12 CFR 560.101, and the footnote in the section on supervisory loan-to-value limits. These guidelines constitute a supervisory presumption of safety and soundness. To overcome that presumption for a loan that exceeds 90% LTV, a bank or thrift must demonstrate to the examiners' satisfaction that the loan is both prudently underwritten, and that it qualifies for the 50% risk weight in spite of the absence of private mortgage insurance or other appropriate credit enhancement.

Also, report the combined carrying value of all mortgage and consumer loans secured by liens on the **same** one- to four-family residential property, with no intervening liens. For example, you hold extensions of credit secured by first lien and second lien positions. Include in 50 percent risk weighting, if the loan meets all the following criteria:

1. You have prudently underwritten each loan.
2. Each loan is performing and not more than 90 days past due.
3. One of the following is true:
    a. The combined loan-to-value ratio (CLTV) does not exceed 90 percent at origination.
    b. The combined extension of credit is insured to at least a 90 percent LTV ratio by private mortgage insurance, or there is other appropriate credit enhancement to bring the effective LTV down to 90 percent or less.
    c. The current LTV ratio is 90% or less, calculated using the value at origination, including loans individually insured by private mortgage insurance or other appropriate credit enhancement that brings the effective LTV down to 90% or less.

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 mortgage 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 mortgage 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. The debt service coverage ratio should be based on a fully indexed payment that will amortize the loan over its contractual term. It has long been industry practice to offer multifamily property loans with relatively short terms compared to the amortizing payment schedule. For example, the loan may have a 10-year term and a payment based on a 30-year amortization schedule with a balloon payment at the end of the term. In such cases, the DSCR should be based on the fully amortizing, fully indexed payment over the scheduled amortization period, but no longer than 30 years.

In cases where a borrower refinances a loan on an existing property, the borrower must comply with the above criteria.

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.
2. The initial LTV ratio is not more than 80 percent.
3. For the past full year, the property’s average annual occupancy rate is 80 percent or more of total units.

CCR470: Mortgage and Asset-Backed Securities Eligible for 50% Risk Weight

Mortgage-Backed Securities:

Report MBS, other than high quality MBS reported on CCR430, secured by **qualifying single-family** residential mortgage loans eligible to be reported on CCR460 or **qualifying multifamily** residential mortgage loans eligible to be reported on CCR465. Include POs secured by qualifying single-family or multifamily residential mortgage loans unless you can report them on CCR430.

If **qualifying multifamily residential mortgage loans** back the securities, you must receive timely payments of principal and interest according to the terms of the security. Generally, consider payments timely if they are not 30 days or more past due.

Note that if you have a subordinate class of an otherwise 50% risk-weight, high-quality MBS, you must gross up and risk weight your security plus the balance of all classes senior to it. However, if you are able to utilize the ratings based approach (12 CFR 567.6), it is not necessary to gross up the more senior positions. See also CC455, CC465, and CC468.

Asset-Backed Securities:

Also include asset-backed securities eligible for 50% risk weight under the ratings-based approach (“A” rated that meet all the criteria of the ratings based approach).

Do not include:

Interest Only Strips. Report credit-enhancing interest-only strips as residuals. Refer to the definitions in 12 CFR 567.1 and to the capital treatment in 12 CFR 567.6(b). See instructions for lines CCR133, CCR270, CCR375, CCR605, and SI402. Report IO and PO strips that are not credit enhancing of otherwise high quality MBS on CCR506, 100% risk weight.

CCR475: State and Local Revenue Bonds

Report securities issued by state and local governments where the revenues from a stated project such as a toll road repay the security.

CCR480: Other

Report all fifty-percent risk-weight assets not included above as defined in 12 CFR § 567.6(a)(1)(iii).

Include:

1. The credit equivalent amount of interest and exchange rate contracts (interest-rate swaps and caps) where the counterparty is an entity other than a domestic depository institution, a FHLBank, or a Federal Reserve Bank.
2. Revenue bonds issued by any public-sector entity in an OECD country that are payable solely from the revenues generated from the project financed through the issuance of the obligations.
3. Qualifying residential construction loans, also called residential bridge loans, meeting the criteria of 12 CFR § 567.1. Such loans must satisfy the following criteria:
   a. You must make the loan according to sound lending principles to a builder with at least 15 percent equity in the project (or higher, depending upon the risk of the project) who will construct a one- to four-family residence that, when sold, will be owner-occupied.
   b. You must obtain sufficient documentation from a permanent lender (that may be the construction lender) demonstrating all the following:
      i. The homebuyer intends to purchase the residence.
      ii. The homebuyer has the ability to obtain a permanent qualifying mortgage loan sufficient to purchase the residence.
      iii. The homebuyer has made a substantial earnest money deposit.
   c. The construction loan must meet all the following requirements:
      i. Not exceed 80 percent of the sales price of the residence.
      ii. Be secured by a first lien on the lot, residence under construction, and other improvements.
      iii. Be performing and not more than 90 days past due.
   d. The home purchaser(s) must intend that the home will be owner-occupied and must not be a business entity or any entity that is purchasing the home(s) for speculative purposes.

e. You must retain sufficient undisbursed loan funds throughout the construction period to ensure project completion. The builder must incur a significant percentage of direct costs; for example, the actual costs of land, labor, and material, before he draws on the loan.

CCR485: Total

The EFS software will compute this line as the sum of CCR460 through CCR480.

CCR50: 50% Risk-Weight Total

The EFS software will compute this line as 50 percent times CCR485, the risk-weighted product of all 50 percent risk-weight assets.

100% Risk weight

CCR501: Securities Risk Weighted at 100% (or More) Under Ratings-Based Approach

Include on this line:

1. Asset-backed securities or exposures eligible for 100% risk weight under the ratings-based approach. Example: “BBB” rated.
2. Also include asset-backed securities or exposures that receive a 200% risk weight under the ratings-based approach. Example: “BB” rated. For these 200% risk weight items, you must first multiply the balance by 2 (two).

Note: *Only a limited set of asset-backed securities and other exposures arising from securitization activities qualify for this risk weighting, and these must meet all of the requirements of the ratings-based approach. Refer to 12 CFR 567.6(b)(3).*

CCR506: All Other Assets

Report all other assets except those included above or in any other risk-weight category.

Include:

1. Consumer loans.
2. Commercial loans.
3. All assets that are nonperforming or more than 90 days past due, except for certain covered assets. See the instructions for CCR 409 and CCR 450 for reporting covered assets.
4. All repossessed assets including repossessed real estate (REO), other repossessed assets, and equity investments that have the same characteristics as REO, for example stock from an REO workout firm that has been approved for inclusion in the 100% risk-weight category.
5. First and junior mortgages on one- to four-family dwelling unit properties that do not qualify for inclusion on CCR460 (50% Risk weight: Qualifying Single family Residential Mortgage Loans).
6. Multifamily mortgage loans that do not meet the qualifying criteria for inclusion on CCR465, 50% Risk weight: Qualifying Multifamily Residential Mortgage Loans.
7. Residential construction loans, except those to individuals to build their own homes that you report on CCR460, and except qualifying residential construction loans (bridge loans) as defined in CCR480.

8. Nonresidential construction loans as defined in the instructions for SC260, Nonresidential Property.
9. Obligations issued by a state or political subdivision for the benefit of a private party or enterprise where that party or enterprise, rather than the issuing state or political subdivision, is responsible to pay principal and interest on the obligation (industrial development bonds).
10. Private-issue debt securities, including commercial paper, except those that you report in the 20 percent or 50 percent risk-weight categories.
11. Investments in fixed assets and premises.
12. Qualifying intangible assets reported on CCR185.
13. Servicing assets, less the amount included on CCR133.
14. The gross amount of wrap-around loans where you are liable on the first mortgage or must assume the first mortgage to perfect your position. Report the wrap-around loan net of the first mortgage if you have no liability on the first mortgage loan or obligation to assume it.
15. Equity investments that are permissible for both savings associations and national banks and including the following:
    a. Fannie Mae Stock.
    b. Freddie Mac Stock.
    c. Equity investments in unconsolidated subordinate organizations (those that do not qualify as subsidiaries under 12 CFR § 567.1) that engage solely in activities as agent for customers or engage as principal in activities permissible for national banks or otherwise are includable under § 5(t) of the HOLA.
    d. Real estate loans that are equity investments under GAAP and are includable under the Office of the Comptroller of the Currency's (OCC's) capital rule.
    e. Mutual funds and pass-through investments, defined in 12 CFR § 560.32, that invest in any of the above categories of permissible equity investments.
16. Loans to commercial entities collateralized by mortgages of third party borrowers (warehouse loans).
17. Interest-only (IO) and principal only (PO) stripped securities that are not credit enhancing. This category includes most IOs and POs issued by Fannie Mae and Freddie Mac.
18. Any other remaining assets that you do not deduct from capital on CCR133 or CCR375, or that you do not "super risk-weight" using CCR605 and CCR62.
19. Assets reported on this line generally receive a 100 percent risk weight. The risk-weighted amount is automatically calculated. However, you will need to override the automatically calculated amount where OTS exercises its Reservation of Authority under 12 CFR 567.11, and requires a savings association to apply another risk-weight, credit equivalent amount, or credit conversion factor that OTS deems appropriate for the risk of a particular asset or off-balance sheet item. For those assets, report at the assigned risk-weight, conversion factor, or credit equivalent amount on this line regardless of the asset category. For example, if the assigned risk weight for certain assets is 200 percent, multiply those assets by the assigned 200 percent risk weight, and manually include this amount with the amount of assets risk-weighted at 100 percent for a new total. If the assigned risk-weight is 75 percent for certain assets, multiply those assets by 75 percent, and include them on this line as well. If a conversion factor is assigned at 100 percent, multiply the asset times 100 percent and times the appropriate risk-weight (assigned or not assigned), and include the amount on this line.

CCR510: Total

The EFS software will compute this line as the sum of CCR501 and CCR506.

CCR55: 100% Risk-Weight Total

The EFS software will compute this line as 100 percent times CCR510, the risk-weighted product of all 100 percent risk-weight assets.

CONVERSION OF OFF-BALANCE-SHEET ITEMS TO ON-BALANCE-SHEET EQUIVALENTS

Include off-balance-sheet items in the total risk-based capital standard after converting them into on-balance-sheet equivalents. Convert off-balance-sheet items to on-balance-sheet equivalents by taking the dollar amount of the off-balance-sheet item and multiplying it by the appropriate credit conversion factor from the table below.

SC689, Other Assets, and SC796, Other Liabilities and Deferred Income, include the fair value of derivative instruments. We treat on-balance-sheet derivative instruments used for risk management purposes, rather than for trading, as off-balance-sheet items for risk-based capital purposes. Accordingly, you should risk weight only the converted on-balance-sheet equivalent amounts, not the amounts reported on SC689 and SC796.

Place the on-balance-sheet equivalents (converted off-balance-sheet items) in the appropriate risk-weight category just as any other on-balance-sheet assets. For example, place an off-balance-sheet letter of credit in the same risk-weight category as the loan would be upon execution of the letter of credit.

As mentioned, where OTS assigns a conversion factor to certain off-balance sheet assets under its Reservation of Authority, convert those assets into on-balance sheet equivalents by multiplying those assets times the assigned conversion factor. If OTS does not assign a risk-weight, use the risk-weight normally applied to the assets' category. However, report the amount on CCR 506. Do not report the asset in any other risk-weight category. Similarly, OTS may also assign a risk-weight in addition to a credit conversion factor. Report this amount on CCR 506 as well.

Loans in Process (Undisbursed Loan Balances)

You may convert all LIP that meets the following criteria at a zero percent conversion factor. In other words, you do not risk weight it.

1. LIP that contractually must be fully disbursed or expire in one year or less under the original terms of the contract.
2. LIP that you may disburse over a period of time exceeding one year and that meets both of the following criteria:
   a. You may unconditionally cancel the agreement.
   b. You make a separate credit decision before each draw.

Convert all LIP that does not meet the criteria in #1 or #2 above at a 50 percent conversion factor and place in the risk-weight category appropriate for the related loan, except as follows:

1. When the borrower pays interest on the full amount of the loan, including both the disbursed and undisbursed portions, you must convert the LIP to an on-balance-sheet equivalent at a 100 percent credit conversion factor.
2. When the LIP is a direct credit substitute, you must convert it to an on-balance-sheet equivalent at a 100 percent credit conversion factor.

Table of Conversion Factors for Off-Balance-Sheet Items

This calculation translates the face amount of an off-balance-sheet exposure into an on-balance-sheet credit equivalent amount.

Zero Percent Credit Conversion Factor (not risk weighted)

Include:

1. Unused commitments with an original maturity of one year or less.
2. Unused commitments with an original maturity of greater than one year:
   a. That you may unconditionally cancel at any time, and
   b. You have the contractual right to make, and you do make, either:
      i. A separate credit decision based upon the borrower's current financial condition before each draw, or,
      ii. An annual, or more frequent credit review, based upon the borrower's current financial condition to determine whether or not to continue the lending arrangement.
3. Unused portions of retail credit card lines of credit that you may unconditionally cancel to the extent allowed by applicable law.
4. Unused portion of home equity lines of credit:
   a. That you may unconditionally cancel at any time to the extent allowed by federal law, and
   b. You have the contractual right to make, and you do make, either:
      i. A separate credit decision based upon the borrower's current financial condition before each draw, or,
      ii. An annual, or more frequent credit review, based upon the borrower's current financial condition to determine whether to continue the lending arrangement.
5. A commitment to make a permanent loan, where either the balance sheet or off-balance-sheet includes the construction loan. If the commitment to make the permanent loan exceeds the construction loan, treat the excess as a separate commitment and convert it to an on-balance-sheet equivalent.

Twenty Percent Credit Conversion Factor

Trade-related contingencies are short term, self-liquidating instruments used to finance the movement of goods and collateralized by the underlying shipment. For example, a commercial letter of credit.

Fifty Percent Credit Conversion Factor

Include:

1. Transaction-related contingencies, including performance bonds and performance-based standby letters of credit.
2. Unused commitments with an original maturity greater than one year, including home equity lines of credit that are not in the zero percent credit conversion factor category because they are not unconditionally cancelable.
3. Revolving underwriting facilities, note issuance facilities, and similar arrangements where the customer can issue short-term debt in its own name, but where you have a legally binding commitment to either:
   a. Purchase the obligations the customer is unable to sell by a certain date.
   b. Advance funds to its customer if the customer is unable to sell the obligations.

Example:

You have a $1 million off-balance-sheet letter of credit guaranteeing the completion of a road in a residential construction project. Letters of credit that guarantee performance have a conversion factor of 50 percent. You convert the $1 million off-balance-sheet item into a $500,000 on-balance-sheet equivalent ($1 million times 50 percent), and place this in the 100 percent risk-weight category on CCR506, which is the same risk-weight category as on-balance-sheet residential construction loans.

One Hundred Percent Credit Conversion Factor

Include:

1. Financial guarantee-type standby letters of credit. Convert the face amount to a credit-equivalent amount.
2. Assets sold with recourse:
    a. If you sell a $100 loan with ten percent recourse, you must convert the full $100 – the grossed up amount – at 100 percent, except where the amount of recourse liability that you retain is less than the capital requirement for credit-risk exposure. In that situation, the low-level recourse provision limits your capital charge to a dollar-for-dollar requirement against the amount of credit-risk exposure retained. For example, in the sale of most assets with one percent recourse, the amount of liability retained is less than the capital requirement. Therefore, one percent of the assets sold would be the capital requirement. Report this low-level recourse amount on CCR375 or CCR605. No off-balance-sheet conversion is necessary.
    b. Loans serviced for others where you or your subsidiaries are liable for credit losses on the loans serviced. In general, do not consider servicing of VA loans in GNMA pools as recourse servicing; however, we reserve the right on a case-by-case basis to treat such servicing as recourse. ***Note***: You should not risk weight the on-balance-sheet asset. You should convert the full outstanding balance of the loans serviced at 100 percent.
    c. Treat the subordinated portions of senior/subordinated securities, both retained and purchased subordinated pieces, identically to assets sold with partial, first-loss recourse under 2(a) above. You generally should not risk weight the on-balance-sheet-subordinated security. You should convert the full amount of both the senior and subordinate portions of the mortgage pool security at 100 percent.
    d. You may elect to apply the 100 percent credit conversion factor to only the retained recourse amount related to transfers of small business loans and leases of personal property, according to § 208 of the Riegle Community Development and Regulatory Improvement Act of 1994. Qualifying savings associations may apply the treatment under § 208, as implemented, to transfers on or after March 22, 1995. See § 208 of the Riegle Act and 12 CFR § 567.6(a)(2)(i)(C).
3. Forward agreements and other contingent obligations with a specified draw down are legally binding agreements to purchase assets at a specified future date. You should convert the principal amount of the assets you will purchase on the date you enter into the agreement.
4. Securities of customers where you lend such securities to others as agent and you indemnify the customer against loss.

Example:

You have a $1 million off-balance-sheet, legally binding commitment to purchase and the institution has the intent to take delivery of (e.g., a regular-way trade, which is not accounted for as a derivative) FannieMae or FreddieMac MBS. Forward agreements to purchase assets at a specified date have a conversion factor of 100 percent. You convert the $1 million off-balance-sheet item into a $1 million on-balance-sheet equivalent, and you place it in the 20 percent risk-weight category on CCR450.

Interest-rate and Exchange-rate Contracts, and Certain Derivative Contracts

Credit Equivalent Amount

This calculation translates interest-rate and exchange-rate contracts into an on-balance-sheet credit equivalent amount. The credit equivalent amount of interest-rate and exchange-rate contracts is the sum of: (1) current credit exposure, and (2) potential credit exposure.

The credit equivalent amount, consisting of the current exposure plus the potential credit exposure, is assigned to the appropriate risk-weight category and reported on one of the following lines:

20% Risk weight		
	CCR435	Claims on FHLBs
	CCR445	Claims on Domestic Depository Institutions
	CCR450	Other (where the counter party is a Federal Reserve Bank)
50% Risk weight		
	CCR480	Other – where the counter party is other than a domestic depository institution, a FHLBank, or a Federal Reserve Bank

1. Current Credit Exposure

Current credit exposure is the replacement cost of the contract, measured in U.S. dollars, regardless of the currency specified in the contract.

Replacement cost is the loss that you would incur if a counterparty defaults. You measure replacement cost as the net cost of replacing the contract at the current market value. If default would result in a theoretical profit, the replacement value is zero. The replacement cost calculation incorporates changes in both interest rates and counterparty credit quality.

2. Potential Credit Exposure

Potential credit exposure means the estimated potential increase in credit exposure over the remaining life of the contract. You calculate it as follows:

Interest-rate Contracts

Multiply the notional principal amount of the contract by either:

1. Zero percent, if the contract has a remaining maturity of one year or less.
2. One-half of one percent if the contract has a remaining maturity greater than one year.

Exchange-rate Contracts

Multiply the notional principal amount of the contract by either:

1. One percent if the contract has a remaining maturity of one year or less.
2. Five percent if the contract has a remaining maturity greater than one year.

Interest Rate Contract Example:

You have a $10 million notional amount interest rate swap agreement. You report the positive fair value of this derivative instrument of $80 thousand as an asset and include it in line SC689, Other Assets. However, you do **not** include this $80 thousand on-balance-sheet amount in assets to risk weight. Instead, you include in assets to risk weight the credit equivalent amount of this interest rate exchange agreement, which you have calculated to be $130 thousand. You computed the $130 thousand by adding the current credit exposure of $80 thousand (equal to the replacement cost of the contract) to the potential credit exposure of $50 thousand (equal to the $10 million notional amount times 0.5%, for this contract with a remaining maturity of 2 years). You include the $130 thousand in assets to risk weight, in the 20 percent risk-weight category on CCR435, because the counterparty is a Federal Home Loan Bank.

Foreign Exchange Rate Example:

Your thrift has a foreign currency exchange rate contract where the thrift will deliver €1 million (Euros) and receive $1.8 million (US Dollars) in 90 days. The exchange rate was 0.90 (US Dollars/Euros) and it is now 0.95. No matter which side of the contract your thrift has taken, it should always be measured in dollars for capital purposes. The market loss of $100,000 is reported on SC796. As there is a market loss, the current credit portion is $0. The potential credit portion is $18,000 because the term is less than one year. You would report $18 on CCR480 as the counterparty is a broker (non-bank).

Do not include in risk-based assets:

(*1*) A foreign exchange rate contract with an original maturity of 14 calendar days or less; and

(*2*) Any interest rate or foreign exchange rate contract that is traded on an exchange requiring the daily payment of any variations in the market value of the contract.

See 12 CFR 567.6 for more information.

Netting of Current Replacement Value under Qualifying Bilateral Netting Agreements

You may net the current replacement values of multiple rate contracts with a single counterparty under a qualifying bilateral netting agreement in accordance with the OTS' bilateral netting rule according to 12 CFR § 567.6(a)(2)(v)(B). A bilateral netting agreement is a master contract under which two parties agree to net the amounts they owe each other under rate contracts covered by the agreement to reduce their credit exposure. You may only net contracts for capital purposes under this rule if **all** of the following are true:

1. The rate contracts are between the same two parties.
2. You net only interest rate contracts and foreign exchange rate contracts for capital purposes.
3. The bilateral netting contract covering the rate contracts results in a single netted amount being payable or receivable in case of the default, insolvency, bankruptcy, or similar circumstance of either party.
4. If you are party to the bilateral netting agreement, you have legal opinions concluding that the courts and other legal authorities of relevant jurisdictions would uphold the contract.

CCR605: Amount of Low-Level Recourse and Residual Interests Before Risk weighting

If you elect the "super risk weighting" approach for low-level recourse and residual interests, report on this line the amount of 1) low-level recourse and 2) residual interests reported on SI402 and SI404. However, you should reduce the amount of residual interests reported here by any amount reported on CCR133.

Include:

1. The amount of recourse liability (low-level recourse amount) that you retain when it is less than the capital requirement for credit-risk exposure. Therefore, you do not convert it to an on-balance-sheet equivalent. In the sale of most assets with one percent recourse, the amount of liability retained usually is less than the capital requirement. You would report one percent of the assets sold on CCR375 or CCR605. See the instructions for the 100 percent credit conversion factor in the Conversion of Off-balance-sheet Items to On-balance-sheet Equivalents section.
2. The amount of on-balance-sheet financial instruments representing subordinated credit risk interests, including interests in spread accounts and asset pools. However, your low-level

recourse requirement may exceed the amount of this instrument if you are subject to credit losses exceeding the amount of the instrument.

Do not Include:

Credit-enhancing interest-only strips reported on SI402 that exceed 25% of your Tier 1 Capital. You must deduct the amount that exceeds 25% of Tier 1 capital on CCR 133.

CCR62: RISK-WEIGHTED ASSETS FOR LOW-LEVEL RECOURSE AND RESIDUAL INTERESTS (CCR605 X 12.5)

This notional risk-weighted amount is your low-level recourse and residual interests amount on CCR605 multiplied by 12.5. ***Note:*** This computation results in a risk-weighted asset amount that when multiplied by 8 percent results in your low-level recourse amount. By converting your low-level recourse and residual interests amount into risk-weighted assets, this method increases your total risk-based capital requirement instead of reducing your total risk-based capital like the deduction method.

The EFS software will compute this line as CCR605 multiplied by 12.5, the reciprocal of the 8 percent risk-based capital requirement.

CCR64: ASSETS TO RISK WEIGHT

The EFS software will automatically compute this line as the sum of CCR420, CCR455, CCR485, CCR510, and CCR605.

Total assets subject to risk weighting are as follows:

1. Adjusted Total Assets, CCR25.
2. ALLL, CCR350 plus CCR530.
3. Assets you are required to deduct, reported on CCR370.
4. Off-balance-sheet items you are required to convert to assets to risk weight.
5. Unrealized gains on AFS equity securities reported on CCR302.
6. Less any on-balance-sheet assets reported on CCR375.

CCR75: Subtotal Risk-Weighted Assets

The EFS software will compute this line as the sum of CCR40, CCR45, CCR50, CCR55, and CCR62.

CCR530: Excess Allowances for Loan and Lease Losses (ALLL)

Report an amount on CCR530 only when the ALLL reported on CCR350 is less than the ALLL reported on SC283 and SC357. This could occur when the total ALLL reported on Schedule SC exceeds the regulatory capital limit of 1.25 percent of risk-weighted assets. Report on CCR530 the ALLL reported on SC283 and SC357 that is not included on CCR350. Excess ALLL may not include amounts for liabilities for credit losses on off-balance-sheet credit exposures.

CCR78: TOTAL RISK-WEIGHTED ASSETS

The EFS software will compute this line as CCR75 minus CCR530.

CCR80: Total Risk-Based Capital Requirement

The EFS software will compute this line as CCR78, Total Risk-Weighted Assets multiplied by eight percent.

If you have an individual minimum capital requirement (IMCR) imposed pursuant to 12 CFR Section 567.3, you should override the calculated amount and report your IMCR.

This amount should never be less than eight percent of CCR78.

CAPITAL AND PROMPT CORRECTIVE ACTION RATIOS

The EFS software will compute the following ratios. These ratios provide you and the data user with instantaneous calculation of important capital ratios.

CCR810: Tier 1 (Core) Capital Ratio

The EFS software will compute this ratio as Tier 1 (core) capital divided by adjusted total assets (CCR20/CCR25), expressed as a percentage.

CCR820: Total Risk-Based Capital Ratio

The EFS software will compute this ratio as total risk-based capital divided by risk-weighted assets (CCR39/CCR78), expressed as a percentage.

CCR830: Tier 1 Risk-Based Capital Ratio

The EFS software will compute this ratio as Tier 1 (core) capital, less the deduction for low-level recourse and residual interests, divided by risk-weighted assets ((CCR20-CCR375)/CCR78), expressed as a percentage.

CCR840: Tangible Equity Capital

If you do not report purchased credit card relationships (PCCRS) or servicing assets on nonmortgage loans or if you do not have non-qualifying PCCRs or non-qualifying servicing assets on nonmortgage loans, the EFS software will compute this ratio as Tier 1 (core) capital plus cumulative perpetual preferred stock less PCCRS and servicing assets on nonmortgage loans divided by tangible assets less PCCRS and servicing assets on nonmortgage loans ([CCR20-CCR185+SC812-SC644]/[CCR25-CCR285-SC644]), expressed as a percentage.

If you have non-qualifying PCCRs or non-qualifying servicing assets on nonmortgage loans, as determined under CCR133, you should manually override the software calculation for CCR840. You should take into consideration adjustments made on CCR 133 so that PCCRs and servicing assets on nonmortgage loans in Tier 1 (core) capital are fully deducted for purposes of the tangible equity ratio.

SCHEDULE FV — CONSOLIDATED ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

*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

BACKGROUND

Complete this Schedule if your total assets reported on SC60 are greater than $10 billion at any time during the fiscal year. Report on this Schedule all assets and liabilities measured at fair value on a recurring basis (i.e. either marked-to-market through earnings each reporting period or, for available-for-sale securities, reflecting changes in fair value as a component of other comprehensive income), including on a quarterly basis for purposes of the Thrift Financial Report.

FAIR VALUE MEASUREMENTS: LEVEL 1, LEVEL 2, LEVEL 3, AND LESS: AMOUNTS NETTED

For each asset and liability caption in this Schedule, report the fair value amounts which fall in their entirety in Levels 1, 2, or 3, respectively, in accordance with GAAP. The level in the fair value hierarchy within which a fair value measurement in its entirety falls should be determined based on the lowest level input (with Level 3 being the lowest and Level 1 the highest) that is significant to the fair value measurement in its entirety.

For each asset and liability caption in this Schedule where you have a legally enforceable master netting agreement, you may have reported on Schedule SC the asset net of a related liability, or the liability net of a related asset, consistent with GAAP. However, report on this Schedule the gross amount of the asset or liability by the applicable Level (1, 2, or 3), even though you may have reported such amounts net on Schedule SC. In addition, for each asset or liability where the amount on Schedule SC has been reported net of a related liability or asset, respectively, and where the amount on this Schedule has been reported gross (that is, without regard to the related liability or asset), report the related netting adjustment.

LINE-BY-LINE INSTRUCTIONS

ASSETS

FV111, 112 and 113: Federal Funds Sold and Securities Purchased Under Agreements to Resell

For federal funds sold and securities purchased under agreements to resell that are included on SC125, Federal Funds Sold and Securities Purchased Under Agreements to Resell, and that are measured at fair value on a recurring basis, report these assets by the applicable Level (1, 2, or 3).

FV131, 132 and 133: Trading Securities

For trading securities that are included on SC11, Cash, Deposits, and Investment Securities, and SC22, Mortgage-Backed Securities, report these assets by the applicable Level (1, 2, or 3). All trading securities are measured at fair value on a recurring basis, with changes in fair value reported through earnings.

FV151, 152 and 153: Available-for-Sale Securities

For available-for-sale securities that are included on SC11, Cash, Deposits, and Investment Securities, and SC22, Mortgage-Backed Securities, report these assets by the applicable Level (1, 2, or 3). All available-for-sale securities are measured at fair value on a recurring basis. However, the change in fair value on available-for-sale securities is reflected in other comprehensive income – not in earnings.

FV211, 212 and 213: Loans and Leases

For loans and leases that are included on SC26, Mortgage Loans, and SC31, Nonmortgage Loans, and that are measured at fair value on a recurring basis, report these assets by the applicable Level (1, 2, or 3).

FV241, 242 and 243: Mortgage Servicing Rights

For mortgage servicing rights that are included on SC642, Servicing Assets on Mortgage Loans, and that are measured at fair value on a recurring basis, report these assets by the applicable Level (1, 2, or 3).

FV261, 262 and 263: Derivative Assets

For derivative assets that are included on SC689, Other Assets, report these assets by the applicable Level (1, 2, or 3). All derivatives are measured at fair value on a recurring basis with changes in fair value reported through earnings.

FV311, 312 and 313: All Other Financial Assets

For all other financial assets that are included in SC60, Total Assets, and that are measured at fair value on a recurring basis, report these assets by the applicable Level (1, 2, or 3).

FV11: Federal Funds Sold and Securities Purchased Under Agreements to Resell

FV13: Trading Securities

FV15: Available-for-Sale Securities

FV21: Loans and Leases

FV24: Mortgage Servicing Rights

FV26: Derivative Assets

FV31: All Other Financial Assets

For each asset category, the EFS software will compute this line as the sum of the amounts reported in the columns for each Level (1, 2, and 3), as follows:

FV11 = FV111 + FV112 + FV113

FV13 = FV131 + FV132 + FV133

FV15 = FV151 + FV152 + FV153

FV21 = FV211 + FV212 + FV213

FV24 = FV241 + FV242 + FV243

FV26 = FV261 + FV262 + FV263

FV31 = FV311 + FV312 + FV313

FV114: Federal Funds Sold and Securities Purchased Under Agreements to Resell

FV134: Trading Securities

FV154: Available-for-Sale Securities

FV214: Loans and Leases

FV244: Mortgage Servicing Rights

FV264: Derivative Assets

FV314: All Other Financial Assets

For each asset category where the amount on Schedule SC has been reported net of a related liability, and where the amount on this Schedule has been reported gross (that is, without regard to the related liability), report the related netting adjustment. In all cases, the netting adjustment will be negative. However, report the amount as positive, as the EFS software will subtract the amount from the total before netting to arrive at the Total, After Netting. These adjustments will align the amounts reported for assets on this Schedule with the amounts reported on Schedule SC.

FV12: Federal Funds Sold and Securities Purchased Under Agreements to Resell

FV14: Trading Securities

FV16: Available-for-Sale Securities

FV22: Loans and Leases

FV25: Mortgage Servicing Rights

FV27: Derivative Assets

FV32: All Other Financial Assets

For each asset category, the EFS software will compute this line as the total before netting, less the amount reported for Less: Amounts Netted, as follows:

FV12 = FV11 – FV114

FV14 = FV13 – FV134

FV16 = FV15 – FV154

FV22 = FV21 – FV214

FV25 = FV24 – FV244

FV27 = FV26 – FV264

FV32 = FV31 – FV314

FV41, 42, 43 and 44: Total Assets Measured at Fair Value on a Recurring Basis

For each Level (1, 2, or 3) and for the total before netting, the EFS software will compute this line as the sum of the corresponding amounts reported or computed for each asset category, as follows:

FV41 = FV111 + FV131 + FV151 + FV211 + FV241 + FV261 + FV311

FV42 = FV112 + FV132 + FV152 + FV212 + FV242 + FV262 + FV312

FV43 = FV113 + FV133 + FV153 + FV213 + FV243 + FV263 + FV313

FV44 = FV11 + FV13 + FV15 + FV21 + FV24 + FV26 + FV31

FV46: Total Assets Measured at Fair Value on a Recurring Basis – Less: Amounts Netted

The EFS software will compute this line as the sum of the corresponding amounts reported for each asset category, as follows:

FV46 = FV114 + FV134 + FV154 + FV214 + FV244 + FV264 + FV314

FV48: Total Assets Measured at Fair Value on a Recurring Basis – Total, After Netting

The EFS software will compute this line as the sum of the corresponding amounts reported for each asset category, as follows:

FV48 = FV12 + FV14 + FV16 + FV22 + FV25 + FV27 + FV32

LIABILITIES

FV511, 512 and 513: Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

For federal funds purchased and securities sold under agreements to repurchase that are included on SC730, Federal Funds Purchased and Securities Sold Under Agreements to Repurchase, and that are measured at fair value on a recurring basis, report these liabilities by the applicable Level (1, 2, or 3).

FV531, 532 and 533: Deposits

For deposits that are included on SC710, Deposits, and that are measured at fair value on a recurring basis, report these liabilities by the applicable Level (1, 2, or 3).

FV611, 612 and 613: Subordinated Debentures

For subordinated debentures that are included on SC736, Subordinated Debentures, and that are measured at fair value on a recurring basis, report these liabilities by the applicable Level (1, 2, or 3).

FV631, 632 and 633: Other Borrowings

For other borrowings that are included on SC760, Other Borrowings, and that are measured at fair value on a recurring basis, report these liabilities by the applicable Level (1, 2, or 3).

FV651, 652 and 653: Derivative Liabilities

For derivative liabilities that are included on SC796, Other Liabilities and Deferred Income, report these liabilities by the applicable Level (1, 2, or 3). (All derivatives are measured at fair value on a recurring basis with changes in fair value reported through earnings.)

FV711, 712 and 713: All Other Financial Liabilities

For all other financial liabilities that are included in SC70, Total Liabilities, and that are measured at fair value on a recurring basis, report these liabilities by the applicable Level (1, 2, or 3).

FV51: Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

FV53: Deposits

FV61: Subordinated Debentures

FV63: Other Borrowings

FV65: Derivative Liabilities

FV71: All Other Financial Liabilities

For each liability category, the EFS software will compute this line as the sum of the amounts reported in the columns for each Level (1, 2, and 3), as follows:

FV51 = FV511 + FV512 + FV513

FV53 = FV531 + FV532 + FV533

FV61 = FV611 + FV612 + FV613

FV63 = FV631 + FV632 + FV633

FV65 = FV651 + FV652 + FV653

FV71 = FV711 + FV712 + FV713

FV514: Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

FV534: Deposits

FV614: Subordinated Debentures

FV634: Other Borrowings

FV654: Derivative Liabilities

FV714: All Other Financial Liabilities

For each liability category where the amount on Schedule SC has been reported net of a related asset, and where the amount on this Schedule has been reported gross (that is, without regard to the related asset), report the related netting adjustment. In all cases, the netting adjustment will be negative. However, report the amount as positive, as the EFS software will subtract the amount from the total before netting to arrive at the Total, After Netting. These adjustments will align the amounts reported for liabilities on this Schedule with the amounts reported on Schedule SC.

FV52: Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

FV54: Deposits

FV62: Subordinated Debentures –

FV64: Other Borrowings

FV66: Derivative Liabilities

FV72: All Other Financial Liabilities

For each liability category, the EFS software will compute this line as the total before netting, less the amount reported for Less: Amounts Netted, as follows:

FV52 = FV51 – FV514

FV54 = FV53 – FV534

FV62 = FV61 – FV614

FV64 = FV63 – FV634

FV66 = FV65 – FV654

FV72 = FV71 – FV714

FV81, 82, 83 and 84: Total Liabilities Measured at Fair Value on a Recurring Basis

For each Level (1, 2, or 3) and for the total before netting, the EFS software will compute this line as the sum of the corresponding amounts reported or computed for each liability, as follows:

FV81 = FV511 + FV531 + FV611 + FV631 + FV651 + FV711

FV82 = FV512 + FV532 + FV612 + FV632 + FV652 + FV712

FV83 = FV513 + FV533 + FV613 + FV633 + FV653 + FV713

FV84 = FV51 + FV53 + FV61 + FV63 + FV65 + FV71

FV86: Total Liabilities Measured at Fair Value on a Recurring Basis – Less: Amounts Netted

The EFS software will compute this line as the sum of the corresponding amounts reported for each liability category, as follows:

FV86 = FV514 + FV534 + FV614 + FV634 + FV654 + FV714

FV88: Total Liabilities Measured at Fair Value on a Recurring Basis – Total, After Netting

The EFS software will compute this line as the sum of the corresponding amounts reported for each liability category, as follows:

FV88 = FV52 + FV54 + FV62 + FV64 + FV66 + FV72

SCHEDULE RM – ANNUAL SUPPLEMENTAL CONSOLIDATED DATA ON REVERSE MORTGAGES

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.

Starting as of December 31, 2010 complete this schedule annually.

RM010: DO YOU HAVE ANY REVERSE MORTGAGE LOAN ACTIVITY FOR THE CALENDAR YEAR TO REPORT IN THIS SCHEDULE?

Please read the entire set of instructions and Thrift Financial Report line items before responding to the initial inquiry RM010.

Respond ***No*** if you have no loans or referrals meeting the definitions of *reverse mortgage loans* as defined in this schedule. If you respond ***No***, you ***should not*** complete any other lines in this schedule.

Respond ***Yes,*** if you have loans or referrals to report in Schedule RM. Please note that you report certain line items for the entire calendar year and certain line items as of the end of the year.

Reverse mortgages are used by homeowners age 62 or older to convert a portion of the equity in their homes into a source of income. The borrower receives the cash flow in monthly payments or a line of credit. A reverse mortgage is a non-recourse loan, which means if the balance of the loan exceeds the value of the property; the lender may not seek recourse for the excess amount owed. Furthermore, homeowners do not have to repay the reverse mortgage until they are no longer occupying the home as a primary residence. On August 16, 2010, OTS in conjunction with the federal banking agencies and Federal Financial Institutions Examination Council (FFIEC) issued *New Directions 10-20: Reverse Mortgage Products: Guidance for Managing Compliance and Reputation Risks.*

The U.S. Department of Housing and Urban Development (“HUD”) created one of the first reverse mortgage programs administrated through the Federal Housing Administration (“FHA”). The FHA underwrites and insures the largest volume of reverse mortgages through its “Home Equity Conversion Mortgage” (“HECM”) product. On November 25, 2009, HUD announced that the national FHA loan limit for the HECM in 2010 remains at $650,000.[20] **Report HECM loans on lines RM110, RM310, RM330, RM420, RM510, RM610, RM620, and RM630.**

Report all other (Non-HECMs) reverse mortgage programs as "Proprietary" on lines RM112, RM312, RM332, RM422, RM512, RM612, RM622, and RM632. This includes reverse mortgage loan products developed by private companies and Fannie Mae's former reverse mortgage product known as "The Home Keeper Mortgage." On September 3, 2008, FNMA announced to its reverse mortgage lenders that they planned to terminate "The Home Keeper Mortgage" product, effective December 31, 2008.[21] In addition, include any state or local government products.

Complete Schedule RM on a consolidated basis from the savings association downward to any consolidated service corporation involved in reverse mortgage activities. Do not consolidate your holding company in this schedule. You should apply generally accepted accounting principles (GAAP) unless we specifically state otherwise in these instructions.

RM010: Do you have any reverse mortgage loan activity for the calendar year to report in this Schedule?

AMOUNT OF MORTGAGE LOANS OUTSTANDING:

RM110: Amount of Home Equity Conversion Mortgage Loans

Report the amount of outstanding HECMs as of December 31.

RM112: Amount of Proprietary (Non-HECM) Reverse Mortgage Loans

Report the amount of outstanding Proprietary (Non-HECM) mortgage loans as of December 31.

ANNUAL INTEREST INCOME FROM:

RM310: Home Equity Conversion Mortgage Loans

Report the annual interest income related to HECMs for the calendar year-to-date.

RM312: Proprietary (Non-HECM) Reverse Mortgage Loans

Report the annual interest income related to Proprietary (Non-HECM) reverse mortgages for the calendar year-to-date.

20 Reference HUDs MORTGAGEE LETTER 2009-50, dated November 25, 2009 at www.hud.gov for details.

21 Fannie Mae's Reverse Lender Letter 2008-3: Announcement to Terminate Purchase of Home Keeper Reverse Mortgages.

NUMBER OF REFERRALS OVER THE CALENDAR YEAR TO ANOTHER LENDER FROM WHOM YOU RECEIVED COMPENSATION FOR SERVICES PERFORMED FOR THE LENDER IN CONNECTION WITH THE LENDER'S ORIGINATION OF THE REVERSE MORTGAGE:

RM330: Home Equity Conversion Mortgage Loans

Report the number of referrals to another lender over the calendar year from whom you received compensation for services performed for the lender in connection with the lender's origination of the reverse mortgage.

RM332: Proprietary (Non-HECM) Reverse Mortgage Loans

Report the number of referrals to other lenders during the calendar year from whom you received compensation for services performed for the other lender in connection with the other lender originating the reverse mortgage.

ANNUAL ORIGINATION FEE INCOME FROM:

RM420: Home Equity Conversion Mortgage Loans

Report the annual origination fee income related to HECMs for the calendar year-to-date.

RM422: Proprietary (Non-HECM) Reverse Mortgage Loans

Report the annual origination fee income related to Proprietary (Non-HECM) mortgage loans for the calendar year-to-date.

COMMITMENTS OUTSTANDING TO ORIGINATE MORTGAGES SECURED BY:

RM510: Home Equity Conversion Mortgage Loans

Report the amount of commitments outstanding to originate HECMs as of December 31.

RM512: Proprietary (Non-HECM) Reverse Mortgage Loans

Report the amount of commitments outstanding to originate Proprietary (Non-HECM) mortgage loans as of December 31.

ANNUAL MORTGAGE LOANS ORIGINATIONS FOR PERMANENT LOANS ON:

RM610: Home Equity Conversion Mortgage Loans

Report the total originations of Home Equity Conversion Mortgage Loans for the calendar year.

RM612: Proprietary (Non-HECM) Reverse Mortgage Loans

Report the total originations of proprietary loans for the calendar year.

ANNUAL LOANS AND PARTICIPATIONS PURCHASED SECURED BY:

RM620: Home Equity Conversion Mortgage Loans

Report the annual loans and participations purchased secured by HECMs for the calendar year to date.

RM622: Proprietary (Non-HECM) Reverse Mortgage Loans

Report the annual loans and participations purchased secured by proprietary loans for the calendar year to date.

ANNUAL LOANS AND PARTICIPATIONS SOLD SECURED BY:

RM630: Home Equity Conversion Mortgage Loans

Report the annual loans and participations sold secured by HECMs for the calendar year to date.

RM632: Proprietary (Non-HECM) Reverse Mortgage Loans

Report the annual loans and participations sold secured by proprietary loans for the calendar year to date.

SCHEDULE VIE – ASSETS AND LIABILITIES OF CONSOLIDATED VARIABLE INTEREST ENTITIES (VIEs)

*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

A variable interest entity (VIE), as described in ASC Topic 810, Consolidation (formerly FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities," as amended by FASB Statement No. 167, "Amendments to FASB Interpretation No. 46(R)"), is an entity in which equity investors do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack one or more of the following three characteristics: (a) the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity's economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected residual returns of the entity.

Variable interests in VIE are contractual, ownership, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets exclusive of variable interests. When a savings association or other company has a variable interest or interests in a VIE, ASC Topic 810 provides guidance for determining whether the savings association or other company must consolidate the VIE. If a savings association or other company has a controlling financial interest in a VIE, it is deemed to be the primary beneficiary of the VIE and, therefore, must consolidate the VIE. For further information, see the Glossary entry for "variable interest entity."

Schedule VIE collects information on VIEs that have been consolidated by the reporting savings association for purposes of the Consolidated Statement of Condition and Operations because the savings association or a consolidated subsidiary is the primary beneficiary of the VIE. Schedule VIE should be completed on a fully consolidated basis after eliminating intercompany transactions. The asset and liability amounts to be reported in Schedule VIE should be the same amounts at which these assets and liabilities are reported on Schedule SC, Consolidated Statement of Condition, e.g., held-to-maturity securities should be reported at amortized cost and available-for-sale securities should be reported at fair value.

Column Instructions

First Column, Securitization Vehicles: Securitization vehicles include VIEs that have been created to pool and repackage mortgages, other assets, or other credit exposures into securities that can be transferred to investors.

Second Column, ABCP Conduits: Asset-backed commercial paper (ABCP) conduits include VIEs that primarily issue externally rated commercial paper backed by assets or other exposures.

Third Column, Other VIEs: Other VIEs include VIEs other than securitization vehicles and ABCP conduits.

For purposes of Schedule VIE, information about each consolidated VIE should be included in only one of the three columns of the schedule. The column selected for a particular consolidated VIE should be based on the purpose and design of the VIE and this column should be consistently used over time.

Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs.

Report in the appropriate line item and column those assets of consolidated VIEs reported in Schedule SC, Consolidated Statement of Condition, that can be used only to settle obligations of the same consolidated VIEs and any related allowance for loan and lease losses. Exclude assets of consolidated VIEs that cannot be used only to settle obligations of the same consolidated VIEs (report such assets in line item**: All other assets of consolidated VIEs, Line Numbers VIE499, VIE599, VIE699 below**)

Cash and balances due from depository institutions ……….……………………………VIE115, 215, 315

Report in the appropriate column the amount of cash and balances due from depository institutions held by consolidated VIEs included in Schedule SC110, "Cash and Non-Interest Earning Deposits," SC112, "Interest-Earning Deposits in FHLBS," and SC118, "Other Interest-Earning Deposits," that can be used only to settle obligations of the same consolidated VIEs.

Held-to-maturity securities …………………………. ……………………………………VIE116, 216, 316

Report in the appropriate column the amount of held-to-maturity securities held by consolidated VIEs included in Schedule SC that can be used only to settle obligations of the same consolidated VIEs.

Available-for –sale securities ………………………………. ……………………………VIE117, 217, 317

Report in the appropriate column the amount of available-for-sale securities held by consolidated VIEs included in Schedule SC that can be used only to settle obligations of the same consolidated VIEs.

Securities purchased under agreements to resell………………………………………VIE121, 221, 321

Report in the appropriate column the amount of securities purchased under agreements to resell held by consolidated VIEs included in Schedule SC125, "Federal Funds Sold and Securities Purchased Under Agreements to Resell," that can be used only to settle obligations of the same consolidated VIEs

Loans and leases held for sale…………………...………………………………………VIE125, 225, 325

Report in the appropriate column the amount of loans and leases held for sale held by consolidated VIEs included in Schedule SC that can be used only to settle obligations of the same consolidated VIEs

Loans and leases, net of unearned income…………………...………………………. VIE135, 235, 335

Report in the appropriate column the amount of loans and leases held for investment by consolidated VIEs included in Schedule SC that can be used only to settle obligations of the same consolidated VIEs.

Less: Allowance for loan and lease losses……………………...……………………… VIE138, 238, 338

Report in the appropriate column the amount of the allowance for loan and lease losses held by consolidated VIEs included in Schedule SC "Allowance for loan and lease losses," that is allocated to these consolidated VIEs loans and leases held for investment that can be used only to settle obligations of the same consolidated VIEs and reported in Schedule Line Items VIE135, 235,335 above.

Trading assets (other than derivatives) ….……………………...……………………… VIE140, 240, 340

Report in the appropriate column the amount of trading assets (other than derivatives) held by consolidated VIEs included in Schedule SC that can be used only to settle obligations of the same consolidated VIEs.

Derivative trading assets ……………… ….……………………...……………………… VIE143, 243, 343

Report in the appropriate column the amount of derivative trading assets held by consolidated VIEs included in Schedule SC that can be used only to settle obligations of the same consolidated VIEs.

Other real estate owned ……………… ….……………………...……………………….. VIE146, 246, 346

Report in the appropriate column the amount of other real estate owned held by consolidated VIEs included in Schedule SC that can be used only to settle obligations of the same consolidated VIEs.

Other assets …………….…………… ….……………………...……………………….. VIE149, 249, 349

Report in the appropriate column the amount of all other assets held by consolidated VIEs included in Schedule SC60, "Total Assets," and not reported in items VIE115 – VIE346 above, that can be used only to settle obligations of the same consolidated VIEs.

Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting savings association:

Report in the appropriate line item and column those liabilities of consolidated VIEs reported in Schedule SC, Consolidated Statement of Condition, for which creditors do not have recourse to the general credit of the reporting savings association. Exclude liabilities of consolidated VIEs for which creditors have recourse to the general credit of the reporting bank (report such liabilities in Line Items VIE400, 500,600 below).

Securities sold under agreements to repurchase……………………...……………… VIE490, 590, 690

Report in the appropriate column the amount of securities sold under agreements to repurchase by consolidated VIEs reported in Schedule SC730, Federal Funds Purchased and Securities Sold Under Agreements to Repurchase," for which the holders of these repurchase agreements do not have recourse to the general credit of the reporting savings association.

Derivative trading liabilities…………………………………………...……………… VIE496, 596, 696

Report in the appropriate column the amount of derivative trading liabilities of consolidated VIEs reported in Schedule SC for which the derivative counterparties do not have recourse to the general credit of the reporting savings association.

Commercial Paper……….……………………………………………...……………… VIE492, 592, 692

Report in the appropriate column the amount of commercial paper issued by consolidated VIEs reported in Schedule SC for which the holders of this commercial paper do not have recourse to the general credit of the reporting savings association.

Other borrowed money (exclude commercial paper)... …….……………………… VIE495, 595, 695

Report in the appropriate column the amount of other borrowed money (other than commercial paper) of consolidated VIEs included in Schedule SC for which the creditors on these liabilities do not have recourse to the general credit of the reporting savings association.

Other liabilities……………………………………………….. …………………………… VIE497, 597, 697

Report in the appropriate column the amount of all other liabilities of consolidated VIEs included in Schedule SC70, “Total Liabilities,” and not reported in Lines VIE490 - VIE695 above, for which the creditors on these liabilities do not have recourse to the general credit of the reporting savings association.

All other assets of consolidated VIEs (not included in items VIE115 –

VIE349 above)……………………………………………………………………………………VIE499, 599, 699

Report in the appropriate column the amount of assets of consolidated VIEs reported in Schedule SC that have not been reported in items VIE115 - VIE349 above. Loans and leases held for investment that are included in this item should be reported net of any allowance for loan and lease losses allocated to these loans and leases.

All other liabilities of consolidated VIEs……………………………………………………...VIE400, 500, 600

Report in the appropriate column the amount of liabilities of consolidated VIEs reported in Schedule SC that have not been included in items VIE490 - VIE697 above.

SCHEDULE CMR — CONSOLIDATED MATURITY AND RATE

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

INTRODUCTION

Schedule CMR provides information about the interest rate, repricing, and maturity characteristics of all financial instruments that you hold. We use the information on Schedule CMR as input to the **OTS Net Portfolio Value** Model (OTS Model). The OTS Model measures your exposure to interest rate risk by estimating how a change in interest rates affects the market value of your assets, liabilities, and off-balance-sheet (OBS) contracts. OTS sends the output reports of the OTS Model to you after the information you submit on Schedule CMR has passed the data edits.

To estimate the **market value** of a financial instrument, it is necessary to project its future cash flows. To project the future cash flows of a financial instrument, you need the following information:

1. The outstanding balance of the instrument or, in the case of an OBS contract, the notional principal amount of the position.
2. The contract interest rate of the instrument and, if the instrument is adjustable-rate, details concerning how and when the coupon will adjust in the future.
3. The instrument's amortization schedule and maturity.

Because it is not possible to collect this information on Schedule CMR for individual financial instruments, we group together information on instruments that display similar characteristics. For example, you report the total outstanding balance of all your 30-year, conventional, fixed-rate mortgages with coupons between 7.00 percent and 7.99 percent on CMR002. On CMR007 and CMR012, you report the average maturity and the average coupon of those balances.

Collecting information about financial instruments stratified by coupon range is an important feature of Schedule CMR. When you prepare software to handle preparation of this report, please note that if there are major changes in interest rates, OTS may modify the coupon ranges.

REPORTING OF INFORMATION

Use the same consolidation instructions that apply to the other schedules of the Thrift Financial Report.

Generally, dollar amounts reported on Schedule CMR are outstanding balances. We define **outstanding balance** as the principal balance, net of LIP and before any yield adjustments or deductions for valuation allowances. In most cases, outstanding balance is face value less charge-offs. We note exceptions to reporting outstanding balances where appropriate. For purposes of reporting in Schedule CMR, exclude **nonperforming loans**, which we define as nonaccrual loans or loans that are at least 90 days past due but still accruing interest. Report construction LIP in the Off-Balance-Sheet Positions section of Schedule CMR and report nonperforming loans on CMR501 and CMR511 in the Assets section.

You may estimate items requested on Schedule CMR if the necessary information is not available. For example, you may not have ready access to all required information for your holdings of mortgage loans and mortgage securities serviced by others.

FORMAT OF SCHEDULE CMR

We have divided Schedule CMR into six sections. The first three sections collect information on assets, liabilities, and financial derivatives and OBS positions, respectively. You must fill out these three sections of the report. The other three sections, **Supplemental Reporting for Assets and Liabilities**, **Supplemental Reporting of Market Value Estimates** and **Supplemental Reporting for Financial Derivatives and Off-balance-sheet Positions**, are required for most savings associations. We have noted exceptions to the required reporting in the instructions for these sections. We provide these three sections so that you can report additional information that results in more accurate interest rate risk exposure estimates.

Supplemental Reporting for Assets and Liabilities

This section gives you the ability of reporting more detailed information on certain assets and liabilities than you report in the assets and liabilities sections of Schedule CMR. Use of this data by the OTS Model results in more accurate interest rate risk exposure estimates. Supplemental reporting is available for the following areas:

1. Certain types of loans.
2. Investments in mortgage-related mutual funds.
3. Investments in other investment securities.
4. Variable-rate, fixed-maturity (VRFM) liabilities.

See the instructions for Supplemental Reporting for Assets and Liabilities for more information.

Supplemental Reporting of Market Value Estimates

In this section, you estimate the market value of several types of complex financial instruments for seven different interest rate scenarios. If the OTS Model valued these instruments, we would need a significant amount of additional data. The valuation estimates you provide will supplement or replace OTS estimates for those instruments. The instruments are:

1. OBS contracts.
2. Mortgage-derivative securities.
3. Liabilities with embedded options. For example, callable debt.
4. Mortgage-derivative securities you issue.
5. Complex securities, such as structured securities.

Some savings associations are required to report market value estimates of these instruments. See detailed instructions in the section **Supplemental Reporting of Market Value Estimates**.

Supplemental Reporting for Financial Derivatives and Off-Balance-Sheet Positions

This section permits you to report any additional OBS positions you hold beyond the 16 that the Off-Balance-Sheet section of Schedule CMR can accommodate. See the section **Financial Derivatives and Off-Balance-Sheet Positions** and the section **Supplemental Reporting for Derivatives and Off-Balance-Sheet Positions** for more information.

CALCULATING WEIGHTED AVERAGES

Certain items that you report on Schedule CMR require that you calculate weighted averages. We describe how to calculate the weighted-average coupon (WAC) and other measures below.

Weighted-Average Coupon (WAC)

The **WAC** is the average coupon of a group of assets, liabilities, or OBS contracts. You weight the coupon of each individual instrument in the group by its outstanding dollar balance, as a proportion of the total dollar balances of the group. Unless otherwise stated in the reporting instructions for a specific instrument, use the following general guidelines:

1. Express the interest rates for all assets as annual simple interest rates (coupon rates for securities and contract rates for loans).
2. Express the interest rates for all liabilities as annual percentage yields (APYs).
3. For mortgage loans that others service, report the contract rate of the loan. Do not subtract the servicing fee.
4. Express all WACs as a percent, to two decimal places. For instance, 10.54.

The following example illustrates how to calculate the WAC of a portfolio of 30-year, single-family fixed-rate mortgages. The coupons are between 9.00 percent and 9.99 percent.

***Example*:** You have three mortgages with outstanding balances totaling $350,000. The mortgages have outstanding balances and coupons of $100,000 and 9.75 percent, $110,000 and 9.5 percent, and $140,000 and 9.0 percent. Calculate the WAC for this portfolio as follows:

WAC = $100,000 (9.75%) + $110,000 (9.5%) + $140,000 (9.0%)

$350,000

= 9.37%

Details of the computation of the WAC may vary for certain instruments. For further guidance, see the relevant sections of the instructions.

Weighted-Average Pass-Through Rate

The **pass-through rate** is the net interest rate passed through to the holder of a mortgage pass-through security. This is the rate after deducting servicing, management, and guarantee fees from the gross coupon of the mortgages underlying the security. The **weighted-average pass-through rate** is the average coupon of a group of mortgage pass-through securities. Weight the coupon of each security in the group by its outstanding dollar balance, as a proportion of the total dollar balances of the group. Express the interest rates for all assets as annual simple interest rates. Express all weighted-average pass-through rates as a percent, to two decimal places, for instance, 10.54.

The following example illustrates how to calculate the weighted-average pass-through rate of a portfolio of 30-year, single-family, fixed-rate mortgage securities. The coupons are between 9.00 percent and 9.99 percent.

***Example*:** You have three mortgage pass-through securities with outstanding balances totaling $350,000. The securities have outstanding balances and pass-through rates of $100,000 and 9.5 percent, $110,000 and 9.5 percent, and $140,000 and 9.0 percent. Calculate the weighted-average pass-through rate for this portfolio as follows:

$$\text{Weighted-Average Pass-Through Rate} = \frac{\$100{,}000\ (9.5\%) + \$110{,}000\ (9.5\%) + \$140{,}000\ (9.0\%)}{\$350{,}000}$$

$$= 9.30\%$$

Weighted-Average Remaining Maturity (WARM)

The **WARM** is the average remaining maturity, in months, for a group of assets or liabilities. You weight the maturity of each individual asset or liability by taking its outstanding dollar balance, as a proportion of the total dollar balances of the group. Round values to the nearest month. Perform rounding after you complete the calculation. The following example illustrates how to calculate the WARM for fixed-rate consumer loans.

***Example*:** You have three fixed-rate consumer loans with total outstanding balances of $40,000. Two are auto loans with respective outstanding balances and remaining maturities of $10,000 and 48 months, and $1,000 and 12 months. The third is a mobile home loan with an outstanding balance of $29,000 and a remaining term of 120 months. Calculate the WARM for your fixed-rate consumer loans as follows:

$$\text{WARM} = \frac{\$10{,}000\ (48) + \$1{,}000\ (12) + \$29{,}000\ (120)}{\$40{,}000}$$

$$= 99.3 \text{ months}$$

$$= 99 \text{ months (rounded to the nearest month)}$$

For balloon mortgages, use the number of months until payment of the balloon. The following example illustrates how to calculate the WARM for balloon mortgages.

Example: You have two balloon mortgages, each with an outstanding balance of $100. The first mortgage amortizes over 240 months, but the entire remaining principal is due as a balloon in 60 months. The second mortgage amortizes over 360 months, but has a balloon payment in 84 months. The WARM for your balloon mortgages would be 72 months. [72 = ($100/$200) x 60 + ($100/$200) x 84].

An exception to this treatment exists for single-family adjustable-rate mortgages (ARMs) reported on CMR096 through CMR120, Balloon Mortgages and Mortgage-Backed Securities (MBS). See that section for details.

Loans that have matured but still have a principal balance outstanding should be included in calculating the WARM if they are less than 90 days past due. Assign such loans a remaining maturity of one month. Do not include such loans if more than 90 days past due.

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.

For demand loans, either adjustable- or fixed-rate, that pay interest only and have no definite maturity, use one month when calculating the WARM.

Weighted-Average Margin

The margin of an adjustable-rate loan or deposit is the amount added to the index rate to derive the fully indexed coupon rate. If you have adjustable-rate loans or deposits where you determine the coupon by multiplying an index by some factor, you should calculate an additive margin each quarter. Do this by subtracting the value of the index from the fully indexed coupon rate. Report all weighted-average margins in basis points. When you calculate weighted-average margins for mortgage securities and asset-backed securities, use the net margin for securities. Do not include servicing and guarantee fees. For loans serviced by others, use the gross margin. Do not subtract the servicing fee. For details on specific types of loans, see the relevant section of the instructions.

The following example illustrates how to calculate the weighted-average margin of ARM loans and securities.

Example: You have a portfolio containing an adjustable-rate, single-family, first mortgage loan and a mortgage security backed by adjustable-rate, single-family, first mortgage loans. Both use the one-year Treasury rate as an index. The loan and the security each have an outstanding balance of $100,000. The loan has a gross margin of 225 basis points. The loans backing the security have a gross margin of 225 basis points. You receive a pass-through rate of the one-year Treasury plus 175. The guarantee and servicing fees amount to 50 basis points. Use the security's net margin of 175 basis points to calculate the weighted-average margin.

$$\text{Weighted-Average Margin} = \frac{\$100{,}000\ (225) + \$100{,}000\ (175)}{\$200{,}000} = 200 \text{ basis points}$$

RELATIONSHIP OF ITEMS ON SCHEDULES CMR AND SC

Information you report on Schedule CMR relates to the information you report on Schedule SC as follows:

Assets

The EFS software computes CMR550 as the sum of the following items:

CMR125	CMR185	CMR261	CMR262	CMR281
CMR282	CMR291	CMR292	CMR311	CMR312
CMR325	CMR326	CMR335	CMR336	CMR377
CMR378	CMR490	CMR501	CMR502	CMR503
CMR508	CMR511	CMR512	CMR517	CMR520
CMR525	CMR530	CMR535	CMR538	CMR541
CMR543	CMR544			

Less the sum of the following items:

CMR504	CMR507	CMR513	CMR516	CMR539
CMR540				

CMR550 plus the balance for Complex Securities reported as code 121 on the section for Supplemental Reporting of Market Value Estimates should equal **SC60**, Total Assets. For all editing and output data uses, our data systems will add the balance for complex securities reported as code 121 in the section for Supplemental Reporting of Market Value Estimates to CMR550.

SC11, Cash, Deposits, and Investment Securities, less SC182, Securities Backed by Nonmortgage Loans, equals the sum of the following items:

CMR490 CMR538

Plus Complex Securities reported as code 121 on the section for Supplemental Reporting of Market Value Estimates

Less the sum of the following items:

CMR539 CMR540

SC22, Mortgage-Backed Securities, **plus SC26**, Mortgage Loans, equals the sum of the following items:

CMR125	CMR185	CMR261	CMR262	CMR281
CMR282	CMR291	CMR292	CMR311	CMR312
CMR501	CMR502	CMR503	CMR508	CMR578
CMR377	CMR378			

– Less the sum of the following items: –

CMR504 CMR507 CMR580

SC31, Nonmortgage Loans, plus SC182, Securities Backed by Nonmortgage Loans, equals the sum of the following items:

CMR325	CMR326	CMR335	CMR336	CMR511
CMR512	CMR517	CMR580		

– Less the sum of the following items:

CMR513	CMR516	CMR578

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 Noncontrolling 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.

Balloon Mortgages: Fixed-rate balloon mortgages are fixed-rate mortgages with a remaining maturity at least ten years shorter than the remaining time to full amortization. For example, a fixed-rate mortgage that matures in four years and that would require 14 years to amortize fully is a balloon mortgage.

Call Loans: Call loans are extensions of credit where the lender may require repayment of outstanding principal on one or more contractually specified call dates, irrespective of any contractual maturity date. Lenders often refinance, or roll over, such loans under new terms, upon mutual agreement of lender and borrower.

Pass-through securities: Pass-through securities are securities that convey ownership of a fractional part of each asset in a pool of assets backing the security. The issuer collects principal and interest payments generated by the underlying pool of assets and passes the payments through to each security owner based on their share of ownership.

Pay-through securities: Pay-through securities represent secured debt of the issuer. They give an investor a security interest in, but not ownership of, the underlying assets. You should consider any asset-backed security that does not meet the definition of pass-through securities above, to be a pay-through security.

FIXED-RATE, SINGLE-FAMILY, FIRST MORTGAGE LOANS AND MORTGAGE-BACKED SECURITIES

Report requested information about performing, fixed-rate, first mortgage, single-family loans, participations in such loans, and pass-through securities backed by such loans.

Include:

1. Fixed-rate fully amortizing mortgages.
2. Fixed-rate balloon payment mortgages.
3. Mortgages with a single rate adjustment. For instance, those that would qualify for the FNMA Two-Step Mortgage program.
4. Mortgages with interest rates that adjust less often than every five years.
5. Mortgages with coupons that were adjustable in the past, but where the coupon will remain fixed for the remaining maturity.
6. Mortgages with rates that change over time by prespecified steps. For instance, a 2/1 buydown with rates scheduled to be seven percent in year one, eight percent in year two, and 9 percent thereafter.
7. Some call mortgages, as described below.
8. Combination construction-permanent mortgages for single-family dwellings where the permanent financing interest rate has already been set.

Do not include:

1. Nonperforming mortgages. Report on CMR501.
2. Mortgage warehouse loans, loans collateralized by mortgage loans rather than liens directly on real estate. Report as commercial loans on CMR326.
3. Mortgages you service for others. Report in the section dealing with mortgage servicing rights, CMR401 through CMR450.
4. Second mortgages, secured home improvement loans, or home equity loans, regardless of whether you also hold the first lien or whether there is a first lien. Report as second mortgages on CMR312.

We collect all information described below according to coupon range and type of loan or security.

Coupon Range: Divide mortgages into the following coupon categories:

1. Less than 5 percent.
2. 5 to 5.99 percent.
3. 6 to 6.99 percent.
4. 7 to 7.99 percent.
5. 8 percent and greater.

Report each mortgage **loan** and participation in the coupon range that corresponds to its contract rate. For loans serviced by others, be careful to report according to the contract rate of the loans. Do not subtract the servicing fee.

Report each mortgage **security** in the coupon range that corresponds to the pass-through rate of the security. For example, you should report a FNMA security with a pass-through rate of 6.5 percent and where the collateral has a WAC of 7.25 percent in the 6 to 6.99 percent coupon column.

Within each coupon range, divide mortgages into the following broad groups:

1. Thirty-year mortgage loans.
2. Securities backed by 30-year conventional mortgages.
3. Securities backed by 30-year FHA or VA mortgages.
4. Fifteen-year mortgages and mortgage securities.
5. Balloon mortgages and mortgage securities.

Information requested for the five groups differs somewhat; however, the following general information applies, unless the instructions state differently.

1. Wherever there is a request for a balance use the following guidelines:
   a. Report the outstanding principal balance, not the carrying value, of mortgage loans.
   b. Report the pro rata share of the outstanding principal balance of participations in mortgages.
   c. Report the outstanding principal balance of mortgage securities.
2. Wherever we request a WARM, refer to the calculation of the WARM in the general instructions to Schedule CMR.
3. Wherever we request a weighted average WAC, refer to the calculation of the WAC in the general instructions to Schedule CMR.
4. Wherever we request a weighted-average pass-through rate, refer to the calculation of the weighted-average pass-through rate in the general instructions to Schedule CMR.

A detailed description of the information to report for each group follows.

Thirty-year Mortgages and MBS

CMR001 Through CMR020: Mortgage Loans

Include all fully amortizing mortgage loans and participations in fully amortizing mortgage loans with an original maturity of at least 25 years. Include combination construction-permanent mortgages that have fixed rates for the entire term of the loan. Do not report mortgage loans with a biweekly payment feature.

Report outstanding balances, by coupon range, on CMR001 through CMR005. For each balance, report the WARM and the WAC on the corresponding column of CMR006 through CMR010 and CMR011 through CMR015, respectively. Of the loan balances on CMR001 through CMR005, report the amount of each that is FHA or VA guaranteed on CMR016 through CMR020, as appropriate.

CMR026 Through CMR040: Securities Backed by Conventional Mortgages

Include FHLMC, FNMA, and privately issued mortgage securities backed by fully amortizing mortgage loans with original maturity of at least 25 years. Do not report mortgage loans with a biweekly payment feature.

Report the outstanding balances of securities on CMR026 through CMR030 according to the coupon rates of the securities. For each balance, report the WARM on CMR031 through CMR035, and report the weighted-average pass-through rate corresponding to each balance on CMR036 through CMR040.

CMR046 Through CMR060: Securities Backed by FHA or VA Mortgages

Include all GNMA and other mortgage securities backed by fully amortizing FHA and VA mortgage loans with an original maturity of at least 25 years. Do not report mortgage loans with a biweekly payment feature.

On CMR046 through CMR050 report, by coupon range, outstanding balances of these mortgage securities. For each balance entered CMR046 through CMR050, report the WARM on CMR051 through CMR055 and the weighted-average pass-through rate on CMR056 through CMR060.

CMR066 Through CMR090: Fifteen-year Mortgages and MBS

Include all fully amortizing mortgage loans with an original maturity of less than 25 years. Include participations in such loans, and mortgage securities backed by such loans. Include biweekly payment mortgages having an original maturity of 25 years or more. Include combination construction-permanent mortgages that have fixed rates for the entire term of the loan.

On CMR066 through CMR070 report, by coupon range, the outstanding principal balances of such mortgage loans and participations. On CMR071 through CMR075, report the WAC of each balance reported on CMR066 through CMR070. Report the outstanding principal balance of mortgage securities backed by loans of this type, by coupon range, on CMR076 through CMR080.

Place security balances into the coupon range corresponding to the pass-through rate of the security. Report the weighted-average pass-through rate of the securities on CMR081 through CMR085. Report on CMR086 through CMR090, by coupon range, the WARM of the loans and securities reported in each coupon range.

CMR096 through CMR120: Balloon Mortgages and MBS

Report requested information about the following types of single-family first mortgage loans. Include participations in such loans and securities backed by such loans.

Include:

1. Balloon payment mortgages. Fixed-rate balloon mortgages are fixed-rate mortgages with a remaining maturity at least ten years shorter than the remaining time to full amortization. For example, a fixed-rate mortgage that matures in four years and that would require 14 years to amortize fully is a balloon mortgage.
2. Mortgages scheduled for a single rate adjustment, such as those that would qualify for the FNMA Two-Step mortgage program.
3. ARMs whose coupons reset less frequently than every five years.
4. Some call loans, which we describe in the examples below. Call loans are those where you have the option, on a particular date, to require repayment of the loan, or may roll it over into a loan with potentially different terms. In particular, the interest rate of a call loan is subject to change on the call date.

On CMR096 through CMR100 report, by coupon range, the outstanding principal balances of the above listed types of mortgage loans and participations. On CMR101 through CMR105, report the WAC of each balance on CMR096 through CMR100. Report the outstanding principal balance of mortgage securities backed by loans of this type, by coupon range, on CMR106 through CMR110.

Place security balances into the coupon range corresponding to the pass-through rate on CMR101 through CMR105. Report the WAC of each balance on CMR096 through CMR100. Report the outstanding principal balance of mortgage securities backed by loans of this type, by coupon range, on CMR106 through CMR110. Place security balances into the coupon range corresponding to the pass-through rate of the security. Report the weighted-average pass-through rate of the securities on CMR111 through CMR115. Report on CMR116 through CMR120, by coupon range, the WARM of the loans and securities reported in each coupon range. Calculate the remaining maturity based on the number of months remaining until the one of the following dates:

1. Date the balloon payment is due – for balloon mortgages.
2. Next scheduled payment reset date for mortgages with a single rate adjustment and mortgages with interest rates that adjust less often than every 5 years.
3. Next call date for call mortgages.

If the terms of the mortgage change:

If the terms change following a scheduled rate reset or because you roll over the loan on its balloon due date or call date, you should reclassify the mortgage as follows:

1. If the interest rate will remain fixed for the remaining term of the mortgage, report it as a single-family, 30-year, fixed-rate mortgage (CMR001 through CMR060) or a single-family, 15-year, fixed-rate mortgage (CMR066 through CMR090). The term depends on the time between the date of final principal repayment and the date the original mortgage was originated. If that period is at least 25 years, report the mortgage with the 30-year fixed-rate mortgages; if less, report it with the 15-year fixed-rate mortgages.
2. Report the mortgage as an ARM on CMR141 through CMR245, as appropriate, if it falls into either of the following categories:
   a. The interest rate resets at least every 5 five years during the remaining maturity of the mortgage.
   b. If the mortgage is subject to a series of calls no more than five years apart.
3. Otherwise, continue to report the loan as a balloon mortgage.

Examples:

1. A seven-year balloon mortgage amortizes according to a 30-year schedule.
   a. During the seven years before the balloon payment date, you should report the mortgage as a balloon mortgage. Its remaining maturity is equal to the number of months until the balloon payment is due.
   b. If, after seven years, you roll the mortgage over into a fully amortizing, fixed-rate mortgage with 23 years remaining until maturity, you would report it as a 30-year fixed-rate mortgage (CMR001 through CMR060). The time between origination and final maturity of the mortgage in this example is 30 years [seven 7 years + 23 years]. This exceeds the 25-year criterion for reporting in the 30-year fixed-rate category.
2. Assume instead of 30 years, the balloon mortgage in Example 1 had been amortizing according to a 20-year schedule. Then, after seven years, you rolled the mortgage over into a fully amortizing fixed-rate loan with 13 years remaining maturity.
   a. After you rolled the loan over, you would report the loan as a 15-year fixed-rate mortgage. This is because its 20-year total maturity is less than the 25-year cutoff for inclusion in the 30-year mortgage category.
3. A 30-year, two-step mortgage has a single interest rate reset after five years.
   a. During the first five years of its life, you would report the mortgage as a balloon mortgage, with its remaining maturity equal to the number of months until the rate reset date.
   b. Following the rate reset, you would report the mortgage as a 30-year fixed-rate mortgage. The remaining maturity would be equal to the number of months until the maturity date.
4. A 30-year fixed-rate mortgage that you may call after six years. The note does not stipulate any further calls or rate resets.
   a. Report the mortgage as a balloon for the first six 6 years of its life. Its remaining maturity is equal to the number of months until the call date.
   b. If you roll the mortgage over after six years, reporting would depend on the provisions written into the new or amended note.

5. A 30-year mortgage has a fixed rate of interest for six years, but the contract stipulates that the rate will adjust annually thereafter.
   a. For the first year of its life, report the mortgage as a balloon mortgage. Its remaining maturity is equal to the number of months until the rate reset date.
   b. After the first year, report it in the single family, ARM section, CMR141 through CMR245. This is because, in the future, its interest rate will be subject to reset at least every five years, as required for reporting in that section. The remaining maturity of the mortgage is equal to the number of months until the final maturity date.
6. A 30-year fixed-rate mortgage that you may call after six years and is subject to annual calls thereafter.
   a. The reporting would be the same as in Example 5. We treat scheduled resets and calls the same.
7. A 30-year mortgage is subject to rate resets, or calls, every five years.
   a. Report it as an ARM, because the interest rate may potentially reset at least every five years as required for reporting in the ARMs section.

CMR125: Total Fixed-Rate, Single-Family, First Mortgage Loans and Mortgage-Backed Securities

The EFS software computes this line as the sum of: CMR001 through CMR005, CMR026 through CMR030, CMR046 through CMR050, CMR066 through CMR070, CMR076 through CMR080, CMR096 through CMR100, and CMR106 through CMR110.

ADJUSTABLE-RATE, SINGLE-FAMILY, FIRST MORTGAGE LOANS AND MORTGAGE-BACKED SECURITIES

Report requested information about performing adjustable-rate, single-family, first mortgage loans – ARMs, participations in such loans, and pass-through securities backed by such loans.

Include:

1. Adjustable-rate fully amortizing mortgages.
2. Adjustable-rate balloon payment mortgages.
3. Fixed-rate mortgages subject to call at contractually set intervals of at most every five years.
4. ARMs that you own, but do not service.
5. Combination construction-permanent mortgages for single-family dwellings with interest rates meeting any of the above criteria, even if construction is not complete.

Do not include the following types of mortgages. Report instead with fixed-rate mortgages on CMR001 through CMR125:

1. Mortgages with a single rate adjustment. For instance, those that would qualify for the FNMA Two-Step Mortgage program.
2. Mortgages with interest rates that adjust less often than every five years.
3. Mortgages with coupons that were adjustable in the past, but that do not have any further rate adjustments scheduled during their remaining term.
4. Mortgages with rates that change over time by prespecified steps. For example, a 2/1 Buydown with rates scheduled to be 7 percent in year one, 8 percent in year two, and 9 percent thereafter.

Also, do not include:

1. Nonperforming mortgages. Report on CMR501.
2. Mortgage warehouse loans (loans collateralized by mortgage loans rather than liens directly on real estate). Report as commercial loans on CMR325.

3. Mortgages you service for others. Report in the section dealing with mortgage servicing rights, CMR401 through CMR450.
4. Second mortgages, even when you hold both the first and second liens. Report as second mortgages on CMR311.

Group mortgages according to type of index – current market or lagging market – and frequency of coupon reset, as described below. Report ARMs originated at introductory rates below the fully indexed rate, teaser rates, and that remain at their introductory rates – have not yet reset – separately on CMR141 through CMR150, and are not reported with other ARMs on CMR156 through CMR215. Do not distinguish between convertible and nonconvertible ARMs.

Current Market Index ARMs

ARMs with indices that adjust quickly to changes in market interest rates are current market index ARMs. Examples of current market indices include the following:

1. Rates on Treasury securities.
2. Prime rate.
3. London Interbank Offered Rate (LIBOR).
4. FHLB advance rate.
5. FHLMC sixty-day rate.

Indices that adjust to changes in market interest rates less quickly are lagging market indices. We group ARMs using such indices separately. See Lagging Market Index ARMs below.

Divide current market index ARMs into three groups based on the frequency that their coupons reset. Group ARM securities according to the frequency that their underlying loans reset, not on the coupon reset frequency of the security. Report current market index ARMs with coupons that reset as follows:

1. Every six months or less — report in the Current Market Index column **6 Mo. or Less**.
2. Less frequently than semiannually, but at least every two years –— report in the Current Market Index column **7 Mo. to 2 Yrs**.
3. Less often than every two years, but at least every five years — report in the **2+ Yrs. to 5 Yrs.** column.

Report ARMs with a reset frequency greater than five years with Fixed-Rate Balloon Mortgages. See instructions above.

Group ARMs that have irregular adjustment periods according to the remaining time until the loan will begin accruing at a new rate. For example, you would report an ARM with a rate that will reset for the first time after 36 months and then annually thereafter in the **2+ Yrs. to 5 Yrs.** column during the first 12 months of its life, and in the **7 Mo. to 2 Yrs.** column thereafter.

Lagging Market Index ARMs

ARMs with indices that adjust to changes in market interest rates less quickly than current market indices are lagging market index ARMs. Examples of lagging indices include the following:

1. Cost of funds (COF) indices. For instance, FHLB 11th District COF Index, Federal COF Index.
2. National Average Contract Rate for the Purchase of Previously Occupied Homes.
3. Indices that are more than three months old. For instance, a rate adjustment based on the one-year Constant Maturity Treasury (CMT) yield six months before the adjustment date.
4. Indices based on portfolio rates, rather than current offered rates.
5. Rolling averages of indices using an index within the average that is more than three months old.

Divide information about lagging index ARMs into two groups based on the frequency that their accrual rates reset. Group ARM securities based on the frequency that their underlying loans reset not the coupon-reset frequency of the security. Report lagging market index ARMs with accrual rates that reset as follows:

1. Monthly or less — report in the Lagging Market Index column – **1 Month**.
2. Less often than monthly, but at least every five years — report in the Lagging Market Index column – **2 Mo. to 5 Yrs**.
3. Lagging index ARMs that reset less often than every five years — report with Fixed-Rate Balloon Mortgages. See instructions above. Report fixed-rate call mortgages that qualify for reporting as ARMs in the Lagging Market Index column that best approximates the number of months between call dates.

ARMs Not Indexed To Treasury, LIBOR, or COF

The OTS Model assumes you determine the coupons of ARMs by adding the reported margin to a Treasury rate index for current market index ARMs or a COF index for lagging index ARMs. This treatment may result in inaccurate interest rate exposure estimates for ARMs that do not have coupons tied to a Treasury, LIBOR, or COF index. That means they do not have coupons tied to the interest rates represented by codes 303 through 412, 811, 812, or 820 in Appendix A. Examples of ARMs not tied to those indices include the following:

1. ARMs indexed to the prime rate or the National Average Contract Rate.
2. ARMs with no contractual index where you have discretion to set rates at each reset interval.

If you have ARMs whose coupons use something other than a Treasury, LIBOR, or COF index, you should use the following reporting treatment:

After categorizing all ARM balances into the appropriate columns as described in the previous two sections, calculate what percent of each column's total balance consists of ARMs indexed to Treasury or LIBOR for current marked indices or a COF index for lagging market indices. Include both teaser and nonteaser ARMS. After categorizing all ARM balances into the appropriate columns as described in the previous two sections, calculate what percent of each column's total balance, both teaser and non-teaser, consists of ARMs indexed to Treasury or LIBOR for current marked indices or a COF index for lagging market indices.

If the ARM balances, both teaser and nonteaser, tied to a Treasury, LIBOR, or COF index are **less** than fifty percent of the total balance in a given column, report an entry of 9999 in the margin cell for that column – CMR161 through CMR165.

If the ARM balances, both teaser and nonteaser, tied to a Treasury, LIBOR, or COF index are fifty percent or **more** of the total balance, calculate the margin for that column based on only the margins of the nonteaser ARM balances that use a Treasury, LIBOR, or COF index.

Base all other ARM characteristics reported in the column – for instance, WAC, WARM, time until next payment reset, rate caps and floors – on all ARM balances in the column.

Teaser ARMs

Teaser ARMs are adjustable-rate mortgages that you originated with a temporary, introductory interest rate (teaser rate). Report an ARM as a Teaser ARM if it meets the following criteria:

1. The loan originated with an accrual rate that was below the fully indexed rate.
2. The loan had an introductory rate scheduled to reset 12 months or less after the first scheduled payment.
3. The ARM's first reset date has not yet passed.

Mortgages with interest rates fixed for a specified number of years and that subsequently adjust annually (such as 3/1 or 5/1 ARMs) will rarely meet the above criteria for Teaser ARMs.

CMR141 through CMR145: Balances Currently Subject to Introductory Rates

Report the outstanding balance of teaser ARM loans, participations, and securities currently subject to teaser rates by type of index and reset frequency on CMR141 through CMR145.

CMR146 through CMR150: Weighted-Average Coupon (WAC)

Report the WAC for each index and reset frequency category, in percentage points, on CMR146 through CMR150. Calculate the WAC as described in the general instructions to Schedule CMR, using coupon rates for mortgage loans and pass-through rates for mortgage securities. For loans serviced by others, use the contract rate of the loans. Do not subtract the servicing fee.

Example: You have $100,000 in ARM loans currently paying 8 percent interest and $200,000 of ARM securities with a pass-through rate of 7.40 percent. You would report a WAC of 7.60 percent for the combined $300,000 balance.

WAC = $100,000 (8.00%) + $200,000 (7.40%)

$300,000

= 7.60%

Note that for one-month Cost of Funds Index (COFI) ARMs you should calculate the WAC using the interest rate that the current payment uses, not the accrual rate.

Nonteaser ARMs

Report the following items by type of index and reset frequency for ARMs that are not subject to an introductory teaser rate:

CMR156 Through CMR160: Balances of All Nonteaser ARMs

Report the outstanding balance of loans, participations, and securities in each index and reset frequency category on CMR156 through CMR160.

CMR161 through CMR165: Weighted-Average Margin

Report the weighted-average margin of each ARM category, in basis points, on CMR161 through CMR165. Calculate the weighted-average margin as described in the general instructions to Schedule CMR.

In calculating the weighted-average margin, use the contractual margin, not the difference between the current coupon and the index. The contractual margin is the amount added to the index to calculate the fully indexed rate. The fully indexed rate may differ from the contractual margin when rate caps or floors are binding. For ARM securities, use the net margin. Net margin is the gross margin of the underlying loans less servicing and guarantee fees. For loans serviced by others, use the gross margin in the calculation; do not subtract the servicing fee. For mortgages that have a fixed interest rate for a specified number of years and that subsequently adjust annually (such as 3/1 or 5/1 ARMs), report the margin that the mortgage will use when the annual adjustments begin.

If ARMs tied to a Treasury, LIBOR, or COF index are less than 50 percent of the balances in a given column of the ARMs section, report an entry of 9999 in the margin cell.

CMR166 through CMR170: Weighted-Average Coupon (WAC)

Report the WAC for each category, in percentage points, on CMR166 through CMR170. Calculate the WAC as described in the general instructions to Schedule. Use coupon rates for mortgage loans and pass-through rates for mortgage securities. For loans serviced by others, use the contract rate of the loans. Do not subtract the servicing fee.

Example: Suppose you have $100,000 of ARM loans currently paying 8 percent interest and $200,000 of ARM securities with a pass-through rate of 7.40 percent. You would report a WAC of 7.60 percent for the combined $300,000 balance.

$$\text{WAC} = \frac{\$100{,}000\ (8.00\%) + \$200{,}000\ (7.40\%)}{\$300{,}000}$$

$$= 7.60\%$$

Note: For one-month COFI ARMs, calculate the WAC using the interest rate that the current payment uses, not the accrual rate.

CMR171 through CMR175: Weighted-Average Remaining Maturity (WARM)

Report the WARM for each category on CMR171 through CMR175. Calculate the WARM as described in the general instructions to Schedule CMR. For adjustable-rate balloon mortgages use the number of months until the balloon payment is due. For combination construction-permanent mortgages use the number of months until the permanent mortgage matures.

CMR176 through CMR180: Weighted-Average Time until Next Payment Reset

Report the weighted-average number of months until the next payment reset for each category, in months, on CMR176 through CMR180. The date of the next payment reset of an ARM is the date that the new payment is due to you. Do not use the date the loan begins to accrue at the new interest rate. Calculate this item in the same manner as the WARM described in the general instructions to Schedule. Use the number of months until next payment reset for each loan or mortgage security instead of the remaining maturity.

Example: You have two ARMs indexed to the one-year Constant Maturity Treasury (CMT) yield. One has a balance of $50,000 and two months until next payment reset. The other has a balance of $150,000 with ten months until next payment reset. You would report eight months as the weighted-average time until next payment reset on CMR177, in the **1-Year Reset** column.

$$\text{Weighted-Average Time Until Next Payment Reset} = \frac{\$50{,}000\ (2\text{ mo.}) + \$150{,}000\ (10\text{ mo.})}{\$200{,}000}$$

$$= 8\text{ months}$$

For ARMs with accrual rates and payments that reset at different frequencies (for example, one-month COFI ARMs), be careful to use the months to next payment reset, not months to the next reset of the accrual rate.

CMR185: Total Adjustable-Rate, Single-Family, First Mortgage Loans and Mortgage-Backed Securities

Report on CMR185, the outstanding balance of all ARM loans, participations, and securities reported on CMR141 through CMR145 and CMR156 through CMR160.

Memo Items for all ARMS (Reported at CMR185):

ARM Balances by Distance to Lifetime Cap

CMR186 through CMR215 collects information about the proximity of ARM coupons to their lifetime interest rate caps. Group all ARM loans, participations, and securities reported on CMR185 by the distance between the current coupon of each and its lifetime cap, as described below. For securities, use the distance between the pass-through rate and its lifetime cap – the net lifetime cap. For one-month

COFI ARMs, calculate the distance between the cap and the interest rate that the current payment uses, not the accrual rate.

CMR186 through CMR190: Balances with Coupon within 200 Basis Points of Lifetime Cap

Report the outstanding balances of ARM loans, participations, and securities where the current coupon is 200 basis points or less below the lifetime cap.

CMR191 through CMR195: Weighted-Average Distance from Lifetime Cap

Report, in basis points, the weighted-average distance between the coupons and lifetime caps of the balances reported on CMR186 through CMR190. Calculate this item in the same manner as described for the WAC in the general instructions to Schedule CMR. However, instead of the coupon rate of each loan or security, use the number of basis points between the loan's, or security's, current coupon and lifetime cap. For one-month COFI ARMs, calculate the distance between the cap and the interest rate that the current payment uses, not the accrual rate.

CMR196 through CMR200: Balances with Coupon 201 - 400 Basis Points from Lifetime Cap

Report the outstanding balances of ARM loans, participations, and securities where the current coupon is at least 201 basis points, but no more than 400 basis points below the lifetime cap.

CMR201 through CMR205: Weighted-Average Distance from Lifetime Cap

Report, in basis points, the weighted-average distance between the coupons and lifetime caps of the balances reported on CMR196 through CMR200. Calculate this item in the same manner as described for CMR191 through CMR195.

CMR206 through CMR210: Balances with Coupon Over 400 Basis Points from Lifetime Cap

Report the outstanding balances of ARM loans, participations, and securities where the current coupon is more than 400 basis points below the lifetime cap.

CMR216 through CMR220: Weighted-Average Distance from Lifetime Cap

Report, in basis points, the weighted-average distance between the coupons and lifetime caps of the balances reported on CMR206 through CMR210. Calculate this item in the same manner as described for CMR191 through CMR195.

CMR211 through CMR215: Balances without Lifetime Cap

Report the outstanding balances of ARM loans, participations, and securities that have no lifetime cap.

The EFS software computes CMR185 as the sum of CMR186 through CMR190, CMR196 through CMR200, CMR206 through CMR210, and CMR211 through CMR215.

ARM Cap and Floor Detail

CMR221 through CMR240 collects information about ARM periodic interest rate caps, periodic floors, and lifetime floors. Report the following items for all ARMs whose balances you report on CMR185:

CMR221 through CMR225: Balances Subject to Periodic Rate Caps

For ARM loans, participations, and securities that have periodic interest rate caps, report the outstanding balances by index and reset frequency category on CMR221 through CMR225. Do not include on these lines ARMs that have periodic payment caps, but that do not have rate caps.

CMR226 Through CMR230: Weighted-Average Periodic Rate Cap (in basis points)

For ARMs that have periodic interest-rate caps, report on CMR226 through CMR230 the weighted-average of those caps for each category, in basis points. Except as noted below, express the periodic rate cap as the maximum amount that the coupon may increase at each rate reset, in basis points; for example, as 100 basis points. Calculate this item in the same manner as described for the WAC in the general instructions to Schedule CMR. For each loan or security in a given cell of CMR221 through CMR225, weight its periodic cap by the outstanding dollar balance of the loan or security as a proportion of the total dollar balance in the cell.

Special Instructions for CMR230:

For ARMs whose coupons reset more than once a year, use the number of basis points that the coupon may increase in one year, rather than at each reset, to calculate the weighted-average periodic rate cap for CMR230. For example, for a lagging index ARM whose coupon resets every six months and that can change by no more than 100 basis points at each reset, use 200 basis points in calculating the weighted-average periodic rate cap.

CMR231 through CMR235: Balances Subject to Periodic Rate Floors

Report the outstanding balance of ARM loans, participations, and securities that have periodic interest rate floors, by index and reset frequency category, on CMR231 through CMR235.

CMR241 through CMR245: MBS Included in ARM Balances

Report on CMR241 through CMR245 the balance of mortgage securities included in the total ARM balances, both teaser and non-teaser, of each column. For example, use CMR241 to report the amount of ARM securities included on CMR141, balances of six-month current index ARMs carrying teaser rates. Also, use CMR241 to report the amount of ARM securities included on CMR156, balances of nonteaser six-month current index ARMs.

MULTIFAMILY AND NONRESIDENTIAL MORTGAGE LOANS AND SECURITIES

Report information on all performing first and second mortgage loans secured by multifamily, five or more dwelling units, and nonresidential property, and all pass-through securities backed by multifamily and nonresidential mortgages. Also, include fixed-rate combination construction-permanent mortgages for such properties, if the loan has a fixed coupon for the entire term of the loan. We divided the reporting of this information into two categories: balloon mortgages and fully amortizing mortgages. A balloon loan is any loan with a term to maturity at least 120 months less than the number of months remaining until the loan would fully amortize if not for the balloon payment.

MULTIFAMILY AND NONRESIDENTIAL MORTGAGE LOANS AND SECURITIES:

Adjustable-Rate

Report loans that were at one time adjustable-rate but are now fixed-rate for their remaining term as fixed-rate loans. Report the following items for adjustable-rate multifamily and nonresidential mortgages:

CMR261 and CMR262: Balances

Report the following items:

1. Outstanding balance of loans.
2. Pro rata share of the outstanding balances of participations in multifamily and nonresidential mortgage loans.
3. Outstanding balances of mortgage pool securities backed by adjustable-rate multifamily and nonresidential mortgages.

Report outstanding balances of balloon mortgages on CMR261 and outstanding balances of fully amortizing mortgages on CMR262.

CMR263 and CMR264: Weighted-Average Remaining Maturity (WARM)

Calculate the WARM for fully amortizing, adjustable-rate multifamily and nonresidential mortgages as described in the general instructions to Schedule CMR; report on CMR264. For balloon mortgages, use the number of months until payment of the balloon, and report the result on CMR263.

Example: You have two balloon mortgages, each with an outstanding balance of $100. The first amortizes over 240 months but the entire remaining principal is due as a balloon in 60 months. The second amortizes over 360 months, but has a balloon payment in 84 months. The WARM for your balloon mortgages would be 72 months. [72 = ($100/$200) x 60 + ($100/$200) x 84].

CMR265: Remaining Term to Full Amortization

For adjustable-rate balloon mortgages only, report the weighted-average number of months remaining until the mortgage would fully amortize if not for the scheduled balloon payment, on CMR265. For example, for the two loans in the example above that amortize over 240 months and 360 months, respectively, you would report 300 months [300 = ($100/$200) X 240 + ($100/$200) X 360]. For interest-only loans – loans that do not amortize – use 360 months. Do not report this item for fully amortizing loans.

CMR267 and CMR268: 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 multifamily and nonresidential 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, 830. Report the index representing the largest percentage of balloon mortgage balances on CMR267, and the index representing the largest percentage of fully amortizing mortgage balances on CMR268.

CMR269 and CMR270: Margin

For all balloon loans tied to the index reported on CMR267, calculate the weighted-average margin, in basis points, as described in the general instructions to Schedule CMR. Report the result on CMR269. For all fully amortizing loans tied to the index reported on CMR268, calculate the weighted-average margin and report the result on CMR270. In calculating the weighted-average margin on CMR269 and

CMR270, only include loans that use indices reported on CMR267 and CMR268. For mortgage pool securities, use the net margin. Do not include guarantee and servicing fees.

CMR271 and CMR272: Reset Frequency

For all balloon loans tied to the index reported on CMR267, report the coupon reset frequency, in months, on CMR271. For all fully amortizing loans tied to the index on CMR268, report the reset frequency on CMR272. For loans with accrual rates and payments that reset at different frequencies, report the reset frequency of the accrual rate. If the loans that use the index reported on CMR267 or CMR268 reset with varying frequencies, calculate a weighted-average reset frequency in the same manner as the WARM described in the general instructions to Schedule CMR. Report on CMR271 and CMR272, respectively.

Memo: ARMs within 300 Basis Points of Lifetime Cap

CMR273 and CMR274: Balances

Report the outstanding balances of all adjustable-rate multifamily and nonresidential mortgages with lifetime interest rate caps and where the coupon is currently 300 basis points or less from the lifetime cap. For mortgage pass-through securities, use the pass-through rate on the security and the net lifetime cap in this determination. Report balances for balloon mortgages on CMR273, and balances for fully amortizing mortgages on CMR274.

CMR275 and CMR276: Weighted-Average Distance to Lifetime Cap (basis points)

For balances on CMR273 and CMR274 only, calculate the weighted-average difference between the current coupon and the lifetime cap, in basis points, in the same manner as described for the WAC in the general instructions to Schedule CMR. The weighted-average distance to the cap must be between 0 and 300. Report the results for balloon mortgages on CMR275 and the results for fully amortizing mortgages on CMR276.

Fixed-Rate

CMR281 through CMR282: Balances

Report the following items:

1. The outstanding balance of fixed-rate multifamily and nonresidential mortgages.
2. The pro rata share of the outstanding balances of participations in fixed-rate multifamily and nonresidential mortgages.
3. The outstanding balances of mortgage securities backed by fixed-rate multifamily or nonresidential mortgages.

Report outstanding balances of balloon mortgages on CMR281, and outstanding balances of fully amortizing mortgages on CMR282.

CMR283 and CMR284: Weighted-Average Remaining Maturity (WARM)

Calculate the WARM for fixed-rate multifamily and nonresidential loans as described in the general instructions to Schedule CMR. Report on CMR283 and CMR284. For combination construction-permanent mortgages, use the number of months until maturity for the permanent mortgage. For balloon mortgages, use the number of months until payment of the balloon. Report the result on CMR283. For fully amortizing mortgages, use the number of months until final maturity. Report the result on CMR284.

CMR285: Remaining Term to Full Amortization

For balloon mortgages only, on CMR285 report the weighted-average number of months until the mortgage would fully amortize if not for the scheduled balloon payment. For interest-only loans – loans that do not amortize – use 360 months. Do not report this item for fully amortizing loans.

CMR287 and CMR288: Weighted-Average Coupon (WAC)

Calculate the WAC as described in the general instructions to Schedule CMR. Report the WAC for balloon mortgages on CMR287 and the WAC for fully amortizing mortgages on CMR288. For securities backed by multifamily or nonresidential mortgages, use the coupon rate of the security, the pass-through rate.

Supplemental Reporting

If you hold adjustable-rate multifamily and nonresidential mortgages tied to a variety of different indices, you may wish to report those balances disaggregated by index type in the Supplemental Reporting Section. In addition, you may report loans and securities separately for both fixed- and adjustable-rate balances. 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.

CONSTRUCTION AND LAND LOANS

Report information on land loans and on the disbursed amount of construction loans secured by single-family dwelling units, multifamily dwelling units, or nonresidential property on CMR291 through CMR298. Include combination construction-permanent mortgages where you have not set the interest rate on the permanent financing. Report only the construction period in the WARM for these combination loans. Do not include combination construction-permanent mortgages that have a set rate for the entire term of the mortgage. Report instead with permanent mortgages in the relevant section of Schedule CMR. Report construction LIP in the Off-Balance-Sheet section of Schedule CMR.

If the agreement contains a commitment to provide a mortgage loan upon completion of the construction, report the mortgage commitment as an optional or firm, as appropriate, commitment to originate a mortgage as an off-balance-sheet position.

Adjustable-Rate

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

CMR291: Balances

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

CMR293: Weighted-Average Remaining Maturity (WARM)

Report the WARM calculated as described in the general instructions to Schedule CMR for all adjustable-rate construction and land loans. Calculate the WARM using the lesser of the remaining maturity or the time to rate reset. For combination construction-permanent loans, use the number of months remaining in the construction phase of the loan.

CMR295: Rate Index Code

Report the rate index code which you can obtain from the List of Interest Rate Index Codes in Appendix A. From the list of codes, determine the rate index code that represents the largest percentage of your adjustable-rate construction and land loan 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.

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.

The following example illustrates how to calculate the weighted-average margin on a portfolio containing an adjustable-rate second mortgage loan and an adjustable-rate second mortgage security.

Example: You have one adjustable-rate second mortgage loan indexed to the prime rate with a margin of 150 basis points, and an outstanding balance of $100,000. You also have a mortgage security backed by adjustable-rate second mortgage loans with an outstanding balance of $200,000. The loans underlying the security also use the prime rate as an index and have a margin of 150. The servicer receives 50 basis points. You receive a pass-through rate of prime plus 100 basis points. Calculate the weighted-average margin as follows:

$$\text{Weighted-Average Margin} = \frac{\$100{,}000\ (150) + \$200{,}000\ (100)}{\$300{,}000}$$
$$= 116.6$$
$$= 117 \text{ – rounded to nearest basis point}$$

CMR319: Reset Frequency

For the adjustable-rate second mortgages tied to the index on CMR315, 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 CMR315 reset with varying frequencies, calculate a 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 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.

CMR312: Balances

Report the outstanding balance of the following items:

1. Fixed-rate, second mortgage loans.
2. The pro rata share of participations in fixed-rate, second mortgage loans.
3. Securities backed by fixed-rate, second mortgages.

CMR314: Weighted-Average Remaining Maturity (WARM)

Calculate the WARM for fixed-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, not the amortization period.

CMR318: Weighted-Average Coupon (WAC)

Report the WAC calculated as described in the general instructions to Schedule CMR. For securities backed by second mortgage loans, use the coupon rate of the security (the pass-through rate), not the WAC of the collateral.

Supplemental Reporting

If you hold second mortgages 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. See the instructions for Supplemental Reporting for information.

COMMERCIAL LOANS

Report on CMR325 through CMR330 information on all performing commercial loans and commercial financing leases, of the types on SC32.

In addition, include:

1. Mortgage warehouse loans, loans collateralized by mortgage loans rather than liens directly on the real estate, including those reported as Mortgage Loans on SC26. Also include mortgage warehouse loans on CMR578.
2. Pass-through securities backed by commercial nonmortgage loans and leases, even though you report these as securities in Schedule SC, rather than as loans.

Do not include:

SBA securities. Report on CMR473 through CMR475.

Adjustable-Rate

Report the following items for performing, adjustable-rate, commercial 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.

CMR325: Balances

Report the outstanding balance of adjustable-rate commercial loans.

CMR327: Weighted-Average Remaining Maturity (WARM)

Report the WARM for all adjustable-rate commercial loans calculated as described in the general instructions to Schedule CMR. For demand loans that pay interest only and have no definite maturity, use one month when you calculate WARM.

CMR329: Margin

For the balances tied to the index on CMR333, calculate the weighted-average margin as described in the general instructions to Schedule CMR. Report the result, in basis points.

CMR331: Reset Frequency

For the adjustable-rate commercial loans tied to the index on CMR333 below, 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 CMR333 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.

CMR333: Rate Index Code

Report the rate index code that represents the largest percentage of your adjustable-rate commercial loan balances from the List of Interest Rate Index Codes in Appendix A, determine. For example, if 60 percent of your commercial loan 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.

Fixed-Rate

Report the following items for performing, adjustable-rate, commercial 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.

CMR326: Balances

Report the outstanding balance of fixed-rate commercial loans.

CMR328: Weighted-Average Remaining Maturity (WARM)

Calculate the WARM for all fixed-rate commercial loans as described in the general instructions to Schedule CMR. For demand loans that pay interest only and have no definite maturity, use one month when you calculate the WARM.

CMR330: Weighted-Average Coupon (WAC)

Report the WAC calculated as described in the general instructions to Schedule CMR.

Supplemental Reporting

The OTS Model assumes that all adjustable-rate commercial loans use the index on CMR333. If you hold adjustable-rate commercial loans tied to 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 information, see the instructions for Supplemental Reporting for Assets and Liabilities.

CONSUMER LOANS

Report on CMR335 through CMR343 information on performing consumer loans and consumer financing leases of the types on SC35. Also, include pass-through securities backed by consumer loans and leases, even though you report these as securities in Schedule SC, rather than as loans.

Do not include:

1. Open-end revolving loans secured by single-family homes, such as home equity loans.
2. Home improvement loans secured by single-family homes.

You should report all such loans as Second Mortgages on CMR311 and CMR312.

When calculating the following items, **do not include** credit card balances expected to pay off within the interest free grace period, reported on CMR590:

1. WARM.
2. WAC.
3. Margin (for adjustable-rate balances).

Adjustable-Rate

Report the following items for performing, adjustable-rate, consumer 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.

CMR335: Balances

Report the outstanding balance of adjustable-rate consumer loans and the outstanding balances of asset-backed securities backed by adjustable-rate consumer loans.

CMR337: Weighted-Average Remaining Maturity (WARM)

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

For loans made under open-end lines of credit, including credit cards, calculate maturity as if the borrower will repay the existing loan balance by making the minimum payments required by the repayment schedule. Do not include credit card balances expected to pay off within the interest free grace period. See the section on calculating the WARM for fixed-rate consumer loans for an example.

CMR339: 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 consumer loans. For example, if you had a consumer loan portfolio of 75 percent auto loans that use the prime rate as an index, and 25 percent mobile home loans that use the six-month Treasury bill rate as an index, you would report the code for the prime rate, Code 830.

CMR341: Margin

For the adjustable-rate consumer loans tied to the index on CMR339, 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 consumer loans tied to indices other than the one reported on CMR339. If the balances used by the margin are asset-backed securities, use the net margin (subtract the servicing spread). If they are credit card balances, do not include balances expected to pay off within the interest free grace period. See the calculation of the WAC for fixed-rate consumer loans for an example.

CMR343: Reset Frequency

For the adjustable-rate consumer loans tied to the index on CMR339, report the coupon reset frequency, in months. If the loans tied to the index on CMR339 reset with varying frequencies, calculate the weighted-average reset frequency in the same manner as the WARM described in the general instructions to Schedule CMR.

Fixed-rate

Report the following items for performing fixed-rate consumer 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.

CMR336: Balances

Report the outstanding balance of fixed-rate consumer loans and the outstanding balances of asset-backed securities backed by fixed-rate consumer loans.

CMR338: Weighted-Average Remaining Maturity (WARM)

Calculate the WARM for all fixed-rate consumer loans and asset-backed securities as described in the general instructions to Schedule CMR. Do not include credit card balances expected to pay off in the interest-free grace period.

$$\begin{aligned} \text{WARM} &= \frac{\$100{,}000\ (48) + \$70{,}000\ (60)}{\$170{,}000} \\ &= 52.94 \\ &= 53 \text{ months – rounded to the nearest month} \end{aligned}$$

CMR342: Weighted-Average Coupon (WAC)

Calculate the WAC for all fixed-rate consumer loans as described in the general instructions to Schedule CMR. For asset-backed securities, use the coupon of the security, the pass-through rate, not the coupon of the collateral. Do not include credit card balances expected to pay off within the interest-free grace period.

Example: You have \$100,000 of fixed-rate credit card balances with a stated rate of 18 percent, and \$100,000 of auto loans with a coupon of 10 percent. You estimate that 30 percent of the credit card balances typically pay off within the interest free grace period. Calculate the WAC for consumer loans as follows.

$$\begin{aligned} \text{WAC} &= \frac{\$70{,}000\ (18.0\%) + \$100{,}000\ (10.0\%)}{\$170{,}000} \\ &= 13.29\% \end{aligned}$$

Supplemental Reporting

If you hold a variety of types of consumer loans – auto loans, credit cards, education loans – or adjustable-rate consumer loans tied to a variety of different indices you may wish to report those balances disaggregated by loan type or index type in the Supplemental Reporting Section. The additional detail improves the estimates produced by the OTS Model. For information, see the instructions for Supplemental Reporting for Assets and Liabilities.

MORTGAGE-DERIVATIVE SECURITIES — BOOK VALUE

Mortgage-derivative securities include the following items:

1. Collateralized mortgage obligation (CMO) tranches.
2. Stripped mortgage-backed securities (SMBS).
3. CMO residuals.

All mortgage derivatives must be self-valued and reported in the Supplemental Reporting of Market Value Estimates Section. See the instructions for Supplemental Reporting of Market Value Estimates.

In the lines described below, report mortgage-derivative securities at the same amount that you reported in Schedule SC. See general instructions for reporting Cash, Deposits, and Securities located immediately before the instructions for SC11. Enter securities in the high risk or low risk columns based on whether the following high-risk test would classify them as high risk or low risk:

A mortgage-derivative security is high risk if it meets any of the following criteria:

1. The expected remaining weighted-average life[22] of the security exceeds ten years.
2. The expected remaining weighted-average life of the security extends by more than four years for an immediate and sustained parallel shift in the yield curve of plus 300 basis points.
3. The expected remaining weighted-average life of the security shortens by more than six years for an immediate and sustained parallel shift in the yield curve of minus 300 basis points; or
4. The estimated change in the price of the security is more than 17 percent, due to an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.

Report all high-risk, mortgage-derivative securities in the appropriate cells in the column *High Risk*. Report all mortgage-derivative securities that the test does not classify as high risk in the appropriate cells of the column *Low Risk*.

Floating-rate tranches that use a conventional widely used index are only subject to item 4 above if the current interest rate on the tranche is below the maximum contractual interest rate on the tranche, the cap rate. Floating rate tranches tied to other indices, superfloaters, and inverse floaters are subject to the entire test.

Once you have determined the appropriate risk class of your mortgage derivative, you will break down balance and rate by the derivative security's characteristics. These characteristics are set forth in the following three sections: CMOs, CMO residuals, and stripped MBS.

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[22] Weighted Average Life (WAL) is a measure of the expected time until repayment of principal on a mortgage-backed security. WAL, in years, is calculated as:

Where M = remaining number of months to maturity,

P_1, P_2, etc. = expected principal payments in each future month.

Collateralized Mortgage Obligations (CMOs)

Report CMO tranches, excluding residuals, on CMR351 through CMR364 according to the characteristics of the tranche as defined below. Do not include CMO swaps. Include the value of CMO swaps, based on your estimates, on Supplemental Reporting of Market Value Estimates.

CMR351 and CMR352: Floating Rate

Report the amount of all CMO tranches that pay an interest rate tied to a floating-rate index on CMR351 and CMR352, as appropriate.

CMR353 and CMR354: Fixed Rate: Remaining Weighted-Average Life Not Exceeding Five Years

Report the amount of fixed-rate CMO tranches with remaining weighted-average lives of less than or equal to five years on CMR353 and CMR354, as appropriate. In general, report most support tranches, also called companion bonds, for short-term Planned Amortization Class (PAC) and Targeted Amortization Class (TAC) bonds on CMR353. Typically, report short-term PAC and TAC bonds and the first tranche of a sequential CMO on CMR354.

CMR355 and CMR356: Fixed Rate: Remaining Weighted-Average Life Greater Than Five Years, But Not Exceeding Ten Years

Report the amount of all fixed-rate CMO tranches with remaining weighted-average lives greater than five years but less than or equal to ten years on CMR355 and CMR356, as appropriate. Report support tranches for long-term PAC and TAC bonds and intermediate and long term sequential bonds on CMR355. Report long-term PAC and TAC bonds with a weighted-average life up to 10 ten years and second or third sequential bonds in a sequence on CMR356.

CMR357: Fixed Rate: Remaining Weighted-Average Life Greater Than Ten Years

Report the amount of all fixed-rate CMO tranches with remaining weighted-average lives in excess of ten years on CMR357. Also report most Z-tranches (also called accrual bonds, or accretion bonds).

CMR359: Superfloaters

Superfloaters are CMO tranches whose coupon adjusts in the same direction as, and by a multiple of a specified index, such as LIBOR. For example, 2 x LIBOR - 3 percent. The high-risk test classifies most superfloaters as high risk. Report the amount of high-risk superfloater tranches on CMR359. Report low-risk superfloater tranches on CMR352.

CMR361: Inverse Floaters and Super POs

An inverse floater has a coupon that adjusts in the opposite direction of an interest-rate index, such as LIBOR. A super PO is a zero-coupon support tranche for PAC or TAC tranches in a CMO. The high risk test will classify nearly all inverse floaters and super POs as high risk. Report the amount of high risk inverse floaters and super POs on CMR361. However, if you can demonstrate that an inverse floater or super PO tranche is low risk, report that tranche on CMR374.

CMR363 and CMR364: Other CMO Tranches

Report the amount of all other high-risk tranches on CMR363. This cell includes all other CMO products that you cannot classify into one of the above cells, and that you have not determined to be low risk. Report the amount of other low risk tranches on CMR364. This cell includes all other CMO products that you cannot classify into one of the above cells, and that you have not determined to be high risk according to the high risk test.

CMO Residuals

Report CMO residuals on CMR365 through CMR368 as described below. Residuals – also called excess cash flow or CMO equity – are instruments that represent a claim on excess cash flows remaining after the holders of the other classes have been paid. Certain CMO and REMIC tranches that do not represent claims on excess cash flows have been called residuals to satisfy the requirements in the Tax Reform Act of 1986. Report such residuals on CMR351 through CMR364 above, as appropriate.

CMR365 and CMR366: Fixed-Rate Residuals

Fixed-rate residuals are residuals from CMOs that contain only fixed-rate tranches. Report the amount of fixed-rate residuals on CMR365 and CMR366, as appropriate.

CMR367 and CMR368: Floating-Rate Residuals

Floating-rate residuals are residuals from CMOs that contain one or more floating-rate tranches. Report the amount of floating-rate residuals on CMR367 and CMR368, as appropriate.

Stripped Mortgage-Backed Securities

Report stripped MBS on CMR369 through CMR376 as described below. Interest Only (IO) strips are securities that receive only the interest payments from a pool of mortgages. Principal Only (PO) strips are securities that receive only the payments of principal from a pool of mortgages. IO and PO tranches of CMOs receive only interest payments and only principal payments, respectively, from part or all the collateral in a CMO.

CMR369 and CMR370: Interest-Only MBS

Report the amount of IO strips and IO tranches of CMOs on CMR369 and CMR370, as appropriate. The high risk test will classify most tranches as high risk and you should report them on CMR369. However, if you can demonstrate that an IO is low risk, report that tranche on CMR370.

CMR371 and CMR372: Weighted-Average Coupon (WAC)

Report the WAC of the underlying collateral of the IO strips or IO CMO tranches on CMR371 and CMR372, as appropriate.

CMR373 and CMR374: Principal-Only MBS

Report on CMR373 and CMR374 the amount of PO strips and PO tranches of CMOs that are not super POs. The high-risk test will classify most POs as high risk. Report them in CMR373. However, if you can demonstrate that a PO is low risk, you should report that tranche on CMR374.

CMR375 and CMR376: Weighted-Average Coupon (WAC)

Report on CMR375 and CMR376 the WAC of the underlying collateral of the PO strips or PO tranches that are not super POs.

CMR377 and CMR378: Total Mortgage-Derivative Securities

The EFS software computes CMR377 as the sum of CMR351, CMR353, CMR355, CMR357, CMR359, CMR361, CMR363, CMR365, CMR367, CMR369, and CMR373. The EFS software computes CMR378 as the sum of CMR352, CMR354, CMR356, CMR364, CMR366, CMR368, CMR370, and CMR374.

Reporting Estimated Market Values

Besides reporting book values as described above, all savings associations must also report the estimated market values of their high- and low-risk mortgage-derivatives on **Supplemental Reporting of Market Value Estimates using** asset code 123 in Appendix D. Specific instructions are described in the section, **Reporting of Estimated Market Values**.

MORTGAGE LOANS SERVICED FOR OTHERS

Report information on all performing, single-family, adjustable- and fixed-rate first mortgage loans that you service for others.

Include:

1. Mortgage loans you have sold to others but where you perform the servicing, even if you do not receive an ongoing servicing fee.
2. The mortgage balances of mortgage servicing rights you purchased.
3. Securitized mortgages – for example, a FHLMC swap – if you continue to perform the servicing. In this case, you own a mortgage security and the servicing rights on the mortgages underlying the security. Report the outstanding balance of the mortgages underlying the mortgage security both here and as a mortgage security, in the relevant lines of the fixed-rate or ARMs section.
4. Mortgage balances where you own the servicing right but someone else performs the servicing, if you receive a net fee after you pay the subservicer.
5. Mortgage balances where you perform servicing on a contractual basis – you act as subservicer – for another entity that owns the servicing rights and this arrangement will continue for the life of those mortgages.
6. In cases where you own a share of a pool but service the entire pool, report only the share you do not own.

Do not include:

1. Mortgage loans that a consolidated subsidiary services for you.
2. Loans being serviced other than single-family first mortgage loans.
3. Mortgage loans where you will perform servicing on a contractual basis – you act as subservicer – for another entity for less than the life of the mortgages.

Use code 500 in **Supplemental Reporting of Market Value Estimates** to report your estimates of the economic value of servicing rights described in items 2 and 3 under *Do not include*.

Fixed-Rate Mortgage Loan Servicing

CMR401 through CMR405: Balances Serviced

Report the outstanding balances of fixed-rate mortgages that you service for others according to the five following coupon ranges:

1. Less than 5 percent.
2. 5 percent to 5.99 percent.
3. 6 percent to 6.99 percent.
4. 7 percent to 7.99 percent.
5. 8 percent and above.

CMR406 through CMR410: Weighted-Average Remaining Maturity (WARM)

For each coupon range, report the WARM of the mortgages on CMR401 through CMR405. Calculate the WARM as described in the general instructions to Schedule CMR.

CMR411 through CMR415: Weighted-Average Servicing Fee

For each coupon range, report the weighted-average net servicing fee you retain, in basis points. See the example below for a description of the calculation. The mortgage servicing fee is the spread you retain. This is the difference between the weighted-average note rate on the mortgages being serviced and the rate of interest passed on to the owner of the mortgages, less any payments to third parties such guarantors, master servicers, and subservicers.

The following example illustrates how to calculate the weighted-average servicing fee:

Example: You have a servicing portfolio consisting of the following three fixed-rate loans, each with a current outstanding balance of $100,000.

1. You purchased the rights to service a GNMA security with a pass-through rate of 6 percent, and a WAC on the underlying mortgages of 6.5 percent. Although the difference between the pass-through rate and the WAC is 50 basis points, GNMA receives six basis points for its guarantee fee and you retain 44 basis points. You should use 44 basis points when you calculate the weighted-average servicing fee.
2. You originated a mortgage with a coupon of 6.5 percent and sold it on the secondary market to yield 5.5. You should include the full one hundred 100-basis point fee when you calculate the weighted-average servicing spread.
3. You own the servicing rights on an 6.6 percent mortgage with a servicing fee of 45 basis points; however, you contracted with a subservicer to service the loan for 30 basis points. You should use the remaining 15-basis point fee you retain in calculating the weighted-average servicing spread. Because another savings association subservices this loan, you should include it in the number of loans on CMR423.

Calculate the weighted-average servicing fee for these three loans as follows:

$$\text{Weighted-Average Servicing Fee} = \frac{44(\$100{,}000) + 100(\$100{,}000) + 15(\$100{,}000)}{\$300{,}000} = 53 \text{ basis points}$$

You would report this as ***53*** on CMR413.

CMR421: Total Number of Fixed-Rate Loans Serviced That Are Conventional Loans

Report on CMR421 the number of conventional loans in the balances on CMR401 through CMR405.

CMR422: Total Number of Fixed-Rate Loans Serviced That Are FHA/VA Loans

Report on CMR422 the number of FHA and VA loans in the balances on CMR401 through CMR405.

CMR423: Total Number of Fixed-Rate Loans Serviced That Are Subserviced by Others

Report the total number of fixed-rate mortgage loans included on CMR421 through CMR422 where you own the right to service for others but have contracted the servicing out to a subservicer.

Adjustable-Rate Mortgage Loan Servicing

CMR431 through CMR432: Balances Serviced

Report the outstanding balances of ARMs serviced for others that reset based on current market indices on CMR431 and those that reset based on lagging market indices on CMR432. See the instructions for adjustable-rate single-family mortgages for a definition of current market versus lagging indices.

CMR433 through CMR434: Weighted-Average Remaining Maturity (WARM)

Report the WARM of ARMs of each index type on CMR433 and CMR434. Calculate the WARM as described in the general instructions to Schedule CMR.

CMR435 and CMR436: Weighted-Average Servicing Fee

Report the weighted-average net servicing fee that you retain in basis points for current market index ARMs on CMR435 and for lagging market index ARMs on CMR436. See example above for description of its calculation. The mortgage servicing fee is the spread you retain. This is the difference between the weighted-average note rate on the mortgages being serviced and the rate of interest passed on to the owner of the mortgages, less any payments to third parties such as guarantors, master servicers, and subservicers.

CMR441: Total Number of Adjustable-Rate Loans Serviced

On CMR441 report the total number of adjustable-rate loans in the balances on CMR431 and CMR432.

CMR442: Of Which, Number Subserviced by Others

On CMR442 report the total number of ARM loans in CMR441 where you own the right to service for others but have contracted the servicing out to a subservicer.

CMR450: Total Balances of Mortgage Loans Serviced for Others

The EFS software automatically computes this line as the sum of the balances on CMR401 through CMR405, CMR431, and CMR432.

CASH, DEPOSITS, AND SECURITIES

We collect information about most of the financial instruments on SC11, Cash, Deposits, and Investment Securities, in this section. We do not include mortgage-derivative securities. General instructions to Schedule CMR that apply to this section are:

1. Report outstanding principal balances, not carrying values, unless explicitly instructed otherwise. Do not deduct or add discounts and premiums or valuation allowances.
2. Report coupon rates, not effective rates, unless explicitly instructed otherwise.
3. In calculating the WARM, observe the following:
    a. For a security that will repay principal periodically over its life, such as through scheduled sinking fund repayments, you should treat each repayment as a separate instrument when calculating the WARM.
    b. For variable-rate instruments, calculate the WARM using the months to the next repricing as the remaining months to maturity.

CMR461: Cash, Non-Interest-Earning Demand Deposits, Overnight Fed Funds, Overnight Repurchase Agreements

Report on CMR461 the outstanding balance of cash, cash items, non-interest-earning demand deposits, overnight Federal funds sold, securities purchased under overnight repurchase agreements, and investments in money market mutual funds. **Also, include accrued interest or dividends receivable on deposits and investment securities that you report on CMR461 through CMR481 or as code 121 in Supplemental Reporting of Market Value Estimates, as appropriate.**

CMR464: Equity Securities Carried at Fair Value

Report investments in equity securities including mutual funds, that are classified as either available-for-sale or trading, and are carried at fair value. Include limited partnership investment funds. Include investments in perpetual preferred stock or preferred stock convertible to common stock where such preferred stock has a readily determinable fair value.

Do not include:

1. Investments in money market mutual funds. Report on CMR461.
2. Preferred and common stock where there is no readily determinable fair value. Report on CMR530.

CMR470 through CMR472: Zero-Coupon Securities

On CMR 470 report the recorded investment of zero-coupon securities, including Treasury bills. Do not include Z-tranches or accrual bonds of CMOs or REMICs. You should report those on CMR357. On CMR471, instead of a WAC, report the internal rate of return of these securities regardless of whether you report them at historic cost or fair value. Report the WARM on CMR472. Do not include securities that you could consider complex securities such as callable zero-coupon securities. Thrifts with complex securities, including structured securities, are required to self-value these instruments on the section, **Supplemental Reporting of Market Value Estimates** using asset code 121 in Appendix D. We define both complex securities and structured securities in Thrift Bulletin 13a, Appendix D.

CMR473 through CMR475: Government and Agency Securities

Report debt instruments issued by the US government and nonmortgage debt issued by federal agencies.

Include:

1. US Treasury securities, except Treasury bills on CMR470.
2. Nonmortgage debt issued by FNMA, FHLMC, GNMA, the FHLB System, and other government sponsored agencies.
3. FICO bonds.
4. SBA securities.

Do not include:

1. Mortgage-backed instruments or derivatives issued or guaranteed by FNMA, FHLMC, or GNMA. Report with Mortgage-Backed or Mortgage-Derivative Securities as appropriate.
2. Complex securities, including structured securities, as described in Thrift Bulletin 13a, Appendix D.
3. Stripped securities. Report on CMR470.
4. Stock of Federal agencies.

5. Securities issued by state or local governments.
6. Securities purchased under overnight repurchase agreements.

On CMR473 report the outstanding principal balance of the relevant instruments. Report the WAC of those balances on CMR474 and their WARM on CMR475. The general instructions to Schedule CMR describe how to calculate both of these items.

Supplemental Reporting

If the balance reported on CMR473 includes adjustable-rate or inverse floating-rate securities, report the entire balance at a greater level of detail in the Supplemental Reporting Section. The additional detail provided by such reporting improves the estimates produced by the OTS Model. For information, see the instructions for Supplemental Reporting for Assets and Liabilities.

CMR476 through CMR478: Term Fed Funds, Term Repurchase Agreements, and Interest-Earning Deposits

Include any Fed funds sold and securities purchased under repurchase agreements that you did not report on CMR461. Also, include interest-earning nonmaturity deposits and all time deposits held with banks and other depository institutions, including FHLBs. Report the outstanding principal balance on CMR476, the WAC of those balances on CMR477, and their WARM on CMR478. For deposits that have no contractual maturity, use one month when you calculate the WARM.

CMR479 through CMR481: Other (Munis, Mortgage-Backed Bonds, Corporate Securities, Commercial Paper, Etc.)

This section includes a broad range of securities:

1. Debt securities issued by state and local governments.
2. Commercial paper and other corporate debt securities, except for structured securities as described in Appendix D of Thrift Bulletin 13a.
3. Mortgage-backed bonds.
4. Promissory notes.
5. Limited life preferred stock.

Do not include:

Callable and other structured securities of these types. Report the market value estimates of these on **Supplemental Reporting of Market Value Estimates** using asset code 121 found in Appendix D.

Report the outstanding principal balance of these securities on CMR479, their WAC on CMR480, and their WARM on CMR481. In calculating the WAC use the tax-equivalent yield for state, county, and municipal securities. Use the dividend yield for preferred stock.

Supplemental Reporting

If the balance reported on CMR479 includes adjustable-rate or inverse floating-rate securities, report the entire balance at a greater level of detail in the Supplemental Reporting Section. The additional detail provided by such reporting improves the estimates produced by the OTS Model. For information, see the instructions for Supplemental Reporting for Assets and Liabilities.

Outstanding Balance of Complex Securities (Not including Mortgage Derivative Securities)

Thrifts with complex securities, including structured securities, are required to self-value these instruments in the section **Supplemental Reporting of Market Value Estimates** using asset code 121 in Appendix D. We define both complex securities and structured securities in Thrift Bulletin 13a, Appendix D. Do not include mortgage derivative securities.

CMR490: Total Cash, Deposits, and Securities

The EFS software automatically computes this line as the sum of the balances on CMR461, CMR464, CMR470, CMR473, CMR476, and CMR479. For all editing and output data uses, our data systems will add the balance for complex securities reported as code 121 in the section for Supplemental Reporting of Market Value Estimates to this line.

ADDITIONAL ITEMS

You report in this section certain additional items needed for the OTS Model. The definitions and instructions for these items are the same as on Schedule SC.

Items Related to Mortgage Loans and Securities

The following items pertain to asset balances on CMR125, CMR185, CMR261, CMR262, CMR281, CMR282, CMR291, CMR292, CMR311, and CMR312.

CMR501: Nonperforming Loans

Report the outstanding balance of nonperforming mortgage loans and securities. Nonperforming loans are nonaccrual loans plus loans that are at least 90 days past due but still accruing interest. Outstanding balance is defined in the general instructions to Schedule CMR.

Include:

1. Nonperforming mortgage warehouse loans that you reported as mortgage loans on Schedule SC.
2. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option. Also, with respect to (a) report the related liability on CMR786, Other Liabilities I.

CMR502: Accrued Interest Receivable

Report amounts for the types on SC228, Accrued Interest Receivable on Mortgage-Backed Securities, and SC272, Accrued Interest Receivable on Mortgage Loans.

Include:

Interest receivables on mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

CMR503: Advances for Taxes and Insurance

Report amounts paid on behalf of borrowers for taxes and insurance of the types reported on SC275, Advances for Taxes and Insurance.

Include:

Advances related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

CMR504: Less: Unamortized Yield Adjustments

Report the net amount of unamortized premiums and discounts related to balances on CMR125, CMR185, CMR261, CMR262, CMR281, CMR282, CMR291, CMR292, CMR311, CMR312, and CMR501.

Include:

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

CMR507: Less: Valuation Allowances

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

Include:

Allowances related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

CMR508: Unrealized Gains (Losses)

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

Include:

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

Items Related to Nonmortgage Loans and Securities

The following items pertain to asset balances on CMR325, CMR326, CMR335, and CMR336.

CMR511: Nonperforming Loans

Report the outstanding balance of nonperforming nonmortgage loans. Nonperforming loans are nonaccrual loans plus loans that are at least 90 days past due but still accruing interest. Outstanding balance is defined in the general instructions to Schedule CMR.

Do not include:

Nonperforming mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

CMR512: Accrued Interest Receivable

Report amounts of the types on SC348, Accrued Interest Receivable on Nonmortgage Loans.

Do not include:

Interest receivables on mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

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 accumulated gain or loss, change in fair value, on the asset attributable to the designated risk being hedged on a qualifying fair value hedge.

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.

CMR530: Equity Investments Not Carried at Fair Value (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 accumulated gain or loss, change in fair value, on the asset attributable to the designated risk being hedged on a qualifying fair value hedge.

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 (Code 20).

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

CMR550: Total Assets

The EFS software automatically computes this line as the sum of the following line items:

CMR125	CMR185	CMR261	CMR262	CMR281
CMR282	CMR291	CMR292	CMR311	CMR312
CMR325	CMR326	CMR335	CMR336	CMR377
CMR378	CMR490	CMR501	CMR502	CMR503
CMR508	CMR511	CMR512	CMR517	CMR520
CMR525	CMR530	CMR535	CMR538	CMR541
CMR543	CMR544			

Less the following items:

CMR504	CMR507	CMR513	CMR516	CMR539	CMR540

CMR550 plus the balance for Complex Securities reported as code 121 on the section for Supplemental Reporting of Market Value Estimates should equal SC60, Total Assets. For all editing and output data uses, our data systems will add the balance for complex securities reported as code 121 in the section for Supplemental Reporting of Market Value Estimates to this line.

Memoranda Items

CMR578: Mortgage Warehouse Loans Reported as Mortgage Loans at SC26

Report the outstanding balance of performing loans included on SC26, Mortgage Loans, collateralized by mortgage loans rather than liens directly on real estate.

CMR580: Loans Secured by Real Estate Reported as Nonmortgage Loans at SC31

Report the outstanding balance for the following types of performing loans on SC31 (Nonmortgage Loans):

1. Any timeshare loans on CMR125 or CMR185.
2. Loans to finance small businesses that are primarily secured by single-family residences, where you have classified the loans as commercial nonmortgage loans.

Market Value of Equity Securities and Mutual Funds Reported at CMR464:

Report on CMR582 and CMR584 the current market value of the assets whose recorded investment you report on CMR464. The sum of CMR582 and CMR584 should equal CMR464.

CMR582: Equity Securities and Nonmortgage--Related Mutual Funds

Report on CMR582 the current market value of all investments in common stock, except FHLB stock, and in mutual funds that invest entirely in nonmortgage-related instruments.

CMR584: Mortgage-Related Mutual Funds

Report on CMR584 the current market value of all investments in mutual funds, including limited partnership investment funds, that have any investments in mortgages, mortgage securities, mortgage-derivative securities, mortgage servicing rights, or other mortgage-related instruments.

At your option, you may use code 129 to report your estimate of mortgage-related mutual funds in each of the seven interest rate scenarios listed on the Supplemental Reporting of Market Value Estimates.

Mortgage Loans Serviced by Others

CMR586: Fixed-Rate Mortgage Loans Serviced by Others

Report on CMR586 the outstanding balance of all performing fixed-rate mortgages that you hold but others service.

CMR587: Weighted-Average Servicing Fee

Report on CMR587, in basis points, the weighted-average servicing fee paid to others to service the fixed-rate mortgage balances on CMR586. Calculate the weighted-average servicing fee in the same manner as described for the WAC in the general instructions to Schedule CMR.

CMR588: Adjustable-Rate Mortgage Loans Serviced by Others

Report on CMR588 the outstanding balance of all performing ARM balances that you hold but others service.

CMR589: Weighted-Average Servicing Fee:

Report on CMR589, in basis points, the weighted-average servicing fee paid to others to service the ARM balances on CMR588. Calculate the weighted-average servicing fee in the same manner as described for the WAC in the general instructions to Schedule CMR.

CMR590: Credit Card Balances Expected to Pay Off in Grace Period

Report on CMR590 the amount of the outstanding credit card balances expected to pay off within an interest-free grace period and, thus, not incur interest charges.

Example: You have $100,000 in outstanding fixed- and adjustable-rate credit card balances scheduled to pay off over 60 months. You estimate that customers will repay 30 percent of those balances within the grace period. You would report $30,000 on CMR590.

LIABILITIES

Annual Percentage Yields

Unless otherwise stated in the reporting instructions, report the interest rates for all liabilities as annual percentage yields (APYs). The rates and balances used in calculating the APY should be those as of the reporting date, unless otherwise stated in the reporting instructions. If the APY is equal to zero, report .01, one basis point.

In general, APY reflects the relationship between a given principal balance and the amount of interest that it would earn for a three hundred sixty-five day year. Calculate the APY using the following general formula:

APY = 100 [(1 + Interest/Principal)$^{(365/\text{Days in Term})}$ - 1]

Where: *Principal* = *The amount of funds on deposit as of the reporting date.*

Interest = *The total dollar amount of interest that you will pay on the Principal over the remaining term of the account.*

Days in Term = *The actual number of days remaining to maturity. You can use the above formula to compute the APY for instruments of any maturity.*

We base the following examples on balances and rates as of the reporting date:

Example:

You will pay $30.37 in interest on a $1,000 certificate of deposit with six months remaining to maturity, where the six month period contains 182 days. Calculate the APY as follows:

APY = 100 [(1 + 30.37/1,000)$^{(365/182)}$ - 1]

= 6.18%

Suppose now that you will pay $133.13 in interest on a $1,000 certificate of deposit with two years remaining to maturity, where the two-year period contains 730 days. Calculate the APY as follows:

APY = 100 [(1 + 133.13/1,000)$^{(365/730)}$ - 1]

= 6.45%

Use Days in Term equal to 365 for accounts without a stated maturity. For example, you pay $61.68 in interest for $1,000 deposited in a NOW account for 365 days, assuming the depositor makes no further withdrawals or deposits during that time. Calculate the APY as follows:

APY = 100 (61.68/1,000)

= 6.17%

Reporting of Deposit Information

Schedule CMR collects information on early withdrawals during the quarter for CDs and the balances deposited in new accounts during the quarter for CDs and nonmaturity deposits. We use this information to develop core deposit attrition rate estimates. The OTS Net Portfolio Value Model uses attrition rate estimates to estimate the interest rate sensitivity of your core deposits. Refer to the instructions for the specific line items for definitions of early withdrawals and new accounts.

Reporting the information on early withdrawals and balances deposited in new accounts is optional for only those institutions with total assets (SC60) of less than $300 million.

FIXED-RATE, FIXED-MATURITY DEPOSITS

CMR601-CMR603, CMR615-CMR617, CMR631-CMR632, and CMR641: Balances

Report each outstanding CD balance in the cell corresponding to its remaining maturity and original maturity.

Include:

1. CDs.
2. Notice accounts.
3. Consecutive monthly payment accounts – for example, Christmas Club accounts.

Do not include:

Variable-rate, fixed-maturity deposits. Use code 200 to report these deposits in **Supplemental Reporting for Assets and Liabilities**.

Note: We include notice accounts in the maturity/repricing column that corresponds to the remaining term of the notice period. We include consecutive monthly payment accounts in the maturity/repricing column that corresponds to the remaining term required to qualify for the bonus rate.

CMR605-CMR607, CMR619-CMR621,

CMR634-CMR635, and CMR643: Weighted-Average Coupon (WAC)

Report the weighted-average APY of the CD balances reported in each of the nine cells listed above. Calculate the weighted-average APY in the same way as described for the WAC in the general instructions to Schedule CMR.

CMR608-CMR610, CMR622-CMR624,

CMR636-CMR637, and CMR644: Weighted-Average Remaining Maturity (WARM)

Report the WARM, in months, of the CD balances reported in each of the nine cells listed above. We describe how to calculate the WARM in the general instructions to Schedule CMR.

CMR604, CMR618, CMR633, and CMR642: Early Withdrawals during Quarter

Report CDs (or portions of CDs) that meet **both** of the following criteria:

1. Were subject to early withdrawal penalties.
2. Were withdrawn during the quarter before their contractual maturity.

Report balances withdrawn before maturity in the maturity bucket corresponding to what the remaining maturity of those balances would have been at the quarter's end had they not been withdrawn.

CMR645: Total Fixed-Rate, Fixed-Maturity Deposits (CDs)

The EFS software automatically computes this line as the sum of CMR601 through CMR603, CMR615 through CMR617, CMR631, CMR632, and CMR641.

MEMO: FIXED-RATE, FIXED-MATURITY DEPOSIT DETAIL:

CMR650 through CMR652: Balances in Brokered Deposits

For the total CD balances reported in each original maturity column, determine the portion that are brokered deposits. Report these balances for each original maturity. The term brokered deposit, defined in 12 CFR § 337.6, refers to funds obtained, directly or indirectly, by or through any deposit broker.

Example: You report $125,000 on CMR602, $225,000 on CMR616, and $250,000 on CMR631. Of the three balances, $50,000, $25,000, and $35,000, respectively, are in brokered accounts. You would report $110,000 (= $50,000 + $25,000 + $35,000) on CMR651.

Deposits with Early-withdrawal Penalties Stated in Terms of Months of Forgone Interest:

CMR653 through CMR655: Balances Subject to Penalty

For the balances reported in each original maturity column, determine the portion subject to early withdrawal penalties (EWPs) stated in months of forgone interest. Report these balances for each original maturity column. Do not include CDs having EWPs stated differently (flat penalty, market-related penalty).

Example: You report $125,000 on CMR602, $225,000 on CMR616, and $250,000 on CMR631. Of the $125,000 balance, $100,000 are CDs with an EWP of 1.12 month's interest. Of the $225,000 and $250,000 balances, a total of $450,000 are CDs with an EWP requiring forfeiture of 1.98 months' interest. You would report $550,000 (= $100,000+$450,000) on CMR654.

CMR656 through CMR658: Penalty in Months of Forgone Interest

For the balances reported in each original maturity column, and totaled on CMR653 through CMR655, report the weighted-average EWP in months of foregone interest for each year (or fraction of a year) of contractual maturity. Report to two decimal places. Report these for each original maturity column.

Example: You report $125,000 on CMR602, $225,000 on CMR616, and $250,000 on CMR631. Of the $125,000 balance, $100,000 are CDs with an EWP of 1.12 month's interest. [23] Both the $225,000 and $250,000 aggregate balances are CDs with an EWP requiring forfeiture of 1.98 months' interest. You would calculate the weighted-average EWP on CMR657 as follows:

$$\text{EWP} = \frac{(100{,}000 \times 1.12) + (475{,}000 \times 1.98)}{(100{,}000 + 475{,}000)} = 1.83 \text{ months}$$

CMR659 through CMR661: Balances in New Accounts

New accounts are those where a customer, who did not previously have a fixed-rate, fixed-maturity deposit, acquires one, or where the contract terms have changed on an existing account. For purposes of CMR, a ***new account*** where the contract terms have changed is one in which:

- There has been a change in the name of the account (including additional or dropped owners), or
- The maturity of the new CD is for a different term than the matured CD (that is, it would fall into a different maturity bucket).

For rollovers, if there has been no change in the ownership of the account and the maturity of the new CD is within the same maturity bucket, the new CD is **not** considered a ***new account*** even if new funds are added to the CD.

For example, a three-month CD issued during the quarter would **not** be a ***new account*** if the account holder had a CD with original maturity of 12 months or less that matured during the quarter. A CD would be a ***new account*** if it were a 3-month CD rolled over from a CD with an original maturity of more than 12 months or if a three-month CD were rolled over to a 24-month CD. In both of these cases the maturity bucket has changed.

[23] The early withdrawal penalties are in months of forgone interest for each year (or fraction of a year) of remaining maturity.

$$\text{EWP} = \frac{\text{(Penalty in \$)}}{\text{(\$ Interest paid over remaining maturity)}} * 12 \text{ months per year}$$

Also include as *new accounts*:

1. Accounts where there has been a name added or deleted.
2. Deposits acquired from an acquisition of a depository institution or its branches or from other bulk purchase of deposits.

- On CMR659, report the portion of balances on CMR601 and CMR615 that are new CD balances with original maturities of 12 months or less.
- On CMR660, report the portion of balances on CMR616 and CMR631 that are new CD balances with original maturities of 13 to 36 months.
- On CMR661, report the portion of balances on CMR632 and CMR641 that are new CD balances with original maturities of 37 or more months.

FIXED-RATE, FIXED-MATURITY FHLB ADVANCES, OTHER BORROWINGS, REDEEMABLE PREFERRED STOCK, AND SUBORDINATED DEBT

CMR675-CMR677, CMR679-CMR681, CMR683-CMR685, CMR687-CMR689, CMR691-CMR693, CMR695-CMR697, CMR699-CMR701, CMR703-CMR705: Balances

Report each outstanding balance of fixed-rate, fixed-maturity borrowings in the cell corresponding to its coupon class and remaining maturity. The coupon classes are: under 3.00%; 3.00% to 3.99%; 4.00% to 4.99%; 5.00% to 5.99%; 6.00% to 6.99%; 7.00% to 7.99%; 8.00% to 8.99%; and 9.00% and above.

Include:

1. FHLB advances.
2. Commercial bank loans.
3. Repurchase agreements.
4. Retail repurchase agreements.
5. Commercial paper issued.
6. Subordinated debt.
7. Redeemable preferred stock.
8. All other borrowings.

Do not include:

1. Notice accounts. Report on CMR601 to CMR661.
2. Consecutive monthly payments accounts. Report on CMR601 to CMR661.
3. Collateralized mortgage securities issued. Report on CMR785.
4. Structured borrowings. Report on Supplemental Reporting of Market Value Estimates, see below.
5. Variable-rate, fixed maturity borrowings. Report on Supplemental Reporting for Assets and Liabilities.

Distribute amortizing instruments across remaining maturity columns, in the appropriate coupon class, according to their contractual principal repayment schedules. For example, a $120,000 note, with an APY of 9.5 percent and remaining maturity of ten years, amortizes as follows:

1. $3,000 in the next three months.
2. $33,000 in months four through 36.
3. $84,000 in the last 84 months.

You would report the note on CMR695, CMR696, and CMR697 as $3,000, $33,000, and $84,000, respectively.

Structured Borrowings

For the purpose of these instructions, structured borrowings include borrowings or FHLB advances with embedded options or derivative-like features where the borrowings' coupon, average life, or redemption value is dependent on a reference rate, and index, or a formula. The term ***structured borrowings*** includes, but is not limited to, putable or callable borrowings, variable-rate borrowings with embedded caps, floors or collars, step-up variable rate borrowings, or amortizing borrowings.

OTS requires **all** institutions to report the market value of each structured borrowing in Supplemental Reporting of Market Value Estimates. Refer to the Supplemental Reporting of Market Value Estimates sections of these instructions for guidance on reporting market value estimates.

CMR678, CMR682, CMR686, CMR690, CMR694, CMR698, CMR702, CMR706: WAC

Report the **weighted-average coupon** (WAC) of the balances reported in each coupon class. To calculate the WAC, first determine the APYs of borrowings that you report in each coupon class. For instance, for the 5.00 to 5.99 percent class, determine the APYs of borrowings reported on CMR679 through CMR681. Second, for each coupon class, use these yields to calculate the WAC, as described in the general instructions to Schedule CMR.

CMR711 through CMR713: WARM

Report the **weighted average remaining maturity** (WARM) for each remaining maturity column. To calculate the WARM, first determine the remaining maturity of each of the borrowings that you report in each remaining maturity class. For example, for the 0 to 3 months column, determine the remaining maturity of borrowings on CMR675, CMR679, CMR683, CMR687, CMR691, CMR695, CMR699, and CMR703. Second, for each remaining maturity class, use these remaining maturities to calculate the WARM, as described in the general instructions to Schedule CMR.

CMR715: Total Fixed-Rate, Fixed-Maturity Borrowings

The EFS software automatically computes this line as the sum of CMR675 through CMR677, CMR679 through CMR681, CMR683 through CMR685, CMR687 through CMR689, CMR691 through CMR693, CMR695 through CMR697, CMR699 through CMR701, and CMR703 through CMR705.

Memo:

CMR755: Book Value of Redeemable Preferred Stock

Report the book value of redeemable preferred stock of the type reported on SC800.

NONMATURITY DEPOSITS

CMR762 through CMR763: Transaction Accounts

12 CFR § 561.29 defines transaction accounts and they include NOW, Super NOW, and other interest-bearing transaction accounts. Report total balances of all interest-bearing transaction accounts on CMR762.

Report the WAC for total interest-bearing transaction account balances on CMR763. Determine the APYs of balances on CMR762. Use these to calculate the weighted-average APY in the same manner as the WAC computation described in the general instructions to Schedule CMR, and report it on CMR763.

CMR764: Balances in New Accounts

Balances in New Accounts are end-of-quarter balances in accounts where holders had no transaction accounts with you at the end of the prior quarter.

Also include as *new accounts*:

1. Accounts where there has been a name added or deleted.
2. Deposits acquired from an acquisition of a depository institution or its branches or from other bulk purchase of deposits.

CMR765 through CMR766: Money Market Deposit Accounts

12 CFR § 561.28 or applicable state law defines money market deposit accounts (MMDAs). Report total balances of MMDAs on CMR765.

Report the WAC for MMDA balances on CMR766. Determine the APYs of balances on CMR765. Use these to calculate the weighted-average APY, in the same manner as the WAC computation described in the general instructions to Schedule CMR. Report the result on CMR766.

CMR767: Balances in New Accounts

Balances in New Accounts are end-of-quarter balances in accounts whose holders had no MMDA with you at the end of the prior quarter.

Also include as *new accounts*:

1. Accounts where there has been a name added or deleted.
2. Deposits acquired from an acquisition of a depository institution or its branches or from other bulk purchase of deposits.

CMR768 through CMR769: Passbook Accounts

Passbook accounts consist of all nonmaturity deposits not on CMR762, CMR765, and CMR771. Report total balances of Passbook Accounts on CMR768.

Report the WAC for passbook accounts balances on CMR769. Determine the APYs of balances on CMR768. Use these to calculate the weighted-average APY, in the same manner as the WAC computation described in the general instructions to Schedule CMR. Report the result on CMR769.

CMR770: Balances in New Accounts

Balances in New Accounts are end-of-quarter balances in accounts where holders had no passbook accounts with you at the end of the prior quarter.

Also include as *new accounts*:

1. Accounts where there has been a name added or deleted.
2. Deposits acquired from an acquisition of a depository institution or its branches or from other bulk purchase of deposits.

CMR771: Noninterest-Bearing Nonmaturity Deposits

Report balances of all nonmaturity deposit accounts that are permanently non-interest-bearing on CMR771. Do not include balances in nonmaturity deposits, transaction accounts or MMDAs, that do not currently earn interest because they are below the contracted minimum balance required to earn interest.

CMR773: Balances in New Accounts

Balances in ***new accounts*** are end-of-quarter balances in accounts where holders had no noninterest-bearing nonmaturity deposits with you at the end of the prior quarter.

Also include as *new accounts*:

3. Accounts where there has been a name added or deleted.
4. Deposits acquired from an acquisition of a depository institution or its branches or from other bulk purchase of deposits.

ESCROW ACCOUNTS

Escrow accounts include the types of accounts on SC712 that you report in Schedule CMR as follows:

- Report balances of escrow accounts associated with single-family first mortgages that you own on CMR775.
- Report balances of tax and insurance escrows associated with single-family first mortgages serviced for others on CMR777.
- Report balances of principal and interest escrows established pursuant to loan servicing agreements, including those in custodial accounts, on CMR786, Miscellaneous Liabilities I.
- On CMR779, report balances of all escrow accounts not on CMR775, CMR777, and CMR786.
- Report escrow accounts associated with mortgages that you partially own according to the percentage of ownership.

Example: You sell an 80 percent participating interest in a pool of mortgages and retain the servicing. You have $60,000 in tax and insurance escrow accounts and $40,000 in principal and interest escrow accounts associated with the pool of mortgages. You would report the following amounts: on CMR775, $12,000 (= $60,000 x .20); on CMR777, $48,000 (= $60,000 x .80); and on CMR786, $40,000.

Report the WAC of escrows on CMR775, CMR777, and CMR779 on CMR776, CMR778, and CMR780, respectively. Calculate the WAC as described in the general instructions to Schedule CMR. If the WAC is zero, report 0.01, one basis point.

CMR781: Total Nonmaturity Deposits and Escrow Accounts

The EFS software automatically computes this line as the sum of CMR762, CMR765, CMR768, CMR771, CMR775, CMR777, and CMR779.

CMR782: UNAMORTIZED YIELD ADJUSTMENTS ON DEPOSITS

Report on CMR782 unamortized yield adjustments of the type on SC715. Also include the component of the carrying value of deposit liabilities that consists of accumulated gains and losses, the change in fair value on the deposits, attributable to the designated risk being hedged on a qualifying fair value hedge.

CMR784: UNAMORTIZED YIELD ADJUSTMENTS ON BORROWINGS

Report on CMR784 unamortized yield adjustments applicable to liabilities of the types on the following line items:

1. SC720 (Advances from FHLBank).
2. SC730 (Federal Funds Purchased and Securities Sold Under Agreements to Repurchase).

3. SC736(Subordinated Debentures, Including Mandatory Convertible Securities and Limited-Life Preferred Stock).
4. SC740 (CMOs, Including REMICs).
5. SC745 (Other Mortgage Collateralized Securities Issued).
6. SC760 (Other Borrowings).

Add to this amount any unamortized yield adjustments related to redeemable preferred stock of the type on SC800. Also include the component of the carrying value of borrowings that consists of accumulated gains and losses (the change in fair value on the borrowings) attributable to the designated risk being hedged on a qualifying fair value hedge.

OTHER LIABILITIES

CMR785: Collateralized Mortgage Securities Issued

Report the carrying value of collateralized mortgage securities issued that you do not record as sales in accordance with GAAP.

CMR786: Miscellaneous Liabilities I

Report amounts of the types included on SC763, Accrued Interest Payable on Deposits, SC766, Accrued Interest Payable on Other Liabilities, SC776, Accrued Taxes, and SC780, Accounts Payable.

Include amounts of the types on line SC796, Other Liabilities and Deferred Income, except for the following:

1. Financial option fees received.
2. Deferred net gains (losses) on liability hedges.
3. Negative goodwill.
4. Derivative instruments in a loss position at fair value.

For definitions of these items, see the instructions for line SC796, code numbers 02, 03, 12, and 20, respectively.

Also include:

1. Balances in principal and interest escrow accounts established pursuant to loan servicing agreements.
2. The liability associated with delinquent mortgage loans previously securitized with Ginnie Mae, where you have an unconditional repurchase option. The related loans are reported on CMR501, Nonperforming Loans.

CMR787: Miscellaneous Liabilities II

Report amounts of the types included on line SC790, Deferred Income Taxes. Also include financial option fees received, negative goodwill, and derivative instruments in a loss position at fair value. For definitions of these items, see the instructions for line SC796, code numbers 02, 03, 12, and 20, respectively.

CMR790: Total Liabilities (Incl. Redeemable Preferred Stock)

The EFS software automatically computes this line as the sum of CMR645, CMR715, CMR781, and CMR782 through CMR787. For all editing and output data uses, our data systems will add the following balances to this line:

1. Variable-rate, fixed-maturity liabilities reported as codes 200, 220, and 299 in **Supplemental Reporting for Assets and Liabilities**.

2. Structured borrowings reported as codes 280 through 290 in **Supplemental Reporting of Market Value Estimates**.

CMR793: NONCONTROLLING INTEREST IN CONSOLIDATED SUBSIDIARIES

Report amounts accounted for as noncontrolling interest in consolidated subsidiaries and included in SC800, with the following exceptions:

- Also include on CMR793, REIT preferred stock even if it is not included in SC800, but rather you have elected to report it as a liability on SC760, Other Borrowings.
- Do not include redeemable preferred stock even though you reported it in SC800. Report all redeemable preferred stock on CMR755, Book Value of Redeemable Preferred Stock.

CMR796: EQUITY CAPITAL

Report on CMR796 the amount on SC80, Total Equity Capital.

CMR800: Total Liabilities, Noncontrolling Interest, and Capital

The EFS software automatically computes this line as the sum of CMR790, CMR793, and CMR796. For all editing and output data uses, our data systems will add the following balances to this line:

1. Variable-Rate, Fixed-Maturity Liabilities reported as codes 200, 220, and 299 in the section for Supplemental Reporting for Assets/Liabilities.
2. Structured Borrowings reported as codes 280 through 290 in the section for Supplemental Reporting of Market Value Estimates.

FINANCIAL DERIVATIVES AND OFF-BALANCE-SHEET POSITIONS

INTRODUCTION

Divide financial derivatives and off-balance-sheet (OBS) contracts into the following ten general types of contracts for reporting on Schedule CMR:

1. Optional commitments to originate mortgages.
2. Firm commitments to purchase, sell, or originate mortgages.
3. Optional commitments to purchase or sell mortgages.
4. Commitments to purchase, originate, or sell nonmortgage financial assets and liabilities.
5. Interest-rate swaps.
6. Interest-rate caps.
7. Interest-rate floors.
8. Futures.
9. Options on futures.
10. Construction LIP.

Note: Report information about financial derivatives and OBS contracts on Schedule CMR even though you report derivative instruments in Schedule SC on SC689, Other Assets, or SC796, Other Liabilities.

Report OBS contract positions on CMR801 through CMR880. To report an OBS contract position, report the contract code described below that corresponds to the position in the column *Contract Code*. Enter the notional principal amount of the position in the column *Notional Amount*. Report information in the other columns according to the instructions for each type of contract. We provide examples of how to report various positions for each type of contract in the individual sections.

Reporting More Than 16 Financial Derivatives and OBS Positions

CMR801 through CMR880 accommodate the reporting of 16 financial derivatives and OBS positions. If you have more than 16 positions, you must report the remaining positions by one of the following two methods:

1. Report the remaining positions on the continuation sheet *Supplemental Reporting for Financial Derivatives and Off-Balance-Sheet Positions* in the same manner as the initial 16 positions. Number each position sequentially in the column *Entry #,* beginning with the number 1 for the first position reported. Use as many continuation sheets as necessary to report the remaining positions. On CMR902, report the number lines that you report in this manner.
2. You may provide your own estimate of the market values of the remaining positions in each of the seven interest-rate scenarios on *Supplemental Reporting of Market Value Estimates*. To report under this method, see *Supplemental Reporting for Derivatives and OBS Contracts* in the section *Supplemental Reporting of Market Value Estimates*. On CMR903, report the number of lines that you report by this method.

   If you choose this method, you must report all positions of Optional Commitments to Originate Mortgages, discussed below, as part of the 16 positions on CMR801 through CMR880.

Contract Code

Identify all OBS contract positions by a contract code. We provide a list of codes for each type of contract in Appendices B and D. The first two digits of the four-digit contract codes designate the general type of contract. For example, all codes for optional commitments to originate mortgages begin with the digits 10. The last two digits of the code designate the specific type of OBS contract within the general type. For example, we designate optional commitments to originate 30-year fixed-rate mortgages by the code 1014.

Reporting Instructions

We provide instructions below for each of the ten general types of financial derivatives and OBS contracts. Each section begins by defining the contracts covered in that section. We also provide guidance on how to combine or aggregate contracts for reporting purposes. We specify what to report in each of the five columns, CMR801 through CMR880, and provide examples.

Report all rates as a percent to two decimal places. For example, to report a coupon rate of 7.5 percent, report 7.50. Report all prices as a percentage of par to two decimal places. For example, to report a price of 102 percent of par, report 102.00. Report a price of par as 100.00.

Optional Commitments to Originate Mortgages

An optional commitment to originate a mortgage is an obligation to originate a mortgage loan at a specified interest rate, fixed or adjustable, where the potential borrower faces no substantial penalty for failing to take the loan. Report only those optional commitments to originate where you have in effect or have offered a specified interest rate, a rate lock, that is currently subject to the borrower’s acceptance.

Commitments to originate are firm when both the borrower and the lender are obligated to close the loan at the interest rate specified. We provide instructions for reporting firm commitments below.

Aggregation

Report all commitments having the same contract code as a single position. See Appendix B for codes. For example, report all commitments on one-month COFI ARMs (code 1002) as a single position, report all commitments on six-month and one-year COFI ARMs (code 1004) as a single position, and so forth.

Column 1: Contract Code

Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount

Report the dollar amount of commitments outstanding in Column 2. For rate locked loans that have yet to receive credit approval, deduct an amount representing expected credit denials. Do not adjust the reported amount for fallout of approved loans.

Column 3: Maturity or Fees

Report in Column 3 the dollar amount in thousands of loan origination and loan discount fees that you would collect if each loan closed. These fees should include compensation for buy-ups or buy-downs. Do not include any other fees collected in the loan origination process, such as application, appraisal, credit, and title fees.

Column 4: Price/Rate #1

Report in Column 4 the WAC of outstanding commitments. Refer to the calculation of the WAC in the general instructions to Schedule CMR.

Column 5: Price/Rate #2 (Optional)

Reporting this information is optional. Report in Column 5 the percentage of optional commitments, by dollar balances, outstanding as of the end of the previous quarter that closed during the quarter.

Example: You report $120 million of optional commitments on 30-year, fixed-rate mortgages as of June 30. Of the $100 million of optional commitments that you reported in the previous quarter's report, the report for the quarter ending March 31, $75 million closed during the quarter. You would report 75.00 [equal to ($75 million/$100 million) x 100] in Column 5 for the quarter ending June 30.

We intend to use this information to develop fallout rate estimates for savings associations that report this data. The OTS Model uses these estimates to estimate the interest rate sensitivity of your mortgage pipelines.

If you choose not to report this information, you should leave this cell blank. The OTS Model will use national fallout rate estimates to estimate the market value of your mortgage pipelines.

Examples:

Position 1: You have $25 million of optional commitments to originate 30-year fixed-rate mortgages. The WAC for these commitments is 8.67 percent. You would collect loan origination and loan discount fees of $560,000 if all the loans in this position closed. Sixty-five percent of the optional commitments outstanding at the end of the prior quarter closed.

Position 2: You have $5 million and $10 million of optional commitments to originate six-month and one-year COFI ARMs, respectively. Combine these positions for reporting purposes because you report them under the same contract code. The respective WACs on these commitments are 7.10 percent and 7.40 percent, and loan origination and loan discount fees you will collect total $420,000. You choose not to report in column 5.

You would report these positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	1014	25 000	560	8.67	65.00
Position 2	1004	15 000	420	7.30	

Firm Commitments to Purchase, Sell, or Originate Mortgages

Firm commitments to purchase or sell mortgages are agreements to purchase or sell mortgage loans, MBS, or mortgage derivative products at a specified price on a specified date. Firm commitments to originate mortgages are binding obligations to provide a specified amount of a mortgage loan at a specified interest rate, fixed or adjustable. You should consider commitments to originate mortgages firm only if the borrower is obligated to pay you a substantial penalty if the borrower fails to take the loan. The penalty should approximate the difference between the value of the loan at the commitment rate and the value of the same loan at the subsequent lower mortgage rate.

Aggregation

Report all commitments having the same contract code as a single position. See Appendix B for codes. For example, report all firm commitments to purchase one-month COFI ARM loans on a servicing retained basis as a single position (code 2002), report all firm commitments to sell six-month or one-year Treasury ARM MBS as a single position (code 2066), and so forth.

Report commitments to purchase or sell mortgage loans and commitments to purchase or sell MBS separately because the contract codes are different.

Column 1: Contract Code
Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report the dollar amount of commitments outstanding in Column 2.

Column 3: Maturity or Fees
Report in Column 3 the dollar amount (in thousands) of fees, if any, associated with the position. Report fees you will pay as a negative value.

For commitments to originate mortgages include loan origination and loan discount fees that you would collect if each loan closed. These fees should include compensation for buy-ups or buy-downs, but not other fees collected in the loan origination process, such as application, appraisal, credit, and title fees.

For **commitments to purchase or sell mortgages**, report any additional fees, net of costs.

Column 4: Price/Rate #1
Report in Column 4 the weighted-average interest rate specified in the commitments. Refer to the calculation of the WAC in the general instructions to Schedule CMR. Leave this column blank for commitments to purchase or sell mortgage derivative products.

Column 5: Price/Rate #2
Report in Column 5 the weighted-average price as a percentage of par, to two decimal places, that you will pay or receive on the commitments. For commitments to originate mortgages, report a price of par – for instance, 100.00. Leave this column blank for commitments to purchase or sell mortgage derivative products.

Examples:

Position 1: You have a mandatory delivery commitment with FNMA to sell, on a servicing retained basis, $25 million of one-year Treasury ARM loans with a required net yield of 7.5 percent at par. The required net yields for mandatory forward sales quoted by FNMA and FHLMC are net of the servicing fee. The contract code assigned to these commitments is 2026. You would use the code 2126 if the commitment to sell included the servicing of the loan.

Position 2: You have a commitment to purchase $15 million three-year Treasury ARM MBS with a pass-through rate of 7.70 percent at par. You also have a commitment to purchase $5 million five-year Treasury ARM MBS with a pass-through rate of 8.00 percent for 98.00, percent of par. You should combine these positions and report them as a single position because they have the same contract code.

Report the positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	2026	25 000	0	7.50	100.00
Position 2	2048	20 000	0	7.78	99.50

Optional Commitments to Purchase or Sell Mortgages or MBS

Optional commitments to purchase mortgages or MBS are contracts that grant the buyer of the option the right, but not the obligation, to buy a specified type and amount of mortgages or MBS, with a specified WAC for mortgages or pass-through rate for MBS, at a specified price, called the strike price, on a specified date, called the expiration date.

You can hold either a long position in an optional commitment to purchase or sell, having bought the option, or hold a short position in an optional commitment to purchase or sell, having sold the option. A savings association can have any of four types of positions listed below in an optional commitment on mortgages or MBS:

1. Long the option to purchase the mortgages or MBS.
2. Long the option to sell the mortgages or MBS.
3. Short the option to purchase the mortgages or MBS.
4. Short the option to sell the mortgages or MBS.

If the contract does not specify both a price and a pass-through rate, you should not report it on Schedule CMR. For example, FNMA issues optional delivery commitments where it does not specify the required net yield. You should not report such commitments on Schedule CMR.

Aggregation

Report each optional commitment to purchase or sell mortgages or MBS as a single position.

Column 1: Contract Code
Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report the notional principal amount of the commitment in Column 2.

Column 3: Maturity or Fees
Report the number of days until the commitment expires in Column 3.

Column 4: Price/Rate #1
Report the coupon rate or the pass-through rate in Column 4.

Column 5: Price/Rate #2
Report the strike price as a percentage of par in Column 5.

Examples:

Position 1: You have purchased an optional commitment to sell $10 million of five-year balloon mortgages with a coupon of seven percent at a price of 98.00, percent of par. The commitment expires in 45 days.

Position 2: You have sold an optional commitment to purchase $25 million of 8.5 percent coupon 15-year fixed-rate mortgages for par in 20 days.

Report the positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	3030	10 000	45	7.00	98.00
Position 2	3052	25 000	20	8.50	100.00

Commitments to Purchase, Originate, or Sell Nonmortgage Financial Assets and Liabilities

Commitments to purchase, originate, or sell nonmortgage financial assets and liabilities are agreements to purchase or sell financial assets and liabilities other than mortgages or MBS, for a specified fixed price, on a specified date. You should report commitments to purchase, originate, or sell mortgages or MBS according to the instructions for those commitments above.

You should **not** report repurchase and resell agreements as OBS contracts. You should report such agreements as the underlying on-balance-sheet asset or liability that they represent. Report on CMR461 or CMR476 through CMR478, and CMR675 through CMR715, respectively.

Aggregation

Report commitments to purchase or sell nonmortgage financial assets and liabilities that you can combine under the same contract code as a single position. See Appendix B for codes. For example, report all commitments to purchase nonmortgage financial assets (code 4002) as a single position, report all commitments to sell core deposits (code 4024) as a single position, and so forth.

Column 1: Contract Code
Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report the dollar amount of the commitments outstanding in Column 2.

Column 3: Maturity or Fees
If the position consists of commitments on nonmortgage financial assets, report the weighted-average maturity (WAM) of the assets in months in Column 3. If the position consists of commitments on core deposits, leave Column 3 blank. If the position consists of commitments on other liabilities, report the WAM in months in Column 3. Refer to the calculation of the WARM in the general instructions to Schedule CMR.

Column 4: Price/Rate #1
If the position consists of commitments on nonmortgage financial assets, report the WAC of the assets in Column 4. If the position consists of commitments on either core deposits or other liabilities, report the weighted-average interest rate paid on the liabilities in Column 4. Refer to the calculation of the WAC in the general instructions to Schedule CMR.

Column 5: Price/Rate #2
Report in Column 5 the weighted-average price as a percentage of par you will receive on the instruments underlying the commitment. Refer to the calculation of the WAC in the general instructions to Schedule CMR.

Examples:

Position 1: You have agreed to sell $500,000 of ten-year Treasury securities with a WAC of 9.23 percent at a weighted-average price of 95.39, percent of par.

Positions 2 and 3: You have agreed to sell four branches and the liabilities maintained at those branches. The branches contain $16 million in core deposits that pay a weighted-average rate of 6.4 percent, and $44 million in other liabilities that pay a WAC of 7.5 percent and have a WARM of 26 months. The agreed upon premium is 2 percent, net of any assets that will change hands in this transaction. The seller pays $58.8 million, or 98 percent of par, to the buyer for assuming $60 million of liabilities.

Report the positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	4022	500	120	9.23	95.39
Position 2	4024	16 000		6.40	98.00
Position 3	4026	44 000	26	7.50	98.00

Interest-Rate Swaps

Interest-rate swaps are agreements to exchange streams of coupon payments based on a notional principal amount. One or both of the coupon payment streams varies with a specified interest rate index.

Aggregation

Report each swap as a separate position.

Column 1: Contract Code
Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report the notional principal amount of the swap in Column 2.

Column 3: Maturity or Fees
Report maturity information for both current and forward swaps in Column 3 using the same format. First, report the effective date of the swap, the date that interest for the first payment of the swap agreement begins to accrue, in YYMM format. Second, report the maturity date, the date of the last payment of the swap agreement, also in YYMM format.

For example, for a current swap effective February 21, 1991, and maturing February 21, 2002, report 91020202 in Column 3. For a forward swap effective February 21, 2000, and maturing February 21, 2010, report 00021002 in Column 3.

For a mortgage swap, report the maturity date of the underlying pool of mortgages, not the date the agreement terminates.

Column 4: Price/Rate #1
For fixed-for-floating swaps, report in Column 4 the fixed rate that you either receive or pay.

For basis swaps, report in Column 4 the margin added to, or subtracted from, the index being received as a positive or negative number, respectively. If there is no margin, leave Column 4 blank.

For mortgage swaps, report in Column 4 the mortgage coupon rate or the pass-through rate that you either receive or pay.

Column 5: Price/Rate #2
For fixed-for-floating swaps, report in Column 5 the margin added to or subtracted from the index as a positive or negative number, respectively. If there is no margin, leave Column 5 blank.

For basis swaps, report in Column 5 the margin added to or subtracted from the index being paid as a positive or negative number, respectively. If there is no margin, leave Column 5 blank.

For mortgage swaps, in Column 5 report the margin as a positive number if it is added to the index that you receive. Report the margin as a negative number if it is added to the index that you pay.

Examples:

Position 1: You pay a fixed rate of 9.20 percent and receive three-month LIBOR on a $25 million swap that went into effect in March 1990 and expires in March 2002.

Position 2: You will pay a fixed rate of 9.00 percent and receive six-month LIBOR on a $10 million forward **swap** that begins in December 1994 and ends in December 2003.

Position 3: You purchased a $25 million swaption that would begin, if exercised, in June 1993 and mature in June 2004. The swaption grants the right to pay a fixed rate of 9.5 percent and receive three-month LIBOR.

Position 4: You pay one-month LIBOR and receive COFI on a $15 million swap that went into effect in December 1993 and expires in June 2005.

Position 5: You pay one-month LIBOR plus 0.30 percent and receive a mortgage coupon of 10 percent under a mortgage swap that went into effect September 1990. The notional principal amount of the swap is $8,235,000 as of the report date. The underlying pool of mortgages matures in September 2015.

You would report the positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	5004	25 000	90030203	9.20	
Position 2	5006	10 000	94120312	9.00	
Position 3	5104	25 000	93060406	9.50	
Position 4	5062	15 000	93120506		
Position 5	5072	8 235	90091509	10.00	0.30

Interest-Rate Caps

An interest-rate cap is an option contract that compensates the holder of the cap when a specified interest-rate index increases above a specified rate (called the cap rate or strike rate). The party that has purchased the cap is long the cap; while the party that has sold the cap is short the cap.

An interest-rate corridor is an agreement that combines a short position in an interest-rate cap and a long position in an interest-rate cap. To report corridors, report the two component cap positions separately.

An interest-rate collar is an agreement that combines an interest-rate cap position and an interest-rate floor position. To report collars, report the component cap and floor positions separately. The instructions for reporting interest-rate floors, as well as an example of reporting a collar, are below.

Aggregation

Report each interest-rate cap as a separate position.

Column 1: Contract Code
Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report the notional principal amount of the cap in Column 2.

Column 3: Maturity or Fees
Report maturity information for both current and forward caps in Column 3 using the same format. First, report the effective date of the cap (the first exercise date of the cap) in YYMM format. Second, report the maturity date (the month of the last payment date of the cap), also in YYMM format.

For example, for a cap with its first exercise date on February 21, 1991, and with its last payment date on February 21, 2001, report 91020102 in Column 3. For a forward cap with first exercise date on February 21, 2000, and last payment date on February 21, 2010, report 00021002 in Column 3.

Column 4: Price/Rate #1
Report the cap rate, or strike rate, in Column 4.

Column 5: Price/Rate #2
Leave Column 5 blank.

Examples:

Position 1: You are long a $10 million cap based on six-month LIBOR with a cap rate of 8.25 percent. The first exercise date was in November 1993, and it expires in November 1998.

Position 2: You are long a $25 million forward cap based on COFI with a cap rate of 8.5 percent. The cap's first exercise date will be in February 1995, and it expires in February 1999.

You would report the positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	6006	10 000	93119811	8.25	
Position 2	6020	25 000	95029902	8.50	

Interest-Rate Floors

An interest-rate floor is an option contract that compensates the holder of the floor when a specified interest-rate index decreases below a specified rate – called the floor rate or strike rate. The party that purchased the floor is long the floor, while the party that sold the floor is short the floor.

Interest-rate collars are agreements that combine interest-rate floor and interest-rate cap positions. The instructions for reporting interest-rate caps are above. To report collars, report the component cap and floor positions separately. For an illustration, see the second example below.

Aggregation

Report each interest-rate floor as a separate position.

Column 1: Contract Code
Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report the notional principal amount of the floor in Column 2.

Column 3: Maturity or Fees
Report maturity information for both current and forward floors in Column 3 using the same format. First, report the effective date of the floor (the first exercise date of the floor) in YYMM format. Second, report the maturity date (the month of the last payment date of the floor), also in YYMM format.

For example, for a floor with its first exercise date on February 21, 1991, and with its last payment date on February 21, 2001, report 91020102 in Column 3. For a forward floor with first exercise date on February 21, 2000, and last payment date on February 21, 2010, report 00021002 in column 3.

Column 4: Price/Rate #1
Report the floor rate, or strike rate, in Column 4.

Column 5: Price/Rate #2
Leave Column 5 blank.

Examples:

Position 1: You are short (sold) a $10 million floor based on the three-month Treasury rate with a floor rate of 6 percent. The first exercise date was in October 1993 and it expires in October 1998.

Positions 2 and 3: You entered into a $25 million interest-rate collar where you are long a three-month LIBOR cap at a strike rate of 8 percent and short a three-month LIBOR floor at a strike rate of five percent. The first exercise date was in September 1989 and it expires in September 1999. Report the cap and floor components of the collar separately in positions 2 and 3 below.

You would report the positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	7038	10 000	93109810	6.00	
Position 2	6004	25 000	89099909	8.00	
Position 3	7034	25 000	89099909	5.00	

Futures

A futures contract is an agreement to buy or sell a specified commodity or financial instrument for a specified price on a specified date. The party that agrees to purchase the instrument is long the futures contract and the party that agrees to sell the instrument is short the contract.

Futures are exchange-traded contracts. You should not report forward contracts, traded over-the-counter, as futures. Estimate the market value of the forward contracts in the seven interest rate scenarios described in the section *Reporting of Market Value Estimates* as code 500 in **Supplemental Reporting of Market Value Estimates**.

Aggregation

Report futures positions with the same contract code and same delivery date as a single position. See Appendix B for codes. For example, report short positions in Eurodollar futures (code 8046) deliverable in March separately from those with a June delivery date.

Column 1: Contract Code
Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report the notional principal amount of the futures position in Column 2.

Column 3: Maturity or Fees
Report the delivery date for the futures position in Column 3 in YYMM format.

Column 4: Price/Rate #1
Leave Column 4 blank.

Column 5: Price/Rate #2
Leave Column 5 blank.

***Example*:**

You have the following short futures positions:

1. Eurodollar futures contracts – $1 million notional principal per contract, expiring in March 1996.
2. Eurodollar futures contracts expiring in June 1996.
3. Three-month Treasury bill contracts – $1 million notional principal per contract, expiring in March 1996.

You would report the positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	8046	10 000	9603		
Position 2	8046	15 000	9606		
Position 3	8034	12 000	9603		

Options on Futures

A call option on a futures contract is a contract that grants the buyer of the option the right, but not the obligation, to acquire a long position in a futures contract at a specified price, the strike price, on a specified date, the expiration date.

A put option on a futures contract is a contract that grants the buyer the right, but not the obligation, to acquire a short position in a futures contract at a specified price on a specified date.

You can hold either a long position in a call option or a put option, having bought the option, or a short position in a call option or a put option, having sold the option. Therefore, you can have any of four positions in an option on a futures contract:

1. Long a call option.
2. Long a put option.
3. Short a call option.
4. Short a put option.

Aggregation

Report as a single position all options on futures contracts with the same contract code, strike price, and expiration date. You must report options on futures positions separately if they have different expiration dates.

Column 1: Contract Code
Report the contract code for the position in Column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report the notional principal amount of the option position in Column 2.

Column 3: Maturity or Fees
Report the expiration date of the option position in Column 3 in YYMM format.

Column 4: Price/Rate #1
Report the strike price of the option position in Column 4.

Column 5: Price/Rate #2
Leave Column 5 blank.

Examples:

Positions 1 and 2: You are long 10 put options on Eurodollar futures, $1 million notional principal value per option contract, at a strike price of 93.00 expiring in March 1995 and 15 put options on Eurodollar futures contracts, also at a strike price of 93.00, expiring in June 1995.

Position 3: You are short 50 call options on Treasury bond futures contracts, $100,000 notional principal value per contract, at a strike price of 102.00 expiring in March 1996.

You would report the positions as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	9040	10 000	9503	93.00	
Position 2	9040	15 000	9506	93.00	
Position 3	9060	5 000	9603	102.00	

Construction Loans-in-Process (LIP)

Construction LIP includes the portion of construction loans that you have closed but have not yet disbursed the proceeds. The funded portion of construction loans is included in the relevant on-balance-sheet asset section. Report the undisbursed LIP for both loans reported as construction-only loans and construction-permanent loans reported as single-family, multifamily, or nonresidential loans.

Report construction LIP where you have specified an interest rate. Include fixed-rate loans and all adjustable-rate loans that reprice less often than monthly. You should not report agreements where you determine the rate at the time when you disburse the funds.

If the agreement contains a commitment to provide a mortgage loan upon completion of the construction, report the mortgage commitment as an optional or firm, as appropriate, commitment to originate a mortgage in the corresponding sections above.

For construction-permanent loans where the permanent rate has been set, use the construction phase as the WARM for the LIP.

Aggregation

Report fixed-rate construction LIP separately from adjustable-rate construction LIP.

Column 1: Contract Code
Enter the contract code for the position in column 1. Refer to Appendix B for the list of codes.

Column 2: Notional Amount
Report in Column 2 the amount of undisbursed funds, that portion of the commitments that have not been drawn down.

Column 3: Maturity or Fees
For fixed-rate construction-only LIP, report an estimate of the weighted-average term to maturity, in months. For construction-permanent loans, report an estimate of the term to completion of the construction phase only; do not include the maturity of the mortgage. For adjustable-rate loans, use the number of months until the next reset to calculate the WARM. (Note: loans that reset more often than monthly do not need to be reported on this line).

Column 4: Price/Rate #1
Report the weighted-average interest rate on the loans in Column 4. Refer to the calculation of the WAC in the general instructions to Schedule CMR.

Column 5: Price/Rate #2
Leave Column 5 blank.

Example:

You have two fixed-rate construction loan commitments outstanding. On the first commitment, a $1 million loan with a one-year term that you expect to disburse in approximately four months, for a term to maturity of 16 months, at an interest rate of 10 percent. On the second, a $2 million loan with an 18-month term you expect to disburse in approximately two months, for a term to maturity of 20 months, at an interest rate of 11 percent.

You would report the position as follows:

	[1] Contract Code	[2] Notional Amount	[3] Maturity or Fees	[4] Price/Rate #1	[5] Price/Rate #2
Position 1	9502	3 000	19	10.67	

SUPPLEMENTAL REPORTING FOR ASSETS AND LIABILITIES

INTRODUCTION

This section allows you to report selected assets and liabilities at a more disaggregate level than you report in the Assets and Liabilities sections of Schedule CMR. For example, if you have adjustable-rate second mortgage loans tied to different indices, you may report the balances tied to each rate index separately. We will derive the interest rate risk exposure estimates using this detailed information instead of the more aggregated data reported for those assets in the other sections. This results in more accurate market value estimates for the instruments on the supplemental form.

Supplemental reporting is available for the following:

Assets (Optional Reporting)

1. Certain types of loans.
2. Other investment securities of the types on CMR473 and CMR479.

Liabilities (Required Reporting)

1. VRFM liabilities.

Supplemental reporting is also available for OBS positions, as described below.

Each line on the supplemental reporting form for assets and liabilities consists of a balance with a given asset or liability code, a rate index code, and information describing those balances – margin, coupon, remaining maturity, etc. Number all lines used to report supplemental information sequentially, with the first line on the form receiving the number 1 in the column titled *Entry #.* We describe all other entries in detail below. If there are insufficient lines on the Supplemental Reporting page to report the different combinations of instrument and index codes, use as many continuation pages as necessary.

SUPPLEMENTAL REPORTING FOR ASSETS (OPTIONAL)

You may report three broad classes of assets on the Supplemental Reporting form:

1. The following types of loans:
   a. Adjustable- and fixed-rate multifamily and nonresidential mortgage loans and securities.
   b. Adjustable-rate construction and land loans.
   c. Adjustable-rate second mortgages.
   d. Adjustable-rate commercial loans.
   e. Adjustable- and fixed-rate consumer loans.
2. Investments in securities of the types on CMR479, Municipal securities, mortgage-backed bonds, corporate securities, commercial paper.

Besides a column for the entry number, there are nine input columns on the Supplemental Reporting form. You will not always use all nine columns, depending on the asset. Below we describe the reporting for each column for each of the three classes of assets.

Loans

Column 1: Asset Code

Loans where OTS permits supplemental reporting are in Appendix C by Schedule CMR cell number. For each CMR cell number, you may use one or more codes to represent types of loans in that cell. For example, CMR335 and CMR336, Adjustable-rate and Fixed-rate Consumer Loans, respectively, may each be disaggregated into seven asset codes that correspond to different types of consumer loans. For example, you can report auto loans by entering asset code 183 in column 1 of the first line; education loans by entering asset code 182 on the next line; etc. Other CMR cell numbers – construction and land loans, second mortgages, and commercial loans – have only one code each. For those assets, balances cannot be disaggregated further by loan type, only by index code. See the description of column 2 below.

Column 2: Rate Index Code

From the list of Interest Rate Index Codes in Appendix A, report the code representing the index the reported loan uses. For example, you could report adjustable-rate auto loans tied to the prime rate with an asset code of 183 in column 1 and an index code of 830 in column 2. You could report auto loans tied to the one-year Treasury rate on a separate line with an asset code of 183 and an index code of 312.

Column 3: Balance

Report the outstanding balance of the loan in column 3.

Balances reported for asset codes within a given CMR cell number must sum to the balance reported in that cell in the Assets sections of Schedule CMR. For example, balances on the Supplemental Reporting form with asset codes 180 through 189, various types of consumer loans, and index codes designating adjustable-rate loans, must sum to the balance reported for total adjustable-rate consumer loans on CMR335. Likewise, the balances with asset codes 180 through 189 and an index code designating fixed-rate loans, must sum to CMR336, total fixed-rate consumer loans.

Column 4: Margin/WAC

If the entry represents an adjustable-rate loan, report the weighted-average margin, in basis points, in column 4. If it is a fixed-rate loan, report the WAC, in basis points, in column 4. Note that this differs from treatment in the Assets section of Schedule CMR, where the WAC is in percentage points. Report the net margin or the pass-through rate for adjustable-rate and fixed-rate securities, respectively. We describe how to calculate the weighted-average margin and the WAC in the general instructions to Schedule CMR.

Column 5: Rate Reset Frequency

If the loan is adjustable-rate, report the weighted-average frequency where the coupon rate resets, in months, in column 5. You should calculate the weighted-average frequency of the coupon reset in the same manner as the WARM, as described in the general instructions to Schedule CMR. However, instead of months to maturity, use months between coupon reset dates. If the loan is fixed-rate, leave column 5 blank.

Column 6: Months to Full Amortization

Leave this column blank for all assets except multifamily and nonresidential balloon mortgage loans and securities – asset codes 100, 105, 106, 107, 108, and 109. For those assets, report the weighted-average number of months remaining until the balloon mortgage would fully amortize. Calculate this item in the same manner as described for WARM, in the general instructions to Schedule CMR. However, instead of months to maturity, use months to full amortization.

Column 7: Remaining Maturity

Report the WARM, in months, in column 7. Calculate the WARM as described in the general instructions to Schedule CMR. For balloon mortgages, use the number of months until payment of the balloon.

Column 8: Distance to Lifetime Cap

Use this column only for adjustable-rate multifamily and nonresidential mortgage loans and securities, asset codes 100 through 119. For all other types of loans, leave it blank.

For each asset code, calculate the difference between the WAC and the weighted-average lifetime cap for the loans or securities in that category. Report the result in column 8, in basis points. For example, for a WAC of 10 percent and a cap of 12 percent, report a value of 200 basis points. Calculate the WAC as described in the general instructions to Schedule CMR. Calculate the weighted-average lifetime cap the same way. For loans and securities that have no lifetime caps, report 9999 in this column.

Column 9: Distance to Lifetime Floor

Use this column only for adjustable-rate multifamily and nonresidential mortgage loans and securities, asset codes 100 through 119. For all other types of loans, leave it blank.

For each asset code, calculate the difference between the current WAC and the weighted-average lifetime floor for the loans in that category. Report the result in column 9, in basis points. For example, for a WAC of 10 percent and a floor of 8 percent, report a value of 200 basis points. For loans and securities that have no lifetime floor, report 9999 in this column.

Other Investment Securities

You can provide additional information about securities on CMR473 and CMR479. You may distinguish three different types of instruments – fixed coupon, floating-rate, and inverse floating-rate securities – using the codes listed in the appropriate sections of Appendix C.

Column 1: Asset Code

Asset codes for reporting supplemental information are in Appendix C. For CMR473, Government and Agency Securities including SBA securities, applicable asset codes are 300 through 304. For CMR479, Other Securities – Munis, Mortgage-Backed Bonds, Corporate Securities, Commercial Paper, Etc. – applicable codes are 120, 122, and 124.

Column 2: Rate Index Code

From the list of Interest Rate Index Codes in Appendix A, report the code representing the index the security uses. Use code 900 if the security has a fixed coupon.

Column 3: Balance

For each type of security, report the outstanding balance of all securities of that type on CMR473 or CMR479. The total outstanding balance on the Supplemental Reporting section with asset codes 300 through 304 must equal the amount on CMR473. In addition, the total balance with asset codes 120, 122, and 124 must equal the amount on CMR479.

Column 4: Margin/WAC

If the entry represents a floating-rate security, report the margin, **in basis points**, in column 4. If the security is a fixed-coupon security, report the coupon, **in basis points**, in column 4. Note that this differs from treatment in the Assets section of Schedule CMR, where the coupon is in percentage points.

Column 5: Rate Reset Frequency

If the balance reported in column 3 is floating-rate or inverse floating-rate, report the frequency that the coupon rate resets, in months, in column 5. If the balance reported in column 3 is fixed-coupon, leave column 5 blank.

Column 6:

Leave this column blank.

Column 7: Remaining Maturity

Report the remaining maturity, in months, in column 7.

Column 8:

Use this column only for reporting the benchmark rate (in basis points) of inverse floating-rate securities. For example, if you derive the coupon of such a security using the formula 17.5 minus six-month LIBOR, the benchmark rate is 17.5, and you should report it as 1750 basis points in column 8. For all other types of securities, leave this column blank.

Column 9:

Leave this column blank.

SUPPLEMENTAL REPORTING FOR LIABILITIES (REQUIRED)

Report variable-rate, fixed-maturity liabilities in the section, **Supplemental Reporting for Assets and Liabilities**.

Include liabilities of the following types that have contractually stated maturities and indexed rates:

1. Certificates of deposit.
2. FHLB advances.
3. Commercial bank loans.
4. Repurchase agreements.
5. Retail repurchase agreements.
6. Commercial paper issued.
7. Subordinated debt.
8. Redeemable preferred stock.
9. All other borrowings.

Do not include:

1. Mortgage collateralized securities. Report on Supplemental Reporting of Market Value Estimates.
2. Structured borrowings. Report on Supplemental Reporting of Market Value Estimates.

General Instructions:

Report information about your VRFM liabilities as follows:

Assign liability and index codes to each VRFM liability that you issue, using the lists of codes in Appendix D and Appendix A, respectively. For example, each variable-rate FHLB advance indexed to the Fed Funds rate would have the liability code 220, the code for FHLB advances, and the index code 800 (the code that shows that the interest rate on the advances uses the Fed Funds rate as an index). Report each VRFM liability you issue using either one of two ways:

Individually – This option produces a very accurate valuation, but it might require the reporting of a large amount of data.

Aggregated with similar liabilities – This option produces somewhat less accurate valuations, but it requires the reporting of a smaller amount of data.

1. If you choose the individual option, supply the required information – liability code, index code, balance, margin, rate reset frequency, months to reset, and remaining maturity – for each VRFM liability issued that you report individually. For example, you would report each FHLB advance described in the example above individually.
2. If you choose the aggregated option, report VRFM liabilities on the Supplemental Reporting Form aggregated by liability and index code. Thus, you would report all VRFM liabilities that have the same liability and index code aggregated as a single position. For example, you would report all FHLB advances described in the preceding example together as a single position regardless of differences in margin, rate reset frequency, months to next reset, or remaining maturity.

Entry Number

Number all lines used to report supplemental information, starting with the number 1.

Column 1: Liability Code
The liability code is a three-digit code that denotes the type of liability reported. The codes are included in Appendix D – **List of Codes Used for Supplemental Reporting**.

Column 2: Rate Index Code
The index code is a three-digit code that describes the index of the VRFM liability reported. The codes are in Appendix A, **List of Interest Rate Index Codes**.

Column 3: Balance
If you choose option A, report the outstanding balance of each individual VRFM liability. If you choose option B, report the total outstanding balance of that position. In either case, do not report the carrying values.

Column 4: Margin in Basis Points
The margin of a variable rate liability is the amount added to the index rate to derive the coupon rate. If you choose option A, report the margin, in basis points, of each **individual** VRFM liability.

If you choose option B, report the weighted-average margin for each **position**. See the general instructions to Schedule CMR.

Column 5: Rate Reset Frequency
If you choose option A, report the index rate reset frequency, in months, of each individual VRFM liability.

If you choose option B, calculate the weighted-average rate reset frequency for each position by multiplying the reset frequency of each liability expressed in months by the ratio of that liability's balance to the position's total balance. Calculate the weighted-average rate reset frequency for each position. See the general instructions to Schedule CMR.

Column 6: Months to Next Reset
If you choose option A, report the number of months until the next index rate reset for each individual VRFM liability.

If you choose option B, calculate the weighted-average months to next reset for each position. To do this, multiply the number of months until next reset for each liability by the ratio of that liability's balance to the position's total balance. Calculate the weighted-average months to next reset for each position. See the general instructions to Schedule CMR. Round the weighted-average months to next reset to the nearest month.

Column 7: Remaining Maturity
If you choose option A, report the remaining maturity, in months, of each individual VRFM liability.

If you choose option B, calculate the WARM for each position. To do this, multiply the remaining maturity of each liability expressed in months by the ratio of that liability's balance to the position's total balance. Calculate the weighted-average remaining term for each position. See the general instructions to Schedule CMR.

Column 8:
Leave this column blank for all VRFM liabilities.

Column 9:
Leave this column blank for all VRFM liabilities.

SUPPLEMENTAL REPORTING OF MARKET VALUE ESTIMATES

To calculate the market value of some of the assets, liabilities, and financial derivatives and OBS instruments that you hold, we need more information than is feasible to collect on Schedule CMR. This section of Schedule CMR collects your own estimates of the market values of certain instruments in each of the seven interest rate scenarios shown in the Interest Rate Risk Exposure Report that we produce each quarter. We combine the estimates you report with the market value estimates calculated by the OTS Model to evaluate your exposure to interest rate changes.

You **must** report market value estimates **if** you have the following types of financial instruments:

1. Financial derivatives and OBS contracts that you cannot identify by a contract code. For instance, CMO swaps.
2. Mortgage-derivative securities.
3. Complex securities. If you have complex securities, you must report market value estimates for those securities. Common types of complex securities include structured securities, such as step-up bonds, index-amortizing notes, dual index notes, de-leveraged bonds, range bonds, and inverse floaters.
4. Structured Borrowings.

Moreover, you have the option to report market value estimates for collateralized mortgage securities you issue and for mortgage-related mutual funds.

If you report your own estimates for a given type of instrument, you should do so consistently across quarters. If you do not report market value estimates, you should leave the cells blank.

Reporting Guidelines

When estimating the market values for this section, you should use the same methodology you use in your TB 13a analyses. First, calculate the base case market value of each instrument in the current interest rate environment. Then calculate market value estimates in the six shocked interest rate scenarios – the plus and minus 100, 200, and 300 basis point shocks described in TB 13a – by assuming parallel shifts in the term structure of interest rates. In periods of low interest rates, it is possible that the simulation of the - 300 interest rate scenario could result in negative interest rates. To avoid this possibility, you should set a floor of ten basis points for all interest rates when performing your own simulations.

Assumptions used in the calculations must be reasonable and consistent with the analysis you perform to satisfy TB 13a. Your prepayment assumptions should relate reasonably to market consensus in the current interest rate scenario. In the six shocked scenarios, prepayment assumptions should reflect changes likely to occur in prepayment rates under each interest rate shock. If you perform the valuation by estimating the present value of future cash flows, both the discount rates and expected future cash flows should reflect the current yield curve or that or similar instruments in the current rate scenario. In the shocked scenarios, discount rates and expected future cash flows should reflect likely changes that would occur under each shock.

To evaluate an institution's market value estimates, OTS examiners will, at a minimum, determine whether the institution:

1. Uses zero-coupon (spot) rates of the appropriate maturities to discount cash flows.
2. Uses implied forward interest rates to model variable rate cash flows.
3. Values embedded options using appropriate option valuation methodology, e.g., Black-Scholes type formulas, Monte-Carlo simulations, lattice methods, etc.

Examiners may determine an institution should use more sophisticated measurement techniques to address specific supervisory concerns (e.g., high volume and price sensitivity of a group of structured advances; the institution's results may materially misstate the level of risk; a combination of low Post-shock NPV Ratio and high Sensitivity Measure; etc.). In any case, the institution should be very familiar with the details of the assumptions, term structure, and logic used in performing the measurements. Measures obtained from either a third party or from an FHLB originating a structured FHLB advance may, therefore, not always be adequate.

Report the following type of instruments on the Supplemental Reporting of Market Value Estimates.

Market Value Estimates of Financial Derivatives and Off-Balance-Sheet Contracts

Report an estimate of the market value of financial derivatives and OBS contracts according to the instructions for either case 1 or case 2 below.

Case 1: You hold financial derivatives and OBS contract(s) that do not have contract codes listed in the instructions. In such instances, report market value estimates for those contracts, in each of the seven interest rate scenarios listed, using contract code 500, from Appendix D, on the *Supplemental Reporting of Market Value Estimates*.

Case 2: You have more than 16 financial derivatives and OBS contract positions and have chosen to provide your own market value estimates of the additional positions instead of reporting them in the section, *Supplemental Reporting for Financial Derivatives and OBS Positions*. See *Reporting More Than 16 OBS Positions* in the section *Off-Balance-Sheet Contracts*. In such instances, you must report the estimated aggregate market value of the additional positions in each of the seven interest rate scenarios listed on the *Supplemental Reporting of Market Value Estimates* using contract code 500 from Appendix D.

You may also include estimates of the market value of loan servicing rights other than single-family first mortgages; for instance, servicing of commercial real estate, second mortgages, home equity loans, auto loans, credit cards, etc.

Market Value Estimates of Mortgage Derivative Securities

Reporting Information: Report the estimated aggregate market value of mortgage-derivative securities in each of the seven interest rate scenarios. This is in addition to the general requirement that you report the recorded investment of these securities on CMR351 through CMR376 as described in *Mortgage-Derivative Securities* in the *Assets* section.

You must report the market value of all CMOs, residuals, stripped MBS, and CMO swaps under the seven interest rate scenarios on the *Supplemental Reporting of Market Value Estimates* using asset code 123 found in Appendix D. In valuing floating-rate CMOs, on CMR351 and CMR352, you should use a methodology that accomplishes the following:

1. Values the cap and floor of the floater.
2. Discounts cash flows using the zero-coupon Treasury curve and a spread to the curve.

CEO Memo 55, dated April 30, 1996 contains a detailed description of a methodology that incorporates these two requirements. The memo is available on OTS's web site, www.ots.treas.gov.

Use of Information: When calculating your Interest Rate Risk Report, the OTS Model will use market value estimates of mortgage derivatives if you report them. If you have such derivatives but do not report market value estimates, the OTS Model will estimate market values using values of similar instruments as proxies.

Market Value Estimates of Complex Securities

Reporting Information: If you report any complex securities you must report the estimated aggregate market value of those securities in each of the seven interest rate scenarios using contract code 121 from Appendix D.

Use of Information: When producing your Interest Rate Risk Exposure Report, the OTS Model will include in NPV the market value estimates of these securities.

Market Value Estimates of Structured Borrowings

For the purpose of these instructions, structured borrowings include borrowings and Federal Home Loan Bank (FHLB) advances with embedded options or derivative-like features where the advance's coupon, average life, and redemption value are dependent on a reference rate, an index, or a formula. Structured borrowings include, but are not limited to, putable and callable advances, variable rate advances with embedded caps, floors, or collars, step-up variable rate advances and amortizing advances. The amounts you enter in the rate shock scenarios are the estimated market values of the contract after the rate change. See Appendix D, codes 280 through 290, for a detailed description of structured borrowings whose market value estimates you report on Supplemental Reporting of Market Value Estimates.

The important contractual terms used in classifying these positions are 1) who owns (has the right to exercise) the option, and 2) the type of option. The type of option is classified using standard option terminology, i.e., the owner of a call has the right to buy at the exercise price, and the owner of a put has the right to sell at the exercise price. Standard option terminology is not always consistent with the terminology used in marketing these instruments.

For example, with a putable advance, an FBLB effectively purchases a put option from the borrowing member. This put option provides the FHLB with the right to terminate the advance and offer alternative credit on new terms if interest rates increase. An advance with these terms would have position code 280. The terminology on these products may be an issue since some FHLBs call putable advances putable advances, and other FHLBs call them callable advances. From the perspective of standard option terminology callable is not the proper term for this instrument, since the FHLB has the right to sell (put) the advance back to the member when interest rates increase and the value of the debt has fallen.

A callable advance in standard option terminology allows the member to prepay the advance. The position code for this contract is 282. If the advance allowed the FHLB to convert the advance from fixed to floating rate, the advance would be termed a convertible advance and would have position code 281.

A similar, but more complicated advance is the periodic floating rate advance. In this advance the interest rate floats by being periodically reset to LIBOR. However, the member effectively sells a floor to the FHLB, which limits the reduction in interest payments when LIBOR decreases. The position code for this advance is 283.

Market Value Estimates of Mortgage-Related Mutual Funds (Optional)

Reporting Information: If you report mortgage-related mutual funds on CMR584, you may use code 129 from Appendix D to report the estimated aggregate market value estimates of those mutual funds in each of the seven interest rate scenarios.

Use of Information: When producing your Interest Rate Exposure Report, the OTS NPV model will use the market value estimate you provide for these mutual funds.

Market Value Estimates of Collateralized Mortgage Securities Issued (Optional)

Reporting Information: Report only those collateralized mortgage securities issued that you do not record as sales. Report information on collateralized mortgage securities issued in two places: one mandatory, the other optional:

1. Report the book value of CMOs and other collateralized mortgage securities issued on CMR785. Balances on CMR785 should not be on CMR678 through CMR706.
2. At your option, you may use code 210 to report your estimate of the value of the collateralized mortgage securities issued, in each of seven interest rate scenarios listed on the Supplemental Reporting of Market Value Estimates.

Reporting Guidelines

Report positions in the Supplemental Reporting of Market Value Estimates as follows:

Column 1: Entry Number
Number all lines used to report supplemental market value information, starting with the number 1.

Column 2: Position Code
The position code is a 3-digit code that denotes the type of instrument reported. The codes are included in Appendix D.

Column 3: Balance
Report the outstanding balance for each position whose market value estimates are reported in Column 3 through Column 9. For zero-coupon instruments, report the recorded investment, which is the amortized value of the investment.

Column 4 through Column 10: Estimated Market Value After Specified Rate Shock
Report the estimate of the market value in each of the following interest rates scenarios: -300 basis points, -200bp, -100bp, No Change, +100bp, +200bp, +300bp, respectively.

SUPPLEMENTAL REPORTING FOR DERIVATIVES AND OFF-BALANCE-SHEET POSITIONS

In this section, you may report supplemental information about OBS contracts as described in *Reporting More Than 16 OBS Positions* in the section *Off-Balance-Sheet Contracts*. If you have more than 16 OBS positions, you may report those positions in the same manner that you reported the initial 16 positions on the continuation page *Supplemental Reporting for Financial Derivatives and OBS Positions*.

To report positions using supplemental pages, number the positions sequentially in the column *Entry #,* beginning with number 1 for the first position on the first supplemental page. The same instructions in the section *Off-Balance-Sheet Contracts* used to report the initial 16 positions apply. Use as many continuation pages as necessary to report the remaining positions.

APPENDIX A

LIST OF INTEREST RATE INDEX CODES

Code	Index
303	3-month Treasury security
306	6-month Treasury security
312	1-year Constant Maturity Treasury
324	2-year Constant Maturity Treasury
336	3-year Constant Maturity Treasury
360	5-year Constant Maturity Treasury
370	7-year Constant Maturity Treasury
380	10-year Constant Maturity Treasury
401	1-month London Interbank Offered Rate (LIBOR)
403	3-month London Interbank Offered Rate (LIBOR)
406	6-month London Interbank Offered Rate (LIBOR)
412	1-year London Interbank Offered Rate (LIBOR)
431	FannieMae LAMA Index (to be used for liabilities only)
503	3-month FHLB advance rate
506	6-month FHLB advance rate
512	1-year FHLB advance rate
524	2-year FHLB advance rate
536	3-year FHLB advance rate
548	4-year FHLB advance rate
560	5-year FHLB advance rate
603	3-month fixed-rate CD rate
606	6-month fixed-rate CD rate
612	1-year fixed-rate CD rate
660	5-year fixed-rate CD rate
710	FHLMC/FNMA 30-year, fixed-rate mortgage commitment rate
720	National Average Contract Rate for the Purchase of Previously Occupied Homes
800	Federal funds rate
811	11th District FHLB Cost-of-Funds Index (COFI)
812	Lender’s own Cost-of-Funds
820	Federal Cost-of-Funds Index
830	Prime rate
900	Fixed-rate
910	Rate adjusted at lender’s discretion
911	Any other index

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APPENDIX B

LIST OF CONTRACT CODES FOR OBS CONTRACTS

You should use the following list of codes to report OBS contracts.

Contract Codes for Optional Commitments to Originate Mortgages

1002	1-month COFI ARMs
1004	6-month or 1-year COFI ARMs
1006	6-month or 1-year Treasury or LIBOR ARMs
1008	3-year or 5-year Treasury ARMs
1010	5-year or 7-year Balloon or 2-step mortgages
1012	10-year, 15-year, or 20-year FRMs
1014	25-year or 30-year FRMs
1016	all other mortgages

Contract Codes for Firm Commitments to Purchase, Sell, or Originate Mortgages

Firm Commitments to Purchase or Sell Mortgage Loans, Servicing Retained

If the commitment is transacted on a servicing retained basis – the seller will continue to be responsible for servicing the loans following the sale – use the following contract codes. **Note** that typically commitments to purchase or sell mortgages, including mandatory forward sales are transacted on a servicing retained basis, not on a servicing released basis.

2002	purchase 1-month COFI ARM loans, servicing retained
2004	purchase 6-month or 1-year COFI ARM loans, servicing retained
2006	purchase 6-month or 1-year Treasury or LIBOR ARM loans, servicing retained
2008	purchase 3-year or 5-year Treasury ARM loans, servicing retained
2010	purchase 5-year or 7-year Balloon or 2-step mortgage loans, servicing retained
2012	purchase 10-year, 15-year, or 20-year FRM loans, servicing retained
2014	purchase 25-year or 30-year FRM loans, servicing retained
2016	purchase all other mortgage loans, servicing retained
2022	sell 1-month COFI ARM loans, servicing retained
2024	sell 6-month or 1-year COFI ARM loans, servicing retained
2026	sell 6-month or 1-year Treasury or LIBOR ARM loans, servicing retained
2028	sell 3-year or 5-year Treasury ARM loans, servicing retained
2030	sell 5-year or 7-year Balloon or 2-step mortgage loans, servicing retained
2032	sell 10-year, 15-year, or 20-year FRM loans, servicing retained
2034	sell 25-year or 30-year FRM loans, servicing retained
2036	sell all other mortgage loans, servicing retained

Firm Commitments to Purchase or Sell Mortgage Loans, Servicing Released

If the commitment is transacted on a servicing released basis – the purchaser will be responsible for servicing the loans – use the following contract codes:

2102	purchase 1-month COFI ARM loans, servicing released
2104	purchase 6-month or 1-year COFI ARM loans, servicing released
2106	purchase 6-month or 1-year Treasury or LIBOR ARM loans, servicing released
2108	purchase 3-year or 5-year Treasury ARM loans, servicing released
2110	purchase 5-year or 7-year Balloon or 2-Step mortgage loans, servicing released

2112	purchase 10-year, 15-year, or 20-year FRM loans, servicing released
2114	purchase 25-year or 30-year FRM loans, servicing released
2116	purchase all other mortgage loans, servicing released
2122	sell 1-month COFI ARM loans, servicing released
2124	sell 6-month or 1-year COFI ARM loans, servicing released
2126	sell 6-month or 1-year Treasury or LIBOR ARM loans, servicing released
2128	sell 3-year or 5-year Treasury ARM loans, servicing released
2130	sell 5-year or 7-year Balloon or 2-Step mortgage loans, servicing released
2132	sell 10-year, 15-year, or 20-year FRM loans, servicing released
2134	sell 25-year or 30-year FRM loans, servicing released
2136	sell all other mortgage loans, servicing released

Firm Commitments to Purchase or Sell MBS

2042	purchase 1-month COFI ARM MBS
2044	purchase 6-month or 1-year COFI ARM MBS
2046	purchase 6-month or 1-year Treasury or LIBOR ARM MBS
2048	purchase 3-year or 5-year Treasury ARM MBS
2050	purchase 5-year or 7-year Balloon or 2-step MBS
2052	purchase 10-year, 15-year, or 20-year FRM MBS
2054	purchase 25-year or 30-year FRM MBS
2056	purchase all other MBS
2062	sell 1-month COFI ARM MBS
2064	sell 6-month or 1-year COFI ARM MBS
2066	sell 6-month or 1-year Treasury or LIBOR ARM MBS
2068	sell 3-year or 5-year Treasury ARM MBS
2070	sell 5-year or 7-year Balloon or 2-step MBS
2072	sell 10-year, 15-year, or 20-year FRM MBS
2074	sell 25-year or 30-year FRM MBS
2076	sell all other MBS

Firm Commitments to Originate Mortgage Loans

2202	originate 1-month COFI ARM loans
2204	originate 6-month or 1-year COFI ARM loans
2206	originate 6-month or 1-year Treasury or LIBOR ARM loans
2208	originate 3-year or 5-year Treasury ARM loans
2210	originate 5-year or 7-year Balloon or 2-Step mortgage loans
2212	originate 10-year, 15-year, or 20-year FRM loans
2214	originate 25-year or 30-year FRM loans
2216	originate all other mortgage loans

Firm Commitments to Purchase or Sell Mortgage Derivative Products (MDPs)

2081	purchase low-risk floating-rate MDPs
2082	purchase low-risk fixed-rate MDPs
2083	sell low-risk floating-rate MDPs
2084	sell low-risk fixed-rate MDPs
2086	purchase high-risk MDPs
2088	sell high-risk MDPs

Contract Codes for Optional Commitments to Purchase or Sell Mortgages and MBS

Long Options to Purchase Mortgages and MBS (Long Calls)

3002	long the option to purchase 1-month COFI ARMs

3004	long the option to purchase 6-month or 1-year COFI ARMs
3006	long the option to purchase 6-month or 1-year Treasury or LIBOR ARMs
3008	long the option to purchase 3-year or 5-year Treasury ARMs
3010	long the option to purchase 5-year or 7-year Balloon or 2-step mortgages
3012	long the option to purchase 10-year, 15-year, or 20-year FRMs
3014	long the option to purchase 25-year or 30-year FRMs
3016	long the option to purchase all other mortgages

Long Options to Sell Mortgages and MBS (Long Puts)

3022	long the option to sell 1-month COFI ARMs
3024	long the option to sell 6-month or 1-year COFI ARMs
3026	long the option to sell 6-month or 1-year Treasury or LIBOR ARMs
3028	long the option to sell 3-year or 5-year Treasury ARMs
3030	long the option to sell 5-year or 7-year Balloon or 2-step mortgages
3032	long the option to sell 10-year, 15-year, or 20-year FRMs
3034	long the option to sell 25-year or 30-year FRMs
3036	long the option to sell all other mortgages

Short Options to Purchase Mortgages and MBS (Short Calls)

3042	short the option to purchase 1-month COFI ARMs
3044	short the option to purchase 6-month or 1-year COFI ARMs
3046	short the option to purchase 6-month or 1-year Treasury or LIBOR ARMs
3048	short the option to purchase 3-year or 5-year Treasury ARMs
3050	short the option to purchase 5-year or 7-year Balloon or 2-step mortgages
3052	short the option to purchase 10-year, 15-year, or 20-year FRMs
3054	short the option to purchase 25-year or 30-year FRMs
3056	short the option to purchase all other mortgages

Short Options to Sell Mortgages and MBS (Short Puts)

3062	short the option to sell 1-month COFI ARMs
3064	short the option to sell 6-month or 1-year COFI ARMs
3066	short the option to sell 6-month or 1-year Treasury or LIBOR ARMs
3068	short the option to sell 3-year or 5-year Treasury ARMs
3070	short the option to sell 5-year or 7-year Balloon or 2-step mortgages
3072	short the option to sell 10-year, 15-year, or 20-year FRMs
3074	short the option to sell 25-year or 30-year FRMs
3076	short the option to sell all other mortgages

Contract Codes for Commitments to Purchase, Originate or Sell Nonmortgage Financial Assets and Liabilities

For purposes of reporting, **core deposits** are defined as transaction accounts, money market deposit accounts, passbook accounts, and non-interest-bearing demand deposits.

4002	purchase or originate nonmortgage financial assets
4004	purchase core deposits
4006	purchase all other liabilities
4022	sell nonmortgage financial assets
4024	sell core deposits
4026	sell all other liabilities

Contract Codes for Interest-Rate Swaps

We have divided the codes for swaps into three groups: fixed-for-floating swaps, basis swaps, and mortgage swaps. We have not listed codes for LIBOR-for-COFI basis swaps because the value of this type of swap does not change substantially when the yield curve changes in a parallel fashion. Special reporting instructions for swaptions and amortizing swaps appear below the list of codes.

CMO swaps are reported with Mortgage Derivative Securities. See **Mortgage Derivative Securities** in Section II, Assets.

If the institution holds a type of interest rate swap that is not contained in this list, the contract should be reported on **Supplemental Reporting of Market Value Estimates**, using code 500 from Appendix D. See **Market Value Estimates of OBS Contracts** in Section V, Reporting of Market Value Estimates, for reporting instructions.

Fixed-for-Floating Swaps

5002	pay fixed, receive 1-month LIBOR
5004	pay fixed, receive 3-month LIBOR
5006	pay fixed, receive 6-month LIBOR
5008	pay fixed, receive COFI
5010	pay fixed, receive 3-month Treasury
5012	pay fixed, receive 1-Year Treasury
5014	pay fixed, receive 3-year Treasury
5016	pay fixed, receive 5-year Treasury
5018	pay fixed, receive 7-year Treasury
5020	pay fixed, receive 10-year Treasury
5022	pay fixed, receive the prime rate
5024	pay 1-month LIBOR, receive fixed
5026	pay 3-month LIBOR, receive fixed
5028	pay 6-month LIBOR, receive fixed
5030	pay COFI, receive fixed
5032	pay 3-month Treasury, receive fixed
5034	pay 1-Year Treasury, receive fixed
5036	pay 3-year Treasury, receive fixed
5038	pay 5-year Treasury, receive fixed
5040	pay 7-year Treasury, receive fixed
5042	pay 10-year Treasury, receive fixed
5044	pay the prime rate, receive fixed

Basis Swaps

5052	pay COFI, receive 1-month LIBOR
5054	pay COFI, receive 3-month LIBOR
5056	pay COFI, receive 6-month LIBOR
5058	pay COFI, receive 3-month Treasury

5060 pay 1-month LIBOR, receive 1-year Treasury
5062 pay 1-month LIBOR, receive COFI
5064 pay 3-month LIBOR, receive COFI
5066 pay 6-month LIBOR, receive COFI
5068 pay 3-month Treasury, receive COFI
5069 pay 1-year Treasury, receive 1-month LIBOR

Mortgage Swaps

5572 pay 1-month LIBOR, receive MBS coupon
5574 pay 3-month LIBOR, receive MBS coupon
5576 pay 6-month LIBOR, receive MBS coupon
5582 pay MBS coupon, receive 1-month LIBOR
5584 pay MBS coupon, receive 3-month LIBOR
5586 pay MBS coupon, receive 6-month LIBOR

A **swaption** is an option on a swap. Swaptions are reported in the following manner: replace the first two digits of the contract codes listed above with 51 for a long position in the swaption – the institution has purchased the swaption – or 52 for a short position in the swaption – the institution has sold the swaption. For example, the contract code for a long swaption position where the institution would pay a fixed rate and receive 3-month LIBOR is 5104.

The OTS model only values swaptions on fixed-for-LIBOR, 1-, 3-, and 6-month indices, fixed-for-COFI, and fixed-for-3-month Treasury coupons. These swaptions correspond to codes 5102 through 5110, 5124 through 5132, 5202 through 5210, and 5224 through 5232. If you hold a swaption that is not contained in this list, you should report the on **Supplemental Reporting of Market Value Estimates**. See **Market Value Estimates of OBS Contracts** in Section V, **Reporting of Market Value Estimates**, for reporting instructions.

An **amortizing swap** is a swap on which the notional amount amortizes over time. You report amortizing swaps by replacing the first two digits of the contract codes listed above with 55. For example, the contract code for an amortizing swap where the institution pays COFI and receives 1-month LIBOR is 5552. Because mortgage swaps are amortizing swaps, their contract codes begin with 55.

Contract Codes for Interest-Rate Caps

6002 long a cap on 1-month LIBOR
6004 long a cap on 3-month LIBOR
6006 long a cap on 6-month LIBOR
6008 long a cap on the 3-month Treasury
6010 long a cap on the 1-year Treasury
6012 long a cap on the 3-year Treasury
6014 long a cap on the 5-year Treasury
6016 long a cap on the 7-year Treasury
6018 long a cap on the 10-year Treasury
6020 long a cap on COFI
6022 long a cap on the prime rate
6032 short a cap on 1-month LIBOR
6034 short a cap on 3-month LIBOR
6036 short a cap on 6-month LIBOR
6038 short a cap on the 3-month Treasury
6040 short a cap on the 1-year Treasury
6042 short a cap on the 3-year Treasury
6044 short a cap on the 5-year Treasury
6046 short a cap on the 7-year Treasury
6048 short a cap on the 10-year Treasury
6050 short a cap on COFI
6052 short a cap on the prime rate

If you hold a cap on which the notional amount is amortizing, an amortizing cap, you should report the contract on **Supplemental Reporting of Market Value Estimates**. See **Market Value Estimates of OBS Contracts** in Section V, **Reporting of Market Value Estimates**, for reporting instructions.

Contract Codes for Interest-Rate Floors

7002	long a floor on 1-month LIBOR
7004	long a floor on 3-month LIBOR
7006	long a floor on 6-month LIBOR
7008	long a floor on the 3-month Treasury
7010	long a floor on the 1-year Treasury
7012	long a floor on the 3-year Treasury
7014	long a floor on the 5-year Treasury
7016	long a floor on the 7-year Treasury
7018	long a floor on the 10-year Treasury
7020	long a floor on COFI
7022	long a floor on the prime rate
7032	short a floor on 1-month LIBOR
7034	short a floor on 3-month LIBOR
7036	short a floor on 6-month LIBOR
7038	short a floor on the 3-month Treasury
7040	short a floor on the 1-year Treasury
7042	short a floor on the 3-year Treasury
7044	short a floor on the 5-year Treasury
7046	short a floor on the 7-year Treasury
7048	short a floor on the 10-year Treasury
7050	short a floor on COFI
7052	short a floor on the prime rate

If the institution holds a floor on which the notional amount is amortizing, an amortizing floor, you should report the contract should be reported on **Supplemental Reporting of Market Value Estimates**. See **Market Value Estimates of OBS Contracts** in Section V, **Reporting of Market Value Estimates, for reporting instructions**.

Contract Codes for Futures

8002	long 30-day interest rate
8004	long 3-month Treasury bill
8006	long 2-year Treasury note
8008	long 5-year Treasury note
8010	long 10-year Treasury note
8012	long Treasury bond
8014	long 1-month LIBOR
8016	long 3-month Eurodollar
8018	long 3-year Swap
8020	long 5-year Swap
8032	short 30-day interest rate
8034	short 3-month Treasury bill
8036	short 2-year Treasury note
8038	short 5-year Treasury note
8040	short 10-year Treasury note
8042	short Treasury bond
8044	short 1-month LIBOR
8046	short 3-month Eurodollar
8048	short 3-year Swap (Self-value using code 500)
8050	short 5-year Swap (Self-value using code 500)

Contract Codes for Options on Futures

Long Call Options

9002	long call, 30-day interest rate futures
9004	long call, 3-month Treasury bill futures
9006	long call, 2-year Treasury note futures
9008	long call, 5-year Treasury note futures
9010	long call, 10-year Treasury note futures
9012	long call, Treasury bond futures
9014	long call, 1-month LIBOR futures
9016	long call, 3-month Eurodollar futures

Long Put Options

9026	long put, 30-day interest rate futures
9028	long put, 3-month Treasury bill futures
9030	long put, 2-year Treasury note futures
9032	long put, 5-year Treasury note futures
9034	long put, 10-year Treasury note futures
9036	long put, Treasury bond futures
9038	long put, 1-month LIBOR futures
9040	long put, 3-month Eurodollar futures

Short Call Options

9050	short call, 30-day interest rate futures
9053	short call, 3-month Treasury bill futures
9054	short call, 2-year Treasury note futures
9056	short call, 5-year Treasury note futures
9058	short call, 10-year Treasury note futures
9060	short call, Treasury bond futures
9062	short call, 1-month LIBOR futures
9064	short call, 3-month Eurodollar futures

Short Put Options

9074	short put, 30-day interest rate futures
9076	short put, 3-month Treasury bill futures
9078	short put, 2-year Treasury note futures
9080	short put, 5-year Treasury note futures
9082	short put, 10-year Treasury note futures
9084	short put, Treasury bond futures
9086	short put, 1-month LIBOR futures
9088	short put, 3-month Eurodollar futures

Contract Codes for Construction LIP

9502	fixed-rate
9512	adjustable-rate

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APPENDIX C

LIST OF ASSET CODES FOR SUPPLEMENTAL REPORTING

CMR Line	Asset Type	Asset Code
	Multifamily and Nonresidential Mortgage Loans and Securities	
	Adjustable-Rate	
CMR261	Balloon Mortgage Loans	
	Coupon Within 300 bp of Lifetime Cap	100
	Coupon More Than 300 bp From Lifetime Cap	105
	With No Lifetime Cap	106
	Balloon Mortgage Securities	
	Coupon Within 300 bp of Lifetime Cap	107
	Coupon More Than 300 bp From Lifetime Cap	108
	With No Lifetime Cap	109
CMR262	Fully Amortizing Mortgage Loans	
	Coupon Within 300 bp of Lifetime Cap	110
	Coupon More Than 300 bp From Lifetime	115
	With No Lifetime Cap	116
	Fully Amortizing Mortgage Securities	
	Coupon Within 300 bp of Lifetime Cap	117
	Coupon More Than 300 bp From Lifetime Cap	118
	With No Lifetime Cap	119
	Fixed-Rate	
CMR281	Balloon Mortgage Loans	125
	Balloon Mortgage Securities	126
CMR282	Fully Amortizing Mortgage Loans	127
	Fully Amortizing Mortgage Securities	128
CMR291	Construction & Land Loans – adjustable-rate	130
CMR311	Second Mortgage – adjustable-rate	140

CMR Line	**Asset Type**	**Asset Code**
CMR325	Commercial Loans – adjustable-rate	150
CMR335 or CMR336	Consumer Loans – fixed- or adjustable-rate:	
	Loans on Deposits	180
	Unsecured Home Improvement Loans	181
	Education Loans	182
	Auto Loans and Leases	183
	Mobile Home Loans	184
	Credit Cards	185
	Recreational Vehicle Loans	187
	Other Type of Consumer Loans	189
CMR473	Government & Agency Securities:	
	Fixed-Coupon Securities	300
	Floating-Rate Securities	302
	Inverse Floating-Rate Securities	304
CMR479	Other Investment Securities:	
	Fixed-Coupon Securities	120
	Floating-Rate Securities	122
	Inverse Floating-Rate Securities	124

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

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GLOSSARY

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.*

We use this glossary to explain terms that we use in connection with the Thrift Financial Report. We have neither officially approved nor sanctioned the definitions. They are not legal definitions and you should not use them to interpret or define provisions of our regulations or other official documents. A more extensive glossary of financial terms is available on the OTS web site. Also refer to the glossary in the OTS Trust and Asset Management Handbook.

a

Above Par (Value)
A higher dollar amount than the face value, or par, of a security. Above par occurs when a security sells at a premium – for more than par or face value. The premium is the difference between the face value and the market price.

Accelerated Mortgage Amortization
(1) The restructuring of an existing mortgage loan by increasing the monthly payment to pay off the loan in a shorter time than the original maturity. (2) Prepayment of loan principal.

Acceleration Clause
A clause commonly included in mortgages and bonds, it gives the holder the right to demand that the borrower pay the entire outstanding balance in the event of default or other breach of contract.

Accounts Payable
Short-term liabilities incurred and amounts recorded on the books of a company or individual that are owed to a creditor for previously purchased merchandise or services rendered.

Accounts Receivable
Amounts recorded as assets on the books of a company or individual that are due for merchandise sold or services rendered.

Accretion
Addition to income resulting from gradual, periodic reduction of deferred income.

Accrual Basis
(1) The basis of accounting under which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefit received, notwithstanding that the receipt of the revenue or the payment of the expenditure may take place, in whole or in part, in another accounting

period. (2) Opposite of cash basis accounting. The accrual basis of accounting must be used in the preparation of the Thrift Financial Report.

Accrued Dividend
A dividend declared by the Board of Directors and considered to be earned and payable but not yet paid on stock or other instruments of ownership of a business.

Accrued Expense
Costs incurred during an accounting period but not paid.

Accrued Interest
Interest earned, but not received or credited, for the period of time that has elapsed since interest was last received.

Actual Thrift Investment Percentage (ATIP)
A ratio whose numerator is housing-related investments, called qualified thrift investments, and whose denominator is portfolio assets. The ratio is used to determine whether a savings association meets the qualified thrift lender (QTL) test. Savings associations may elect to use the Internal Revenue Service tax code Domestic Building and Loan Association (DBLA) test rather than the QTL test.

ADC
Acquisition, development, and/or construction.

Add-on Interest
The amount of interest the borrower will pay during the term of the loan that is added to the principal of the loan to determine the face amount of the note. The borrower signs a note promising to repay the face amount (principal plus interest), although only the principal is disbursed to the borrower. Since the interest is not yet earned at the date of closing, a contra-account to the loan is set up representing the unearned interest. This contra-account is reduced monthly and credited to interest income until at the time of maturity the contra-account is zero and the full principal is due. Report loans with add-on interest net of the unearned interest in Schedule SC. *See* Discount Loan.

Adjustable Rate
An asset or liability repriced (rate adjusted) periodically during its life according to a predetermined formula or index. The interest rate is automatically adjusted at stated intervals. *See* Adjustable-Rate Mortgage, Floating-Rate Securities, and Floating-Rate Tranches.

Adjustable-Rate Mortgage (ARM)
A loan with an interest rate that is periodically adjusted, moving higher or lower in the same ratio as a preselected index, such as Treasury bill rates. ARM loans may limit interest rate increases, caps, within a given time period and over the life of the loan, and may limit the frequency of interest rate adjustments. ARM loans may initially have below-market interest rates, *teaser rates*, in return for the borrower sharing the risk that interest rates may rise during the course of the loan.

Adjusted Basis
Equals cost at which an asset is acquired and adjusted for certain occurrences since the day of acquisition. For example, the adjusted basis of real property is generally the purchase price plus capital improvements to the property less any depreciation taken. Adjusted basis is used in calculating gains and losses on the sale of an asset.

Adjusting Entries
Bookkeeping entries made after the trial balance is prepared but before the closing entries. The adjusting entries are necessary to make the income and expense accounts consistent with the accrual method of accounting.

Advances
Loans the Federal Home Loan Banks issue to member savings associations.

Affiliated Company
(1) A company that exercises control over another company either directly or indirectly. (2) A company that has common ownership with another company.

Affiliated Person
(1) A director, officer, or controlling person of a savings association or its holding company. (2) A member of the immediate family residing in the same household as a director, officer, or controlling person of a savings association.

Agencies
Securities issued by an agency or government-sponsored enterprise of the federal government, for example, Fannie Mae, Ginnie Mae, etc.

AICPA
American Institute of Certified Public Accountants.

ALLL
Allowance for loan and lease losses.

Allowance
A reserve set aside for bad debts or for depreciation. *See* Allowance for Loan and Lease Losses (ALLL) and Valuation Allowances.

Allowance for Loan and Lease Losses (ALLL)
Valuation allowances established to absorb unidentified losses inherent in a savings association's overall loan and lease portfolio. *See* General Valuation Allowances and Specific Valuation Allowances.

Alternative Mortgage Instruments
Mortgage plans that differ from conventional fixed rate, fixed term, fixed monthly payment, fully amortized mortgages.

Amortization
(1) The gradual reduction of an asset or liability by means of periodic charges to reduce income or to increase expense. (2) The repayment of a loan calculated so that the principal will be paid in full through monthly payments of principal and interest for a predetermined period of time.

Amortized Cost
Equals the face value net of unamortized discounts and premiums less write-offs. *See* Book Value, Face Value, and Recorded Investment.

Annual Percentage Rate (APR)
A requirement of Truth in Lending laws designed to show consumers the total cost of credit, including the effective interest rate plus certain finance and service charges, points.

Annual Percentage Yield (APY)
The effective annual rate of income expressed as a percentage of the price originally paid. This calculation assumes that interest earned is reinvested.

Annuity
(1) A series of equal payments at fixed intervals, such as monthly or annually. (2) An investment yielding fixed payments during the holder's lifetime or for a stated number of years.

Anticipatory Hedge
(1) A long anticipatory hedge is initiated by buying futures contracts to protect against a rise in the price of an asset to be purchased at a later date. (2) A short anticipatory hedge is initiated by selling futures contracts to protect against the decline in price of an asset to be sold at a future date, or to protect against a rise in interest rates of a fixed-rate liability or a future repricing on a variable-rate liability.

APB
Accounting Principles Board.

Appraisal
An estimate of the market value of an asset by a qualified appraiser.

Appreciation
The increase in value of an asset, specifically the increase in market value of real estate.

APR
Annual Percentage Rate.

APY
Annual Percentage Yield.

ARB
Accounting Research Bulletins.

Arbitrage
A transaction that involves buying a commodity in one market and simultaneously selling it in another market to profit from a disparity in prices between two markets. In a true arbitrage, the timing of the transactions must be simultaneous, thus imposing no risk to the investor.

Arm's-Length Transaction
(1) A transaction negotiated by unrelated parties, each acting in his or her own best interest. (2) The basis for a fair market value determination.

Arrears
A payment not made when due. Frequently used in connection with installment notes, mortgages, rent, and other obligations due and payable on a certain specified date.

Asked Price
The price at which a security is offered for sale.

Assessment
(1) An estimate of the value of real property for levying taxes; also called assessed valuation. (2) A charge against real property levied by a public governing body for a local improvement, such as a sewer repair or street paving.

Asset
Anything owned by an individual or company that has commercial usefulness or value if sold. An asset may be physical property, enforceable claims against others, including loans and accounts receivable, and deferred expenses. An asset may be tangible or intangible.

Asset/Liability Management
A planning and control process, the key concept of which is the integrated approach to matching the mix and maturities of assets and liabilities to achieve a favorable and even flow of "net interest margin."

Assisted Merger
The takeover of a troubled savings association by another depository institution with financial assistance provided from a federal deposit insurance fund.

ATIP
Actual Thrift Investment Percentage.

ATM
Automated teller machine.

At-the-Money Option
An option with a strike price equal to the current market price of the underlying cash or futures contract. In this instance, the intrinsic value is zero and the value of the option reflects a premium paid for: (1) the time the holder has to decide whether or not to exercise the option, and (2) the expected price volatility. The value of this premium declines over time.

Automated Teller Machine (ATM)
A machine that permits customers to gain access to their accounts through the use of a magnetically encoded plastic card and by pushing appropriate buttons on a computer terminal. ATMs dispense cash, accept deposits, transfer funds from one account to another, and perform other functions. Generally, ATMs are available 24 hours a day.

Average Rate of Return
The return of an investment calculated by totaling the cash flow over the years divided by the amount of the investment, and dividing that amount by the number of years (or months) that the investment is outstanding.

b

Bad Debt Reserve
A valuation allowance that savings associations maintain for income tax purposes to offset losses from foreclosed or uncollectable loans.

Balloon Loan
A loan that does not fully amortize during the loan term, and at maturity the unpaid principal is due in a lump sum. Periodic payments may be for principal and interest, or for interest only.

Bank Check
A check that a bank draws on itself then has it signed by an authorized bank officer. *See* Cashier's Checks and Official Checks.

Bank Insurance Fund (BIF)
A fund, administered by the FDIC, that insures deposits of member banks (primarily commercial banks) up to $100,000 per depositor. BIF was merged into the Deposit Insurance Fund in 2006 pursuant to the Federal Deposit Reform Act of 2005. *See* Deposit Insurance Fund.

Bank Investment Contract (BIC)
Investment contract issued by a bank where interest is guaranteed by the bank in a portfolio over a specific time frame with a specific yield. Unlike guaranteed investment contracts (GICs), BICs do not include annuity provisions.

Banker's Acceptance
A draft drawn on a depository institution by another, which when accepted by the depository institution, obligates the depository institution to pay specific obligations of the draft writer when due. Acceptance converts a depositor's "order to pay" into an unconditional "promise to pay" by the accepting depository institution. Bankers acceptances are effectively a guaranty of payment for a purchase and are generally used in financing the import, export, transfer or storage of goods.

Banking Act of 1933
Legislation that (1) created the Federal Deposit Insurance Corporation to provide insurance of deposits for member banks; (2) provided for the regulation of banks; and (3) limited branch banking. Also known as the Glass-Steagall Act.

Basis Point
A measurement of yields or changes in prices or yields for securities. One basis point equals one one-hundredth of one percent. One hundred basis points equal one percent.

Bear Market
(1) A period of falling prices. (2) A condition of a stock market characterized by a selling trend and declining prices. (3) Opposite of a bull market.

Bearer Bond
A bond that does not have the owner's name registered on the books of the issuing agency or company, and is payable to whomever holds the bond.

Before-Tax Income
Gross income less all expenses except for income tax expense.

Below Market
A price that is lower than the prevailing level at which a security is currently quoted or traded.

Below-Market Interest Rate
A lower interest rate than the current rate for conventional financing in a given geographical area. Programs with below-market rates may be used to assist low or moderate income buyers.

Below Par
A price lower than par or face value. The difference between the price and the face value is the discount.

BIC
Bank Investment Contract.

Bid
(1) The price that a potential buyer is willing to pay for a security. (2) An offer to purchase something.

BIF
Bank Insurance Fund.

BIF HOLA Savings Association
A BIF-insured, OTS-regulated savings association.

Blanket Mortgage Loan
A loan made to developers or contractors to purchase one or more tracts of land with the intention of dividing the land into smaller parcels for resale or development.

Bond
A certificate that evidences a debt. The debt is initiated when the issuer sells the bond to the holder for a specific amount of cash. The issuer is obligated to pay the holder of the bond a fixed sum (the bond's face value) at a stated future date and to pay interest (usually twice a year) at a specified rate during the life of the bond. Corporations, the federal government, and state and local governments may issue bonds as a means of raising funds in the capital markets. Bonds may be issued in registered form, in which the name of the holder is on record with the issuer, or in bearer form, in which the name of the owner is not registered and the bond is payable to whomever bears or presents the bond to the issuer for redemption.

Bond Discount
The difference between the purchase price and face value of a bond when the face value exceeds the purchase price. Normally a bond sells at a discount when the stated interest rate of the bond is less than the current market interest rate. The discount is accreted to interest income over the life of the bond, increasing the stated interest rate of the bond to the market interest rate at the time of purchase.

Bond Equivalent
A yield based on a 365-day year with two semiannual coupon payments. Bond Premium

Bond Premium
The difference between the purchase price and the face value of a bond when a bond sells above par. Normally a bond sells at a premium when the stated interest rate is greater than the current market interest rate. The premium is amortized to interest income over the life of the bond, decreasing the stated interest rate of the bond to the market interest rate at the time of purchase.

Bond, Debenture
A bond for which there is no specific security, collateral, set aside or allocated for repayment of the principal.

Bond, Interim
Sometimes used before the issuance of permanent bonds to raise funds needed only temporarily. Synonymous with temporary bond.

Bond, Junk
Bonds rated lower than investment grade that yield higher rates of interest than the current investment-grade bond market.

Bond, Par
A bond selling at par, whose interest rate is in line with prevailing market interest rates.

Bond, Stripped
Bonds whose coupons have been clipped off. The principal and interest (coupons) are sold to separate groups of investors. Those seeking current income buy the strip of coupons, and those wanting a lump sum at maturity buy the principal or “corpus” portion. Because each portion is worth less than its whole, both are sold at a deep discount from their face values.

Bond, Treasury
A U.S. Government long-term security sold to the public with a maturity longer than five years.

Bond, Zero-Coupon
A security sold at a deep discount from its face value and redeemed at the full amount at maturity. The difference between the cost of the bond and its value when redeemed is the investor’s return. These notes provide no interest payments to holders.

Book Value
(1) The amount at which a business carries an asset on the accounting books. (2) Book value is equal to face value less unamortized discounts, plus unamortized premiums, plus accrued interest, less depreciation, valuation allowances, and write-offs. (3) Equivalent to Carrying Value.

Branch Office
An office of a savings association physically separate from the home office that offers the same kinds of deposit and most loan services conducted at the home office.

Broker
An agent or middleman who does not actually own the securities or property he sells or buys. A broker, as opposed to a dealer, is always acting on behalf of another individual.

Brokered Deposits

Brokered deposits represent funds which the reporting bank obtains, directly or indirectly, by or through any deposit broker for deposit into one or more deposit accounts. Thus, brokered deposits include both those in which the entire beneficial interest in a given bank deposit account or instrument is held by a single depositor and those in which the deposit broker sells participations in a given bank deposit account or instrument to one or more investors.

Fully insured brokered deposits are brokered deposits that are issued in denominations of $100,000 or less or that are issued in denominations greater than $100,000 and participated out by the deposit broker in shares of $100,000 or less. Fully insured brokered deposits also include brokered deposits that represent retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) eligible for $250,000 in deposit insurance coverage that (a) are issued in denominations of more than $100,000 through $250,000 or (b) are shares of more than $100,000 through $250,000 participated out by the deposit broker in brokered deposits issued in denominations greater than $100,000.

For purposes of the Thrift Financial Report (“TFR”), the term deposit broker includes:

(1) any person engaged in the business of placing deposits, or facilitating the placement of deposits, of third parties with insured depository institutions or the business of placing deposits with insured depository institutions for the purpose of selling interests in those deposits to third parties, and

(2) an agent or trustee who establishes a deposit account to facilitate a business arrangement with an insured depository institution to use the proceeds of the account to fund a prearranged loan.

The term deposit broker does not include:

(1) an insured depository institution, with respect to funds placed with that depository institution;

(2) an employee of an insured depository institution, with respect to funds placed with the employing depository institution;

(3) a trust department of an insured depository institution, if the trust in question has not been established for the primary purpose of placing funds with insured depository institutions;

(4) the trustee of a pension or other employee benefit plan, with respect to funds of the plan;

(5) a person acting as a plan administrator or an investment adviser in connection with a pension plan or other employee benefit plan provided that that person is performing managerial functions with respect to the plan;

(6) the trustee of a testamentary account;

(7) the trustee of an irrevocable trust (other than a trustee who establishes a deposit account to facilitate a business arrangement with an insured depository institution to use the proceeds of the account to fund a prearranged loan), as long as the trust in question has not been established for the primary purpose of placing funds with insured depository institutions;

(8) a trustee or custodian of a pension or profit-sharing plan qualified under Section 401(d) or 430(a) of the Internal Revenue Code of 1986; or

(9) an agent or nominee whose primary purpose is not the placement of funds with depository institutions. (For purposes of applying this ninth exclusion from the definition of deposit broker, "primary purpose" does not mean "primary activity," but should be construed as "primary intent.")

Notwithstanding these nine exclusions, the term deposit broker (as amended on September 23, 1994, by the Riegle Community Development and Regulatory Improvement Act of 1994) includes any insured depository institution that is not well capitalized (as defined in Section 38 of the Federal Deposit Insurance Act, Prompt Corrective Action), and any employee of such institution, which engages, directly or indirectly, in the solicitation of deposits by offering rates of interest which are significantly higher than the prevailing rates of interest on deposits offered by other insured depository institutions in such depository institution's normal market area.[26] For purposes of these reports, only those deposits accepted, renewed, or rolled over on or after June 16, 1992, in connection with this form of deposit solicitation are to be reported as brokered deposits. For further information, see Section 337.6(b) of the FDIC's Rules and Regulations.

In addition, deposit instruments of the reporting savings association that are sold to brokers, dealers, or underwriters (including both bank affiliates of the reporting bank and nonbank subsidiaries of the reporting savings associations' parent holding company) who then reoffer and/or resell these deposit instruments to one or more investors, regardless of the minimum denomination which the investor must purchase, are considered brokered deposits.

In some cases, brokered deposits are issued in the name of the depositor whose funds have been placed in a bank by a deposit broker. In other cases, a bank's deposit account records may indicate that the funds have been deposited in the name of a third party custodian for the benefit of others (e.g., "XYZ Corporation as custodian for the benefit of others," or "Custodial account of XYZ Corporation"). Unless the custodian meets one of the specific exemptions from the "deposit broker" definition in Section 29 of the Federal Deposit Insurance Act and this Glossary entry, these custodial accounts should be reported as brokered deposits in Schedule DI, Deposit Liabilities.

A deposit listing service whose only function is to provide information on the availability and terms of accounts is not facilitating the placement of deposits and therefore is not a deposit broker per se. However, if a deposit broker uses a deposit listing service to identify an institution offering a high rate on deposits and then places its customers' funds at that institution, the deposits would be brokered deposits and the institution should report them as such in Schedule RC-E. The designation of these deposits as brokered deposits is based not on the broker's use of the listing service but on the placement of the deposits in the institution by the deposit broker.

Brokerage Fee

A fee, usually referred to as a commission fee, charged by a broker for execution of a transaction. The broker may base the fee on an amount per transaction or a percentage of the total value of the transaction.

Bull Market

(1) A period of rising prices. (2) Opposite of bear market.

Buy-Back Agreement

A provision in a sales contract stating that the seller will repurchase the asset sold within a specified period of time, usually for the selling price, if certain stated conditions exist. *See* Repurchase Agreement and Recourse.

Buying Hedge

Buying futures contracts to protect against possible increased cost of commodities or financial instruments that will be needed in the future. Also referred to as a long hedge.

Buying Long

Buying stocks, bonds, or commodities outright with the expectation of holding them for a rise in price and then selling.

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[26] Any deposit accepted, renewed, or rolled over by a well capitalized institution before September 23, 1994, in connection with this form of deposit solicitation should continue to be reported as a brokered deposit as long as the deposit remains outstanding under the terms in effect before September 23, 1994. Notwithstanding the amendment to the "deposit broker" definition, all institutions that obtain deposits, directly or indirectly, by or through any other deposit broker must report such funds as brokered deposits in the Report of Condition.

c

Call
(1) An option to buy a specific security at a specified price within a designated period. (2) A demand by a lender for payment of a loan because of the failure of the borrower to comply with the terms of the loan. (3) A demand by the issuer of the redemption of stocks or bonds. *See* Put Option.

Call Option
An option that gives the option buyer the right to purchase – go long – the underlying futures contract at the strike price on or before the expiration date.

Call Price
The price at which a callable bond is redeemable. It is used in connection with preferred stocks and debt securities having a fixed claim. It is the price that an issuer must pay to voluntarily retire such securities. This often exceeds the par or liquidating price to compensate the holder of the called security for his or her loss of income and investment position resulting from the call.

Callable Bond
A bond that is redeemable by the issuer prior to maturity; for example, most Treasury bonds are callable five years before maturity at a specific price.

C and D
Cease and Desist Order.

Cap
(1) The maximum rate to which an ARM may adjust, also referred to as a ceiling. (2) A contractual agreement, akin to an insurance policy, in which a third party limits the interest that will be received or paid if interest rates increase by a predetermined number of percentage points, also referred to as an interest-rate cap.

Capital
Generally represents the owners' interest in the company's net assets. It is also called equity capital, stockholders' equity, and net worth. The capital of a company includes capital contributed by the owners' plus the retention of earnings over time.

Capital Asset
(1) An asset with an expected life of over one year and one that is not bought and sold in the normal course of business. (2) A fixed asset.

Capital Expenditure
Money spent for additions or improvements to structures or equipment used to carry on the activities of an organization or individual.

Capital Gain or Loss
The gain or loss incurred from the sale or disposition of assets other than inventory, such as investment securities, and real estate.

Capitalize
The treatment of large expenses as part of a firm's assets. Thus, rather than treating an expenditure as a deduction from the income statement, it is treated as an asset.

Capitalized Interest
Interest not expensed, but added to the carrying value of an asset. The purpose of capitalizing interest is to obtain a measure of acquisition cost that reflects the total investment in the asset. Interest is typically capitalized for assets that are constructed for a business's own use or for assets intended for sale or lease that are constructed as a discrete project.

Capitalized Loan
A loan to which all amounts due are added to the balance of the loan and all payments received are deducted from the balance of the loan. For example, each month as interest is earned and escrow payments become due, these amounts are added to the loan balance; when payment is received it is deducted from the loan balance. Any unpaid amounts become part of the loan principal.

Captive Insurance Company
An insurance company in which an association is required to purchase stock in order to receive insurance.

Carrying Amount of Loan
Recorded investment in the loan minus valuation allowances.

Carrying Value
(1) The amount at which an asset is carried on the books of a business. (2) Amortized cost – face value adjusted for unamortized discounts and premiums, accrued interest, depreciation, valuation allowances, and write-offs. (3) Equivalent to Book Value.

Cash Basis Accounting
(1) A method of accounting in which income and expense items are recorded and recognized when cash is received or disbursed. (2) Opposite of accrual basis accounting. The accrual basis of accounting must be used in the preparation of the Thrift Financial Report.

Cash Market
A market in which securities are traded for immediate delivery for a cash payment.

Cash Price
The price that a specific financial instrument is presently selling in the open market.

Cashier Checks
A check drawn by a financial institution on itself, signed by an institution’s authorized officer and payable to a third party named by a customer making the withdrawal. *See* Official Checks.

CD
Certificate of Deposit.

Cease and Desist Order (C & D)
A demand from the courts or government agency that an entity cease an activity.

CEBA
Competitive Equality Banking Act of 1987.

Chattel Mortgage
A mortgage on personal property, such as an automobile or furniture, that is given as security to pay an obligation.

Certain Nonsecurity Financial Instruments (CNFI)
Unsecuritized financial instruments accounted for at fair value. 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.

Certificate of Deposit (CD)
A written document a financial institution issues to a depositor as evidence of its deposit. It includes the institution’s promise to return the deposit at a specified future date with earnings at a specified rate of interest. It may be negotiable (transferable to another party) or nonnegotiable. The interest specified may adjust periodically according to a predetermined formula or index or may be fixed for the term of the deposit.

Certificate of Deposit (demand)
A negotiable or transferable receipt issued for funds deposited with a financial institution and payable on demand to the holder. These receipts normally do not bear interest and are used principally by contractors and others as a guarantee of performance of a contract or as evidence of good faith when submitting a bid. They may also be used as collateral.

Charge-Off
The amount of loss to an asset that, when recorded, directly reduces the balance of an asset. Consequently, the loss is not established separately as a valuation allowance. *See* Write-off.

CIF
Collective Investment Fund.

Classified Assets
Assets, generally loans, whose value may not be recoverable. Such assets are classified as substandard, doubtful, or loss. Refer to OTS Regulation § 560.160.

Clear Title
A title to real or personal property that has no liens recorded against it and that is transferable to another party. Synonymous with good title, just title, and marketable title.

Close of Business
The time established by the reporting institution as the cut-off time for receipt of work for posting transactions to its general ledger accounts for that day. The time designated as the *close of business* should be reasonable and applied consistently. The posting of a transaction to the general ledger means that both debit and credit entries are recorded as of the same date.

Closed Position
Forward or futures contracts offset in full are *closed* because the obligations cancel each other out.

Closed-End Credit
A loan where the entire amount is disbursed to the borrower. Overdraft privileges, credit cards, most home equity loans, and lines of credit are open-end rather than closed-end loans because, although they have a fixed ceiling, the association will not necessarily disburse the full amount of the line of credit.

Closed-End Mortgage
A mortgage with a prohibition against additional borrowing using the same lien. The prohibition against additional borrowing protects the existing creditors from having the security diluted.

Closing
Consummating a financial transaction. In mortgage lending, closing is the process of the delivery of a deed, the signing of loan documents, and the advancing of funds by the lender.

Closing Price
The price at which transactions are made just before the end of trading on a given day.

Closing Transaction
(1) The final transaction for a particular security during a trading day. (2) An option order that will eliminate or decrease the size of an existing option position.

CMO
Collateralized mortgage obligation.

CNFI
Certain nonsecurity financial instruments.

Collar
A maximum and minimum rate of interest that will be paid on the par value of a floating-rate note. *See* Interest-Rate Collar.

Collateral
Something of value pledged as security for a loan. The lender can repossess the collateral if the loan is not repaid.

Collateral Loan
A loan for which the borrower deposits certain property with the lender as a pledge of payment. The lender usually has the right to sell the property to pay off the debt if the borrower does not pay according to its term.

Collateral Mortgage
A document used with a loan that effects a lien on real estate, where the loan is not a purchase-money mortgage.

Collateralized Mortgage Obligation (CMO)
A multiclass, mortgage-backed security. An underlying pool of mortgages held by the issuer serves as collateral for the debt obligation, and principal and interest payments from the pool of mortgages are used to retire the CMOs. Typically, a single issue of CMOs contains three or more classes, tranches, of bonds having fixed or floating interest rates, and different lengths of maturity for each class of bond that provides a form of call protection to the holder of a CMO.

Collateral Trust Notes
Bonds secured by the deposit of other bonds or stocks, usually issued by holding companies, investment trusts, and railroads.

Collective Investment Fund (CIF)
The collective investment of fiduciary accounts. Generally includes accounts held by a trustee, executor, administrator or guardian. Used primarily to describe the collective investment of tax-qualified retirement plans. Also referred to as Group Trusts. *See* Common Trust Fund.

Combined Construction-Permanent Loan
Loans used to finance construction and that are converted to permanent loans upon completion of construction. Typically, the borrower makes no principal payments during the construction period, and upon conversion to a permanent loan begins to make both interest and principal payments.

Commercial Letter of Credit
An instrument by which a financial institution lends its credit to a customer to enable him to finance the purchase of goods. Addressed to the seller, the letter authorizes him to draw drafts on the financial institution under the terms stated.

Commercial and Industrial Loans

Report loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than those that meet the definition of a "loan secured by real estate") or unsecured, single-payment or installment.

Commercial and industrial loans may take the form of direct or purchased loans. Include loans to individuals for commercial, industrial, and professional purposes but not for investment or personal expenditure purposes. Also include the savings association's own acceptances that it holds in its portfolio when the account party is a commercial or industrial enterprise. <u>Exclude</u> all commercial and industrial loans held for trading.

<u>Include</u> loans of the types listed below as commercial and industrial loans. These descriptions may overlap and are not all inclusive.

(1) Loans for commercial, industrial, and professional purposes to:

- (a) mining, oil- and gas-producing, and quarrying companies;
- (b) manufacturing companies of all kinds, including those which process agricultural commodities;
- (c) construction companies;

(d) transportation and communications companies and public utilities;

(e) wholesale and retail trade enterprises and other dealers in commodities;

(f) cooperative associations including farmers' cooperatives;

(g) service enterprises such as hotels, motels, laundries, automotive service stations, and nursing homes and hospitals operated for profit;

(h) insurance agents; and

(i) practitioners of law, medicine, and public accounting.

(2) Loans for the purpose of financing capital expenditures and current operations.

(3) Loans to business enterprises guaranteed by the Small Business Administration.

(4) Loans to farmers for commercial and industrial purposes (when farmers operate a business enterprise as well as a farm).

(5) Loans supported by letters of commitment from the Agency for International Development.

(6) Loans made to finance construction that does not meet the definition of a “loan secured by real estate.”

(7) Loans to merchants or dealers on their own promissory notes secured by the pledge of their own installment paper.

(8) Loans extended under credit cards and related plans that are readily identifiable as being issued in the name of a commercial or industrial enterprise.

(9) Dealer flooring or floor-plan loans.

(10) Loans collateralized by production payments (e.g., oil or mining production payments). Treat as a loan to the original seller of the production payment rather than to the holder of the production payment.

(11) Loans and participations in loans secured by conditional sales contracts made to finance the purchase of commercial transportation equipment.

(12) Commercial and industrial loans guaranteed by foreign governmental institutions.

(13) Overnight lending for commercial and industrial purposes.

<u>Exclude</u> from commercial and industrial loans:

(1) Loans that meet the definition of a “loan secured by real estate,” even if for commercial and industrial purposes.

(2) Loans to depository institutions.

(3) Loans to nondepository financial institutions such as real estate investment trusts, mortgage companies, and insurance companies.

(4) Loans for the purpose of purchasing or carrying securities.

(5) Loans for the purpose of financing agricultural production, whether made to farmers or to nonagricultural businesses.

(6) Loans to nonprofit organizations, such as hospitals or educational institutions, except those for which oil or mining production payments serve as collateral.

(7) Holdings of acceptances accepted by other banks.

(8) Holdings of the saving association’s own acceptances when the account party is another financial institution.

(9) Equipment trust certificates.

(10) Any commercial or industrial loans held by the reporting savings association for trading purposes.

(11) Commercial paper.

Commercial Mortgage
A loan secured by real estate that is used, zoned, or intended for business purposes or multi-unit dwellings, or is part of a real estate investment portfolio.

Commercial Paper
An unsecured debt instrument issued by a corporation with a fixed maturity, typically for a short-term period (30, 45, 60, or 90 days). It is generally priced at a discount from par and is redeemable at par on the maturity date. Individual and corporate investors buy, sell, and trade commercial paper. .

Commissions
(1) A fee for services rendered. (2) The fees that a broker charges a customer for executing a trade.

Commitment
An advance agreement to perform in the future, such as to provide funds for a mortgage loan or to buy or sell securities. Commitments may be at a fixed interest rate or price determined on the commitment date or at a rate or price to be determined at closing date. Commitments may be in the form of a commitment letter or may be verbal.

Commitment Fee
(1) A fee paid by a borrower to a lender for the lender's promise to loan money at a future date. (2) In the secondary market, a commitment fee is a payment by a financial institution to a mortgage buyer, such as Freddie Mac, Fannie Mae, etc., for the buyer's promise to buy loans at a future date.

Common Stock
Securities that are evidence of proportionate equity or ownership of a corporation. They give the holder an unlimited proportionate interest in the corporation's earnings and assets after satisfaction of claims from creditors and the holders of preferred stock.

Common Trust Fund
The collective investment of fiduciary accounts. Generally includes accounts held by a trustee, executor, administrator or guardian. *See* Collective Investment Fund.

Community Reinvestment Act of 1977 (CRA)
Legislation that requires financial institutions to meet the credit needs of all segments of their communities, including low- and moderate-income neighborhoods.

Compensating Balance
A dollar amount equal to the lowest percentage of a line of credit that the customer of a financial institution is expected to maintain, usually in a demand deposit account, as a condition for being granted a line of credit.

Competitive Equality Banking Act of 1987 (CEBA)
Legislation passed by the U.S. Congress in 1987 that resulted in the following:

- Established the adoption of generally accepted accounting principles (GAAP) in financial reporting.
- Established classification of impaired assets.
- Changed appraisal standards.
- Affected minimum capital requirement provisions.
- Established capital forbearance.
- Mandated Troubled Debt Restructuring (TDR) disclosure.

- Gave the thrift industry the Qualified Thrift Lender test (QTL).

Compliance Exam
An examination of a savings institution to determine how well it is complying with federal law and regulations, particularly those dealing with consumer protection and nondiscrimination.

Compound Interest
The interest that accrues when earnings for a specified period of time are added to the principal, so that interest during subsequent periods is computed on the principal plus all accumulated interest.

Comprehensive Income
The change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Condominium
(1) A single dwelling unit in a multi-unit structure in which each unit is individually owned. (2) A form of real estate ownership in which the purchaser receives title to a particular unit in a project and proportionate interest in common areas.

Conforming Loan
A mortgage loan that conforms to specified limits such as loan-to-value ratio, term, interest rates, or other characteristics. Typically these conform to guidelines established by Freddie Mac, Fannie Mae, or Ginnie Mae.

Conservator/Conservatorship
An individual or institution the Court or the FDIC appoints to protect and conserve the assets of a troubled financial institution to facilitate liquidation, merger, or replacement of management. A conservatorship affects the control and operation of an institution or company but does not alter its ownership. *See* Receivership.

Consolidation
The results obtained when the accounts of a parent company and its majority-owned subordinate organizations are combined to reflect the financial position and results of operations of the group as if operated as a single entity. This involves intercompany eliminations and noncontrolling interest adjustments.

Consolidation Loan
A loan that combines several debts into one loan, usually to reduce the annual percentage rate or dollar amount of payments made each month, by extending them over a longer period of time.

Constant Prepayment Rate (CPR)
The percentage of principal amount of a pool of mortgages that have been or are expected to be prepaid on an annual basis over the life of a pool.

Construction Loan
A short-term interim loan for financing the cost of construction. The lender makes payments to the builder at periodic intervals upon completion of certain phases of construction as provided in the loan contract. *See* Loans in Process.

Consumer Credit
See Consumer Loan.

Consumer Loan
Loans to individuals or families where the proceeds are used for consumer purposes, versus business or investment.

Contingency Fund
Assets or other resources placed aside for unexpected expenditures, or for anticipated expenditures of an uncertain amount.

Contra Account
An account offset against another account. A contra account to an asset, contra-asset, has a credit balance and a contra account to a liability, contra-liability, has a debit balance. A contra account has no value in its own right and can only be stated in terms of the asset or liability to which it applies. Examples of contra-assets are discounts, deferred loan fees, and accumulated depreciation. An example of a contra-liability is a discount paid for deposits.

Contract Month
The month in which the futures contract may be fulfilled by making or taking delivery. Most interest rate futures contracts are liquidated prior to the contract month.

Conventional Mortgage
A mortgage originated by a financial institution without government insurance or guarantee.

Cooperative
A system of indirect ownership of a single unit in a multi-unit structure. The individual owns shares in a nonprofit corporation that holds title to the building. In turn, the corporation gives the owner a long-term proprietary lease on the unit. Also called a co-op.

Core Capital
One of three capital standards established for savings associations in 1989. Also known as Tier 1 Capital.

Core Deposits
The base of deposits a savings association expects to retain over relatively long periods. In the application of purchase accounting in a merger, a dollar amount is allocated to the value of retaining the core deposits and this amount is established as an intangible asset known as a core deposit intangible (CDI).

Correspondent Bank
A bank that is the depository for another depository institution, typically located in another city or marketing area. The correspondent bank provides services such as accepting deposits and collection of loan payments for the other depository institution.

Cost of Capital
The rate of interest that an association must pay to a third party to borrow money or raise equity capital.

Cost of Funds
The interest paid or accrued on savings and borrowings, expressed as a percent of the average total savings and borrowings during a given accounting period.

Coupon
A tab attached to a bond, which can be torn off and presented to collect an interest payment at a given date.

Coupon Rate
The rate of interest paid on a particular security. For mortgage-backed securities, the word coupon is customarily used to describe the stated contract interest rate.

Coupon Strips
Ordinary bonds, typically, U.S. Treasury bonds, purchased and then repackaged so that the rights to interest and principal payments are sold separately. The effect is to transform a regular interest-paying security into zero-coupon securities. *See* Bond, Strip.

Covered Interest Arbitrage

Investing dollars in an instrument denominated in a foreign currency and hedging the resulting foreign exchange risk by selling the proceeds of the investment forward for dollars.

CRA

Community Reinvestment Act of 1977.

Credit

Any amount that, when posted, will increase the balance of a liability, income, or capital account or decrease the balance of an asset or expense account. Liability, capital, and income accounts normally have credit balances, and asset and expense accounts normally have debit balances.

Credit Loss

Loan losses that arise from a contractual relationship between a creditor and a borrower.

Credit losses may result from the creditor's own underwriting, processing, servicing, or administrative activities along with the borrower's failure to pay according to the terms of the loan agreement. While the creditor's personnel, systems, policies, or procedures may affect the timing or magnitude of a credit loss, they do not change its character from credit to operational.

Credit Risk

The potential for a borrower to default on all or part of a loan and, consequently, the potential for the value of the loan held by a savings association to decrease.

Cross-Hedge

A hedge transaction whereby the correlation between the two items being hedged is similar but not perfect. For example, hedging a commercial loan with a Ginnie Mae futures contract.

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DBLA

Domestic Building and Loan Association.

Dealer Reserve Accounts

Refundable amounts held as collateral in the purchase of installment notes from a dealer. For example, a savings association purchases $100,000 in installment notes from a dealer for the full face amount for which it pays $90,000 to the dealer and holds the remaining $10,000 as collateral. The $10,000 held as collateral is a dealer reserve account.

Debenture

A debt instrument secured only by the general credit of the issuer. A corporate obligation sold as an investment.

Debit

Any amount that, when posted, will increase the balance of an asset or expense account and decrease the balance of a liability, income, or capital account. Asset and expense accounts normally have debit balances; and liability, capital, and income accounts normally have credit balances.

Debt

Money owed by one person or entity to another.

Debt Securities

A security representing borrowed funds that must be repaid. Examples of debt securities include bonds, certificates of deposit, commercial paper, and debentures.

Deed

A written agreement in proper legal form that conveys title to, or an interest in, real property.

Deed in Lieu
A deed given by a borrower to a lender to repay a mortgage loan and avoid foreclosure. A deed given in lieu of foreclosure.

Default
Failure to do what the law requires or to carry out the terms of a contract.

Defer
To delay payment to a future time.

Deferred Expense
An expense paid before the corresponding benefit is fully received, such as a prepaid insurance premium. For accounting purposes, the expense is recorded as an asset until benefit is obtained, and may be prorated over a number of subsequent accounting periods.

Deferred Income
Any income received before it is due or before it is earned. Rent paid in advance is an example of deferred income received during one accounting period but earned in a later accounting period. Deferred income is generally recorded as a liability until it is earned, at which time it is taken into income. Interest received in advance is also deferred income; however, instead of being recorded as a liability, interest received in advance offsets the balance of the loan to which it applies.

Deferred Loan Fee
A loan fee, also referred to as points, typically received at loan closing. Deferred loan fees are considered interest paid in advance. Once the loan is disbursed, the deferred loan fee is reported on the balance sheet as a contra-asset to the loan and is accreted to interest income.

Deficiency Judgment
A court order that authorizes the collection from the debtor of the part of the debt remaining unsatisfied after foreclosure and sale of collateral.

Delinquency
Failure to make payment on a debt when due.

Demand Deposit Account
A non-interest-bearing account from which a depositor may withdraw funds immediately without prior notice. Since funds may be withdrawn on demand in person or by presentation of a check, the account has many of the liquid characteristics of circulating currency. *See* FDIC Regulations §§ 329.1, 329.101, and 329.102.

De Novo Association
A newly chartered savings association.

Deposit

The basic statutory and regulatory definitions of "deposits" are contained in Section 3(l) of the Federal Deposit Insurance Act (FDI Act) and in Federal Reserve Regulation D. The definitions in these two legal sources differ in certain respects. Furthermore, for purposes of these reports, the reporting standards for deposits specified in these instructions do not strictly follow the precise legal definitions in these two sources. The definitions of deposits to be reported in the deposit items of the Consolidated Statement of Condition and Operations Reports ("TFR") are discussed below under the following headings:

(I) FDI Act definition of deposits.
(II) Transaction-nontransaction deposit distinction.
(III) Interest-bearing-noninterest-bearing deposit distinction.

(I) <u>FDI Act definition of deposits</u> – Section 3(l) states that the term "deposit" means –

(1) the unpaid balance of money or its equivalent received or held by a bank or savings association in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to a commercial, checking, savings, time, or thrift account, or which is evidenced by its certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar name, or a check or draft drawn against a deposit account and certified by the bank or savings association, or a letter of credit or a traveler's check on which the bank or savings association is primarily liable: Provided, that, without limiting the generality of the term "money or its equivalent", any such account or instrument must be regarded as evidencing the receipt of the equivalent of money when credited or issued in exchange for checks or drafts or for a promissory note upon which the person obtaining any such credit or instrument is primarily or secondarily liable, or for a charge against a deposit account, or in settlement of checks, drafts, or other instruments forwarded to such bank or savings association for collection,

(2) trust funds as defined in this Act received or held by such bank or savings association, whether held in the trust department or held or deposited in any other department of such bank or savings association,

(3) money received or held by a bank or savings association, or the credit given for money or its equivalent received or held by a bank or savings association, in the usual course of business for a special or specific purpose, regardless of the legal relationship thereby established, including without being limited to, escrow funds, funds held as security for an obligation due to the bank or savings association or others (including funds held as dealers reserves) or for securities loaned by the bank or savings association, funds deposited by a debtor to meet maturing obligations, funds deposited as advance payment on subscriptions to United States Government securities, funds held for distribution or purchase of securities, funds held to meet its acceptances or letters of credit, and withheld taxes: Provided, That there shall not be included funds which are received by the bank or savings association for immediate application to the reduction of an indebtedness to the receiving bank or savings association, or under condition that the receipt thereof immediately reduces or extinguishes such an indebtedness,

(4) outstanding draft (including advice or authorization to charge a bank's or a savings association's balance in another bank or savings association), cashier's check, money order, or other officer's check issued in the usual course of business for any purpose, including without being limited to those issued in payment for services, dividends, or purchases, and

(5) such other obligations of a bank or savings association as the Board of Directors, after consultation with the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System, shall find and prescribe by regulation to be deposit liabilities by general usage, except that the following shall not be a deposit for any of the purposes of this Act or be included as part of the total deposits or of an insured deposit:

(A) any obligation of a depository institution which is carried on the books and records of an office of such bank or savings association located outside of any State, unless --

(i) such obligation would be a deposit if it were carried on the books and records of the depository institution, and would be payable at, an office located in any State; and

(ii) the contract evidencing the obligation provides by express terms, and not by implication, for payment at an office of the depository institution located in any State; and

(B) any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the Board of Governors of the Federal Reserve System in regulation D or any successor regulation issued by the Board of Governors of the Federal Reserve System; and

(C) any liability of an insured depository institution that arises under an annuity contract, the income of which is tax deferred under section 72 of the Internal Revenue Code of 1986.

(II) **Transaction-nontransaction deposit distinction:** The Monetary Control Act of 1980 and the current Federal Reserve Regulation D, "Reserve Requirements of Depository Institutions," establish, for purposes of federal reserve requirements on deposit liabilities, a category of deposits designated as "transaction accounts." All deposits that are not transaction accounts are "nontransaction accounts."

(1) Transaction accounts -- With the exceptions noted below, a "transaction account," as defined in Regulation D and in these instructions, is a deposit or account from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone transfers, or other similar devices for the purpose of making payments or transfers to third persons or others or from which the depositor may make third party payments at an automated teller machine (ATM), a remote service unit (RSU), or another electronic device, including by debit card.

Excluded from transaction accounts are savings deposits (both money market deposit accounts (MMDAs) and other savings deposits) as defined below in the nontransaction account category, even though such deposits permit some third-party transfers. However, an account that otherwise meets the definition of a savings deposit but that authorizes or permit the depositor to exceed the transfer limitations specified for that account shall be reported as a transaction account. (Please refer to the definition of savings deposits for further detail.)

NOTE: Under the Federal Reserve's current Regulation D, no transaction account, regardless of its other characteristics, is classified either as a savings deposit or as a time deposit. Thus, those transaction accounts that are not demand deposits – NOW accounts, ATS (Automatic Transfer Service) accounts, and telephone and preauthorized transfer accounts – are excluded from Regulation D time and savings deposits. For all items in the TFR involving time or savings deposits, a strict distinction, based on Regulation D definitions, is to be maintained between transaction accounts and time and savings accounts.

Transaction accounts consist of the following types of deposits: (a) demand deposits; (b) NOW accounts; (c) ATS accounts; and (d) telephone and preauthorized transfer accounts, all as defined below. Interest that is paid by the crediting of transaction accounts is also included in transaction accounts.

(a) Demand deposits are deposits that are payable immediately on demand, or that are issued with an original maturity or required notice period of less than seven days, or that represent funds for which the depository institution does not reserve the right to require at least seven days' written notice of an intended withdrawal. Demand deposits include any matured time deposits without automatic renewal provisions, unless the deposit agreement provides for the funds to be transferred at maturity to another type of account. Effective July 21, 2011, demand deposits may be interest-bearing or noninterest-bearing.

Demand deposits do not include: (i) money market deposit accounts (MMDAs) or (ii) NOW accounts, as defined below in this entry.

(b) NOW accounts are interest-bearing deposits (i) on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and (ii) that can be withdrawn or transferred to third parties by issuance of a negotiable or transferable instrument.

NOW accounts, as authorized by federal law, are limited to accounts held by:

(i) Individuals or sole proprietorships;

(ii) Organizations that are operated primarily for religious, philanthropic, charitable, educational, or other similar purposes and that are not operated for profit. These include organizations, partnerships, corporations, or associations that are not organized for profit and are described in section 501(c)(3) through (13) and (19) and section 528 of the Internal Revenue Code, such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities and similar social organizations; and nonprofit recreational clubs; or

(iii) Governmental units including the federal government and its agencies and instrumentalities; state governments; county and municipal governments and their political subdivisions; the District of Columbia; the Commonwealth of Puerto Rico, American Samoa, Guam, and any territory or possession of the United States and their political subdivisions.

Also included are the balances of all NOW accounts of certain other nonprofit organizations that may not fall within the above description but that had established NOW accounts with the reporting institution prior to September 1, 1981.

NOTE: There are no regulatory requirements with respect to minimum balances to be maintained in a NOW account or to the amount of interest that may be paid on a NOW account.

(c) ATS accounts are deposits or accounts of individuals or sole proprietorships on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and from which, pursuant to written agreement arranged in advance between the reporting institution and the depositor, withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a demand deposit or other account in order to cover checks or drafts drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such other accounts.

Some institutions may have entered into agreements with their customers providing that in the event the customer should overdraw a demand deposit (checking) or NOW account, the institution will transfer from that customer's savings account an amount sufficient to cover the overdraft. The availability of the overdraft protection plan would not in and of itself require that such a savings account be regarded as a transaction account provided that the overall transfer and withdrawal restrictions of a savings deposits are not exceeded. Please refer to the definition of savings deposit for further detail.

(2) Nontransaction accounts – All deposits that are not transaction accounts (as defined above) are nontransaction accounts. Nontransaction accounts include: (a) savings deposits ((i) money market deposit accounts (MMDAs) and (ii) other savings deposits) and (b) time deposits ((i) time certificates of deposit and (ii) time deposits, open account). Regulation D no longer distinguishes between money market deposit accounts (MMDAs) and other savings deposits. However, these two types of accounts are defined below for purposes of the TFR, which call for separate data on each in Schedule DI, line items DI330: Passbook Accounts (including Nondemand Escrows) and DI320: Money Market Deposit Accounts.

NOTE: Under the Federal Reserve's current Regulation D, no transaction accounts, regardless of other characteristics, are defined as savings or time deposits. Thus, savings deposits as defined here, under the heading nontransaction accounts, constitute the entire savings deposit category. Likewise, time deposits, also defined here under nontransaction accounts, constitute the entire time deposits category.

(a) Passbook Accounts (or savings deposit account) are deposits with respect to which the depositor is not required by the deposit contract but may at any time be required by the depository institution to give written notice of an intended withdrawal not less than seven days before withdrawal is made, and that is not payable on a specified date or at the expiration of a specified time after the date of deposit.

The term Passbook Account also means a deposit or account, such as an accout commonly known as a passbook savings account, a statement savings account, or a money market deposit account (MMDA), that otherwise meets the requirements of the preceding paragraph and from which, under the terms of the deposit contract or by practice of the depository institution, the depositor is permitted or authorized to make no more than six transfers and withdrawals, or a combination of such transfers and withdrawals, per calendar month or statement cycle (or similar period) of at least four weeks, to another account (including a transaction account) of the depositor at the same institution or to a third party by means of a preauthorized or automatic transfer, or telephonic (including data transmission) agreement, order, or instruction, and no more than three of the six such transfers may be made by check, draft, debit card, or similar order made by the depositor and payable to third parties. Transfers from savings deposits for purposes of covering overdrafts (overdraft protection plans) are included under the withdrawal limits specified for savings deposits.

There are no regulatory restrictions on the following types of transfers or withdrawals from a savings deposit account, regardless of the number:

(1) Transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer).

(2) Transfers of funds from this account to another account of the same depositor at the same institution when made by mail, messenger, automated teller machine, or in person.

(3) Withdrawals for payment directly to the depositor when made by mail, messenger, automated teller machine, in person, or by telephone (via check mailed to the depositor).

Further, for a savings deposit account, no minimum balance is required by regulation, there is no regulatory limitation on the amount of interest that may be paid, and no minimum maturity is required (although depository institutions must reserve the right to require at least seven days' written notice prior to withdrawal as stipulated above for a savings deposit).

Any depository institution may place restrictions and requirements on savings deposits in addition to those stipulated above. In the case of such further restrictions, the account would still be reported as a savings deposit.

On the other hand, an account that otherwise meets the definition of a savings deposit but that authorizes or permits the depositor to exceed the six-transfer/withdrawal rule or three-draft rule shall be reported as a transaction account, as follows:

(1) If the depositor is ineligible to hold a NOW account, such an account is considereda demand deposit.

(2) If the depositor is eligible to hold a NOW account, the account will be considered either a NOW account, a telephone or preauthorized transfer account, or an ATS account:

(a) If withdrawals or transfers by check, draft, or similar instrument are permitted or authorized, the account is considered a NOW account.

(b) If withdrawals or transfers by check, draft, or similar instrument are not permitted or authorized, the account is considered either an ATS account or a telephone or preauthorized transfer account.

Regulation D no longer distinguishes between money market deposit accounts (MMDAs) and other savings deposits. However, these two types of accounts are defined as follows for purposes of these reports, which call for separate data on each.

(1) Money Market deposit accounts (MMDAs) are deposits or accounts that meet the above definition of a savings deposit that permit <u>up to (but no more than</u>) <u>three of the six allowable transfers</u> to be made by check, draft, debit card or similar order made by the depositor and payable to third parties.

(2) <u>Other savings deposits</u> are deposits or accounts that meet the above definition of a savings deposit but that permit no transfers by check, draft, debit card, or similar order made by the depositor and payable to third parties. Other savings deposits are commonly known as passbook savings or statement savings accounts.

Examples illustrating distinctions between MMDAs and other savings deposits for purposes of these reports are provided at the end of this Glossary entry.

(b) Time deposits are deposits that the depositor does not have a right, and is not permitted, to make withdrawals from within six days after the date of deposit unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit. A time deposit from which partial early withdrawals are permitted must impose additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. If such additional early withdrawal penalties are not imposed, the account ceases to be a time deposit. The account may become a savings deposit if it meets the requirements for a savings deposit; otherwise it becomes a demand deposit.

<u>NOTE</u>: The above prescribed penalties are the minimum required by Federal Reserve Regulation D. Institutions may choose to require penalties for early withdrawal in excess of the regulatory minimums. Time deposits take two forms:

(i) <u>Time certificates of deposit</u> (including rollover certificates of deposit) are deposits evidenced by a negotiable or nonnegotiable instrument, or a deposit in book entry form evidenced by a receipt or similar acknowledgement issued by the bank, that provides, on its face, that the amount of such deposit is payable to the bearer, to any specified person, or to the order of a specified person, as follows:

(1) on a certain date not less than seven days after the date of deposit,

(2) at the expiration of a specified period not less than seven days after the date of the deposit, or

(3) upon written notice to the bank which is to be given not less than seven days before the date of withdrawal.

(ii) Time deposits, open account are deposits (other than time certificates of deposit) for which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn prior to:

(1) the date of maturity which shall be not less than seven days after the date of the deposit, or

(2) the expiration of a specified period of written notice of not less than seven days.

These deposits include those club accounts, such as Christmas club and vacation club accounts, that are made under written contracts that provide that no withdrawal shall be made until a certain number of periodic deposits has been made during a period of not less than three months, even though some of the deposits are made within six days of the end of such period.

Time deposits do not include the following categories of liabilities even if they have an original maturity of seven days or more:

(1) Any deposit or account that otherwise meets the definition of a time deposit but that allows withdrawals within the first six days after deposit and that does not require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days. Such deposits or accounts that meet the definition of a savings deposit shall be reported as savings deposits; otherwise they shall be reported as demand deposits.

(2) The remaining balance of a time deposit if a partial early withdrawal is made and the remaining balance is not subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. Such time deposits that meet the definition of a savings deposit shall be reported as savings deposits; otherwise they shall be reported as demand deposits.

Reporting of Retail Sweep Arrangements Affecting Transaction and Nontransaction Account
In an effort to reduce their reserve requirements, some banks have established "retail sweep arrangements" or "retail sweep programs." In a retail sweep arrangement, a depository institution transfers funds between a customer's transaction account(s) and that customer's nontransaction account(s) (usually savings deposit account(s)) by means of preauthorized or automatic transfers, typically in order to reduce transaction account reserve requirements while providing the customer with unlimited access to the funds.

There are three key criteria for retail sweep programs to comply with the Federal Reserve Regulation D definitions of "transaction account" and "savings deposit:"

(1) A depository institution must establish by agreement with its transaction account customer two legally separate accounts: a transaction account (a NOW account or demand deposit account) and a savings deposit account, including those sometimes called a "money market deposit account" or "MMDA";

(2) The swept funds must actually be moved from the customer's transaction account to the customer's savings deposit account on the official books and records of the depository institution as of the close of the business on the day(s) on which the depository institution intends to report the funds in question as savings deposits and not transaction accounts, and vice versa. In addition to actually moving the customer's funds between accounts and reflecting this movement at the account level:

  (a) If the depository institution's general ledger is sufficiently disaggregated to distinguish between transaction and savings deposit accounts, the aforementioned movement of funds between the customer's transaction account and savings deposit account must be reflected on the general ledger.

  (b) If the depository institution's general ledger is not sufficiently disaggregated, the distinction may be reflected in supplemental records or systems, but only if such supplemental records or systems constitute official books and records of the institution and are subject to the same prudent managerial oversight and controls as the general ledger.

A retail sweep program may not exist solely in records or on systems that do not constitute official books and records of the depository institution and that are not used for any purpose other than generating its *Report of Transaction Accounts, Other Deposits and Vault Cash* (FR 2900) for submission to the Federal Reserve; and

(3) The maximum number of preauthorized or automatic funds transfers ("sweeps") out of a savings deposit account and into a transaction account in a retail sweep program is limited to not more than six per month. Transfers out of the transaction account and into the savings deposit account may be unlimited in number.

If any of the three criteria is not met, all swept funds must continue to be reported as transaction accounts, both for purposes of these reports and of FR 2900 deposit reports. All three criteria must be met in order to report the nontransaction account component of a retail sweep program as a nonreservable savings deposit account.

Further, for purposes of the TFR, if all three of the criteria above are met, a savings association must report the transaction account and nontransaction account components of a retail sweep program separately when it reports its quarter-end deposit information in Schedules RC, RC-E, and RC-O; its quarterly averages in Schedule RC-K; and its interest expense (if any) in Schedule RI. Thus, when reporting quarterly averages in Schedule RC-K, a bank should include the amounts held in the transaction account (if interest-bearing) and the nontransaction savings account components of retail sweep arrangements each day or each week in the appropriate separate items for average deposits. In addition, if the bank pays interest on accounts involved in retail sweep arrangements, the interest expense reported in Schedule RI should be allocated between the transaction account and the nontransaction (savings) account based on the balances in these accounts during the reporting period.

For additional information, refer to the Federal Reserve Board staff guidance relating to the requirements for a retail sweep program under Regulation D at http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/2007/20070501/20070501.pdf.

(III) Interest-bearing-noninterest-bearing deposit distinction:

(a) Interest-bearing deposit accounts consist of deposit accounts on which the issuing depository institution makes any payment to or for the account of any depositor as compensation to the holder for the use of funds constituting a deposit. Such compensation may be in the form of cash, merchandise, or property or as a credit to an account. An institution's absorption of expenses incident to providing a normal banking function or its forbearance from charging a fee in connection with such a service is not considered a payment of interest.

Deposits with a zero percent interest rate that are issued on a discount basis are to be treated as interest-bearing. Deposit accounts on which the interest rate is periodically adjusted in response to changes in market interest rates and other factors should be reported as interest-bearing even if the rate has been reduced to zero, provided the interest rate on these accounts can be increased as market conditions change.

(b) Noninterest-bearing deposit accounts consist of deposit accounts on which the issuing depository institution makes no payment to or for the account of the depositor as compensation for the use of funds constituting a deposit. Noninterest-bearing deposit accounts include (i) matured time deposits that are not automatically renewable (unless the deposit agreement provides for the funds to be transferred at maturity to another type of account) and (ii) deposits with a zero percent stated interest rate that are issued at face value.

Examples Illustrating Distinctions Between

MONEY MARKET DEPOSIT ACCOUNTS (MMDAs) and OTHER SAVINGS DEPOSITS

Example 1

A savings deposit account permits no transfers of any type to other accounts or to third parties. Report this account as an other savings deposit.

Example 2

A savings deposit permits up to six, but no more than six, "preauthorized, automatic, or telephonic" transfers to other accounts or to third parties. None of the third-party payments may be made by check, draft, or similar order (including debit card). Report this account as an other savings deposit.

Example 3

A savings deposit permits no more than six "preauthorized, automatic, or telephonic" transfers to other accounts or to third parties. Up to three, but no more than three, of the six transfers may be by check, draft, debit card or similar order made by the depositor and payable to third parties. Report this account as an MMDA.

Example 4

A savings deposit permits up to three, but no more than three, "preauthorized, automatic, or telephonic" transfers to other accounts or to third parties, any or all which may be by check, draft, debit card or similar order made by the depositor and payable to third parties.

Report this account as an MMDA.

Deposit Broker

A person or entity engaged in the business of placing funds or facilitating the placement of funds of third parties in accounts issued by a depository institution.

Deposit Insurance Fund (DIF)

A fund, administered by the FDIC, insuring deposits of member banks and savings associations. DIF was established by the Federal Deposit Reform Act of 2005 to replace BIF and SAIF as the insurer of banks and savings associations.

Depository Institution

A financial intermediary that accepts savings and demand deposits from the general public.

Depreciation

The gradual decline in the value of a property over its useful life. Depreciation is recognized through a systematic charge-off of the cost less salvage value over the estimated useful life. It is a bookkeeping entry that does not involve any cash outlay.

DIF

Deposit Insurance Fund.

Direct Investment

Investment by savings associations directly in the equity of a venture, as opposed to investment in a debt instrument. With direct investment, an association actually owns all or part of a venture, rather than loaning money to finance the venture.

Discharge of Lien
The recorded release of a lien when debt has been repaid.

Discount
The difference between the purchase price and face value of a security when the face value exceeds the purchase price. Normally a security sells at a discount when the stated interest rate of the security is less than the current market interest rate. The discount is accreted to interest income over the life of the security, increasing the stated interest rate of the security to the market interest rate at the time of purchase.

Discount Bond
See Bond Discount.

Discount Loan
A loan on which the amount disbursed at closing equals the face amount of the loan less interest that will be earned over the life of the loan, and sometimes miscellaneous charges. The borrower must repay the full face amount of the loan. *See* Add-on Interest.

Discount Paper
Short-term non-interest-bearing securities issued at a price below par. The difference between the purchase price and the amount redeemed at maturity is accreted to interest income over the life of the security.

Discount Rate
(1) The rate representing the amount of money deducted from the face value of a note. (2) The add-on rate of interest charged to Federal Reserve System member banks for borrowing at the discount window.

Discount Securities
Short-term non-interest-bearing debt instruments issued at a price below par and redeemed at maturity for full face value; usually short-term such as Treasury bills.

Discount Window
A “window” available to Federal Reserve System members that allows them to borrow against collateral.

Discounted Cash Flows
Anticipated net cash receipts from an investment discounted to present value under the theory that cash received in the future has a lesser value than the same amount of cash received today. Several assumptions must be made in this calculation: estimated cash flows, timing of the cash flows, and the discount rate used.

Dividend
A portion of the net profits the Board of Directors officially declares for distribution to the shareholders. A dividend is paid at a certain rate for each share of stock held by each stockholder, such as, at ten cents per share.

Dividend, Extra
Distribution of excess profits over and above the regular dividend.

Dividend, Scrip
A promissory dividend payable in the future. The directors vote to withhold actual cash dividend until a certain future event has taken place.

Dividend, Stock
A payment of stock in lieu of a cash dividend on a pro rata basis according to the amount of stock held by each stockholder.

Docket Number
A five-digit number the OTS assigns to each savings association it regulates. The number is used to file and retrieve all financial, organizational, and regulatory data regarding that institution.

Dollar Reverse Repurchase Agreement
A financial transaction similar to a reverse repurchase agreement in which a dealer loans money by buying a security and agreeing to sell it back to the customer at a higher price at a later date. In a dollar reverse repurchase agreement (dollar reverse repo) the dealer does not sell back the exact same security but another, substantially identical security. *See* Repurchase Agreement.

Domestic Building and Loan Association (DBLA)
Defined in the IRS Tax Code as a domestic or federal savings and loan association whose principal business is acquiring savings deposits from the public and investing in loans. Savings associations may substitute the IRS DBLA test for the Qualified Thrift Lender (QTL) test.

Doubtful Assets
(1) Those assets that will probably not bring full value upon liquidation. (2) A classification of assets under OTS Regulations. *See* Classified Assets.

Duration
(1) The number of years required to receive the present value of future payments, both interest and principal, from a bond. To determine duration, calculate the present value of the principal and each coupon, and then multiply each result by the period of time before payment is to occur. (2) The concept of duration relates the sensitivity of bond price changes to changes in interest rates.

Dwelling Unit
(1) A unified combination of rooms, whether existing or under construction, designed for residence by one family. (2) Living quarters consisting of contiguous rooms providing complete independent facilities for living, eating, cooking, sleeping, and sanitation.

Dwelling Units, One- to Four-
(1) Single-family dwellings in detached or semidetached structures including manufactured housing. (2) Permanently financed units in a condominium or cooperative 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.

Dwelling Units, Five or More
A structure, or structures, containing five or more dwelling units; also referred to as multi-family residential property. This mortgage classification includes:

- A single mortgage secured by five or more dwelling units in one structure, or in semi-detached or detached structures.
- The construction financing of condominium or cooperative apartments until the construction phase is complete because the units are in structures containing five or more units and are covered by one mortgage.
- Fraternity/sorority houses offering sleeping accommodations, living accommodations for students or staff of a college or hospital, and retirement homes with sleeping and eating accommodations that are not condominiums or cooperatives. In these cases, the number of bedrooms in the structure will be the number of dwelling units.
- Mobile home parks.

This category does not include the construction of single-family dwellings in one project, even though it may involve only one construction loan. In this case, the future use of the property as single-family dwellings and the fact that the dwellings are in detached or semi-detached structures determines the classification.

e

Education Loan
An advance of funds for the purpose of financing a college or vocational education.

Effective Rate
The actual yield of interest as opposed to the stated rate. For deposits, the effective rate of interest is based on the accounting method used to compute interest and the frequency of compounding. For loans, the effective rate is the stated interest rate plus fees and charges prorated over the life of the mortgage.

Employee Stock Option Plan (ESOP)
An employee benefit where employees receive as compensation equity shares (stock) of the employer. Stock acquired for this purpose by a loan or guarantee of the employer is transferred to a trust. The loan is then typically paid off through dividends received on the stock and through additional contributions from the employer.

Equity Investment
Investment in the ownership of property or a business where the investor's profit depends on the profit of the underlying investment. The investor may receive a specified rate of return dependent on the profit of the underlying investment.

Equity Kicker
Added to a stated rate of return, the investor participates in the profits of the underlying investment.

Equity Loan
A loan that uses the borrower's equity in real property as collateral; also called a home equity loan. The loan may be for a variety of purposes. It is typically an open-ended second or junior mortgage loan.

Equity Method
A method of accounting for an equity investment in another company or joint venture. The carrying value of the investment reflects a share of the acquired firm's increases (or decreases) in retained earnings. Example: If association A purchases 20% of association B's stock and association B earns $3 million after taxes during the next year, association A will increase the carrying value of its investment by 20% of $3 million, or $600,000. If association B pays half of its earnings in cash dividends, association A will decrease its investment by $300,000.

Equity to Assets Ratio
Total equity divided by total assets. This ratio provides information on the proportion of total assets provided by shareholders, owners, on any given date. A high equity ratio may indicate the existence of a protective buffer in the event the company suffers a loss.

Equity to Liabilities Ratio
Total equity divided by total liabilities.

Escrow
A written agreement under which funds transferred from one party to another are placed with a third person or entity, usually a depository institution, acting as custodian. The custodian completes the transfer to the second party only upon the fulfillment of certain specified conditions. For purposes of the calculation of deposit insurance premiums, escrows are included as deposits.

ESOP
Employee stock ownership plan.

Eurobond
A bond issued for release by a U.S. or other non-European company or government for sale in Western Europe. In that market, corporations and governments normally issue medium-term securities with maturities of 10 to 15 years.

Eurodollars
Deposits denominated in U.S. dollars at banks and other financial institutions outside the United States. Although this name originated because of the large amounts of such deposits held at banks in Western Europe, similar deposits in other parts of the world are also called Eurodollars.

EWP
Early withdrawal penalty. A penalty for withdrawing funds from a time savings account prior to a stated date.

Exercise
To execute the right granted under the terms of a contract. To exercise a call, holders exchange the call option position for a long futures position. To exercise a put, holders exchange the put option position for a short position in T-Bond futures.

Exercise Price
See Strike Price.

Expense
The costs of resources used to create, or intended to create, revenues.

f

Face Value
The sum of money denoted on the principal or “face” side of a financial instrument representing: (1) the amount of money the issuer promises to pay at maturity and (2) the amount on which interest is computed. Synonymous with par value.

Farmland
Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pasture land, whether tillable or not and whether wooded or not. Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by any other party than FmHA or SBA.

Fair Market Value
The price at which property transfers from a willing seller to a willing buyer, each of whom has a reasonable knowledge of all pertinent facts concerning the property in question and similar properties on the market, and neither being under any compulsion to buy or sell.

Fannie Mae
Federal National Mortgage Association (FNMA). A U.S. government sponsored enterprise.

Fannie Mae/Freddie Mac Pool
Mortgage-backed security that represents a proportional undivided ownership interest in a pool of mortgage loans where the full and timely payment of principal and interest is guaranteed by Fannie Mae/Freddie Mac.

Farmers Home Administration (FmHA)
A federal government agency that finances and insures loans to farmers and other qualified borrowers for rural housing and other purposes.

FASB
Financial Accounting Standards Board.

FASB ASC
Reference to the FASB's Accounting Standards Codification

FDIC
Federal Deposit Insurance Corporation.

Federal Deposit Insurance Corporation (FDIC)
A government corporation that insures deposits in savings associations and commercial banks through the Deposit Insurance Fund.

Federal Funds
Overnight, unsecured loans of funds between banks. Generally considered as funds that are immediately available and invested only for one business day, they are typically treated as cash equivalents. Federal funds bought and sold for longer periods ranging up to 90 days are referred to as *term federal funds*.

Federal Housing Administration (FHA)
The FHA is a division of the Department of Housing and Urban Development whose activities include insuring residential mortgage loans under a nationwide system. This enables lenders to loan a higher percentage of the value of the underlying property. FHA loans generally require a down payment of not less than five percent of the original amount of the loan.

Federal Home Loan Banks (FHLBs)
Twelve regional banks of the Federal Home Loan Bank System that provide credit to member savings associations.

Federal Home Loan Bank Board (FHLBB)
A former independent agency in the executive branch of the federal government that regulated and supervised the savings and loan industry, the Federal Home Loan Banks, the Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Mortgage Corporation. In 1989, FIRREA abolished the FHLBB and transferred its functions to other agencies, including the Office of Thrift Supervision.

Federal Home Loan Bank System
The group made up of the Federal Housing Finance Board and the twelve regional Federal Home Loan Banks. The fundamental purpose of the System is to serve as a central credit facility for member associations.

Federal Home Loan Mortgage Corporation (Freddie Mac)
A government-sponsored but privately owned corporation, Freddie Mac is a secondary market facility under the supervision of the Office of Federal Housing Enterprise Oversight. Freddie Mac is authorized to buy conventional whole mortgage loans and sell participation certificates secured by pools of these conventional mortgage loans.

Federal Housing Finance Board (FHFB)
An independent agency in the executive branch of the federal government that replaced the FHLBB in its authority to govern the Federal Home Loan Bank System. Its duties are:

- To supervise the Federal Home Loan Banks.
- To ensure the Federal Home Loan Banks carry out their housing finance mission.
- To ensure the Federal Home Loan Banks remain adequately capitalized and able to raise funds in the capital markets.
- To ensure the Federal Home Loan Banks operate in a safe and sound manner.

Federal National Mortgage Association (Fannie Mae)

A government-sponsored but privately owned corporation, Fannie Mae is a secondary market facility under the supervision of the Office of Federal Housing Enterprise Oversight. Fannie Mae supplements private mortgage funds by buying FHA, VA, and conventional loans and issuing mortgage-backed securities.

Federal Reserve Board

The seven governing members of the Federal Reserve System who are appointed by the President of the U.S. for 14-year terms. Board members play an important role in determining the country's monetary policy, which, in turn, strongly influences economic activity.

Federal Reserve System

The system of independent central banks that influences the United States' money supply and credit through its control of bank reserves. Federal Reserve actions impact security prices. For example, restriction of bank reserves and lending ability in an attempt to restrain inflation tends to drive up interest rates and drive down security prices over the short run. Also called the Fed.

Federal Savings & Loan Insurance Corporation (FSLIC)

A government corporation the National Housing Act established in 1934 that insured deposit accounts in federal savings associations, federally chartered national savings banks, and state-chartered savings associations that were members of the Federal Home Loan Bank System. Under the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989, the Savings Association Insurance Fund, SAIF, replaced the FSLIC as an insurer. All assets and liabilities of FSLIC were transferred to the FSLIC Resolution Fund.

FHA/HUD

Federal Housing Administration/Housing and Urban Development

FHLB or FHLBank

One of the twelve district banks of the Federal Home Loan Bank System.

FHLBB

Federal Home Loan Bank Board.

FHLMC

Federal Home Loan Mortgage Corporation. Also known as Freddie Mac.

Fiduciary

Someone who is entrusted with the care of another person's money, property or other items of value. Acting in a fiduciary capacity generally includes acting as a trustee, executor, administrator, registrar of stocks and bonds, transfer agent, assignee, receiver, guardian or conservator of the estate of a minor or incompetent, investment adviser, any capacity in which you possess investment discretion on behalf of another, or any other similar capacity.

Finance Subsidiary

A savings association's subsidiary whose sole purpose is to issue securities, typically preferred stock or mortgage-backed securities, that the parent itself is authorized to issue directly – or, if the parent is a mutual association, is authorized to issue if it converted to the stock form – and to remit the net proceeds of such securities to its parent association.

Financial Accounting Standards Board (FASB)
An accounting organization established in 1973 that is responsible for establishing generally accepted account principles (GAAP). FASB is a self-regulated organization whose impact affects accounting firms and practitioners.

Financial Asset
A financial asset represents Cash, evidence of an ownership interest in an entity, or a contract that conveys to a second entity a contractual right (a) to receive cash or another financial instrument from a first entity or (b) to exchange other financial instruments on potentially favorable terms with the first entity

Financial Futures
A futures contract based on financial instruments or indices.

Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)
An act of Congress to reform, recapitalize, and consolidate the federal deposit insurance system, and to enhance the regulatory and enforcement powers of federal financial institutions' regulatory agencies. FIRREA established the Office of Thrift Supervision (OTS), the Federal Housing Finance Board, the FSLIC Resolution Fund, the Resolution Trust Corporation, and the Resolution Funding Corporation. FIRREA dissolved the Federal Home Loan Bank Board (FHLBB) and Federal Savings and Loan Insurance Corporation (FSLIC).

FIRREA
Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

First Mortgage
A mortgage that creates a lien against real property. A first mortgage has first priority against other claims in the event of foreclosure. Also called a senior or first lien.

Fiscal Year
Any consecutive 12 months designated as the time frame for financial reporting and preparation of balance sheets, profit and loss statements, and other financial summations.

Fixed Assets
Those tangible assets, such as office buildings, furniture, fixtures, and equipment, used in the operation of a business that are not intended to be sold in the normal process of the business.

Fixed-Rate Mortgage
A mortgage in which the interest rate and the amount of each interest and principal payment remain constant throughout the life of the loan.

Floating-Rate Securities
A security whose interest rate varies or floats in relation to a specific index or benchmark, such as the rate on Treasury securities, LIBOR, etc.

Floating-Rate Tranches
CMO tranches that have rates that adjust in the same direction, and by the same amount, as an index such as LIBOR.

Floor Planning
Commercial loans that finance automobile or mobile home floor stock (dealer inventory).

FmHA
Farmers Home Administration.

FNMA
Federal National Mortgage Association or Fannie Mae.

Forbearance Agreement
A verbal or written agreement providing that the savings association will delay exercising its rights in the case of a mortgage loan foreclosure as long as the borrower performs certain agreed-upon actions.

Foreclosure
Legal process protecting the mortgagee should the mortgagor default on the mortgage, whereby the mortgagee obtains title to the collateral.

Foreign Exchange Rate
The price of one currency denominated in another currency such as the value of British pounds expressed in U.S. dollars.

Foreign Governments and Official Institutions
Foreign governments and official institutions are central, state, provincial, and local governments in foreign countries and their ministries, departments, and agencies. These include treasuries, ministries of finance, central banks, development banks, exchange control offices, stabilization funds, diplomatic establishments, fiscal agents, and nationalized banks and other banking institutions that are owned by central governments and that have as an important part of their function activities similar to those of a treasury, central bank, exchange control office, or stabilization fund. For purposes of the TFR, other government-owned enterprises are not included.

Also included as foreign official institutions are international, regional, and treaty organizations, such as the International Monetary Fund, the International Bank for Reconstruction and Development (World Bank), the Bank for International Settlements, the Inter-American Development Bank, and the United Nations.

Forward Commitment or Forward Commitment Contract
Agreement between a buyer and seller to purchase or sell a specified amount of mortgages or securities at an agreed-upon price, and at a specified future date. Sometimes called a forward delivery contract or forward coverage.

Forward Delivery
Delivery of loans or securities to be made at a future date.

Freddie Mac
FHLMC, Federal Home Loan Mortgage Corporation.

Freddie Mac Participation Certificate (PC)
A mortgage-backed security, guaranteed by the Federal Home Loan Mortgage Corporation as to the timely payment of interest at the certificate rate and the ultimate collection of principal, which represents a proportional undivided ownership interest in a pool of mortgage loans. Generally, each PC group contains fixed-rate equal installment conventional residential mortgage loans with original terms to maturity of between 10 and 30 years.

FRR
SEC Financial Reporting Release.

FSLIC
Federal Savings and Loan Insurance Corporation.

FSLIC Resolution Fund
A fund FIRREA established to assume all the assets and liabilities of FSLIC. The RTC managed the FSLIC Resolution Fund. The RTC was dissolved in December 1995, upon the satisfaction of all debt and liabilities and the sale of all assets assumed by it.

Funded Debt
Debt that is usually long-term, for which certain assets have been set aside to satisfy the debt.

Futures Call Option
An option contract that gives the buyer the right to assume a long T-Bond futures position at a fixed strike price any time prior to the contract's expiration date. When assigned, a call option seller automatically assumes a short futures position.

Futures Contract
An agreement to take (by the buyer) or make (by the seller) delivery of a specific commodity on a particular date. The commodities and contracts are standardized so that an active resale, secondary, market will exist. Futures contracts are available for a variety of items including grains, metals, and foreign currencies.

Futures Price
The price of a contract for delivery of a specific dollar amount of a standardized financial instrument in a designated future month.

Futures Put Option
An option contract that gives the buyer the right to assume a short T-Bond futures position, at a fixed strike price, any time prior to the contract's expiration date. When assigned, a put option writer automatically assumes a long futures position.

g

GAAP
Generally accepted accounting principles.

Gap
The imbalance between the maturities (or repricing) of assets and liabilities of a financial institution; a measure of that imbalance. Gap refers to a specific time interval, such as a 30-day gap, which is the degree to which assets repricing within 30 days exceed or fall short of liabilities repricing in 30 days. *See* Net Portfolio Value Model.

General Valuation Allowance
A contra-asset established against receivables and investments based on the amount expected to be collected. General valuation allowances are established for the purpose of covering probable but not specifically identifiable credit losses. *See* Allowance for Loan and Lease Losses and Specific Valuation Allowance.

Generally Accepted Accounting Principles (GAAP)
The basic principles of accounting promulgated either through authoritative sources such as the Financial Accounting Standards Board (FASB), or, if no written standards exist, through widespread common practices.

GIC
Guaranteed Investment Contract. *See* Bank Investment Contract (BIC).

Government National Mortgage Association (Ginnie Mae)
A wholly owned U.S. government corporation, known as Ginnie Mae, which is part of the Department of Housing and Urban Development (HUD). Ginnie Mae guarantees the timely payment of principal and interest on mortgage-backed securities that represent an interest in a pool of mortgages insured by VA or FHA, and are backed by the full faith and credit of the United States government.

Ginnie Mae Certificates
Mortgage pass-through securities with the full and timely payment of principal and interest guaranteed by Ginnie Mae. A Ginnie Mae certificate represents a proportional, undivided ownership interest in a pool of fixed-rate mortgage loans. Also known as Ginnie Mae Pools.

Ginnie Mae Pool
See Ginnie Mae Certificates.

Goodwill
The premium exceeding fair value of net identifiable assets of an acquired association in a purchase business combination.

Government Sponsored Enterprise (GSE)
Privately owned corporations chartered and supervised by the U. S. Government. GSEs include Fannie Mae and Freddie Mac who are supervised by the Office of Federal Housing Enterprise Oversight (OFHEO), a part of HUD. Federal Home Loan Banks are also GSEs and are supervised by the Federal Housing Finance Board.

Graduated-Payment Adjustable Mortgage Loan (GPAML)
A graduated payment mortgage that has a variable interest rate. The initial scheduled payment is insufficient to pay all the interest due. The unpaid interest increases the principal of the loan and the scheduled payments increase over the term of the loan so the loan will fully amortize at maturity.

Graduated-Payment Mortgage (GPM)
A graduated payment mortgage with a fixed interest rate. The initial payment is lower than that on a standard fixed-rate mortgage and is insufficient to pay all the interest due. The unpaid interest increases the principal of the loan and the scheduled payments increase over the term of the loan so the loan will fully amortize at maturity.

Grandfather Clause
Any condition that ties existing rights or privileges to previous or remote conditions or acts. More popularly used when a new regulation goes into effect, to exempt associations already engaged in the activity being regulated.

Gross
The total amount before any deductions.

Gross Income
Total income before deducting expenses.

Gross Margin
See Net Interest Margin.

GSE
Government Sponsored Enterprise.

Guaranteed Student Loans
Education loans primarily made by banks, savings and loan associations, and credit unions, and some colleges, payment of which is guaranteed by the federal or state government.

h

Hedging
The matching of assets to liabilities of a similar nature; the assumption of one risk calculated to offset another. The buying or selling of offsetting positions to protect against an adverse change in price or interest rates. In mortgage banking, the purchase or sale of mortgage futures contracts to offset cash market transactions to be made at a later date.

HMDA
Home Mortgage Disclosure Act.

Holding Company
A corporation or other entity that owns a majority of voting stock or securities of another corporation, thus obtaining control of the other corporation. Section 1730a of the National Housing Act (NHA) defines a savings and loan holding company as follows: “savings and loan holding company means any company which directly or indirectly controls an insured institution or controls any other company which is a savings and loan holding company by virtue of this subsection”. NHA defines control as owning 25 percent or more of the voting stock. Also referred to as Thrift Holding Company.

Home Equity Loan
Revolving, open-end loans secured by a one- to four-family property and extended under lines of credit. Although residential property secures home equity loans, in some cases they may not have an appraisal meeting OTS standards, or may not have a sufficient loan-to-value level and, thus, are classified as a nonmortgage loan.

Home Improvement Loan
A loan usually not secured by a recorded lien on the property and usually short-term, made to a property owner for such improvements as maintenance and repair, additions and alterations, or replacement of equipment or structural elements.

Home Loan
A residential mortgage loan secured by a one- to four-family property.

Home Mortgage Disclosure Act (HMDA)
A law that requires the annual disclosure of mortgage loan data by depository institutions, service corporations, and mortgage banking subsidiaries located in metropolitan statistical areas. Institutions subject to the Act are required to disclose data on all mortgage loans and home improvement loans that they originate and purchase each year.

Hypothecated Deposit
A hypothecated deposit is the aggregation of periodic payments on an installment contract received by a reporting institution in a state in which, under law, such payments are not immediately used to reduce the unpaid balance of the installment note, but are accumulated until the sum of the payments equals the entire amount of principal and interest on the contract, at which time the loan is considered paid in full. For purposes of these reports, hypothecated deposits are to be netted against the related loans.

Deposits that simply serve as collateral for loans are not considered hypothecated deposits for purposes of these reports.

See also "deposits."

i

Income
Money or its equivalent, earned or accrued, arising from the sale of goods or services.

Income Tax
A tax on annual earnings and profits of a person, corporation, or organization. Traditionally, there are federal, state, and city taxes, although not all states and not all cities tax income.

Index
A price indicator such as LIBOR or T-Bill rates. The repricing of the interest rate on an adjustable rate mortgage is typically governed by an index rate. Rate movements of the mortgage are adjusted to correspond to movements in the index. The index rate generally is a published interest-rate series that is readily verifiable by the borrower and not under the control of the lender.

Individual Retirement Account (IRA)
Special accounts where you can save and invest, where the taxes generally are deferred until money is withdrawn. These plans are defined by statute and are subject to frequent changes by Congress. Withdrawals of tax-deferred contributions are generally taxed as income, including the capital gains from such accounts. Withdrawal prior to a specified retirement age or for purposes other than those specified by law may be subject to a tax penalty. Types of IRAs include Keogh Plans, Roth IRAs, and Education IRAs.

Initial Margin
The amount of deposit a broker initially requires to purchase securities on behalf of an investor. *See* Margin.

Insolvent
(1) A condition in which the value of liabilities exceeds the value of assets according to some accounting standard such as generally accepted accounting principles (GAAP). That is, net worth, or capital, is negative. (2) The state of being unable to pay debts when demanded by creditors at maturity.

Installment
The regular, periodic payment to repay a debt that a borrower agrees to pay. .

In-Substance Foreclosure
A situation in which the lender considers the collateral underlying a loan repossessed in substance by the lender and accounts for it at its fair value, consistent with generally accepted accounting principles (GAAP). In-substance foreclosure occurs when the debtor formally or effectively abandons control of the collateral to the creditor.

Interest
A fee paid for using money that belongs to another, usually expressed as an annual percentage of the amount used. A financial institution makes periodic payments of interest to savers for the use of their deposited funds. A borrower pays interest on a loan to the financial institution for the use of its funds.

Interest-Only (I/O) Strip
The interest portion of a security (debt security or mortgage security). The owner of an IO strip receives only the interest payments of the security. The owner of an IO strip of a mortgage pool security receives only the interest payments on the cash flow of the underlying mortgages.

Interest-Rate Cap
See Cap.

Interest-Rate Collar
(1) A contractual agreement that limits the interest paid or received if the interest rates increase or decrease by a predetermined number of percentage points. (2) A two-sided cap.

Interest-Rate Swaps
A transaction that involves two parties exchanging their interest payment obligations – no principal is exchanged – on two different kinds of debt instruments, one bearing a fixed interest rate and the other a floating interest rate. If a savings association has fixed-rate assets and floating-rate liabilities, it typically will swap its floating rate payment for a fixed-rate payment to match liability repricing to asset repricing.

In-the-Money
An option with a favorable price opportunity. The strike price is less than market for a call and above the market for a put.

Intrinsic Value
The amount by which an option is in-the-money. For call options, it is the current T-Bond futures price minus the strike price if the difference is a positive number. For put options, it is the strike price minus the current price of T-Bond futures if the difference is a positive number. *See* Swap.

Inverse Floater
An asset that adjusts in the opposite direction of the movement of interest rates. Generally the inverse floater adjusts by a multiple of an interest-rate index. It is usually repriced based on a formula containing a multiple of the LIBOR rate. For example, if an inverse floater adjusts at an inverse of 1.25 times LIBOR, a decrease of two basis points in LIBOR would result in an increase in the rate of the inverse floater of 2.5 (2 x 1.25) basis points.

Inverse-Floating Rate Tranches
CMO tranches that have adjustable rates that adjust in the opposite direction as an index such as LIBOR. Frequently, the rate adjusts by a multiple of the change in the index.

Investment
The use of capital to create more money, either through income-producing vehicles or through more risk-oriented ventures designed to result in longer term capital gains.

Investment Accounts
Accounts that range from short-term, highly liquid securities, such as U.S. Treasury Bills, to long-term railroad equipment trust certificates that are not always liquid. In between, there are debentures, floaters, notes, put bonds, and cushion bonds, along with a broad array of short-term money market instruments. Investment accounts may be trading accounts, available-for-sale, or held-to-maturity.

I/O
Interest Only.

I/O Strip
Interest-only strip. The interest portion of a security (debt security or mortgage security). *See* Interest-only Strip.

IRA
Individual Retirement Account.

Issuer
One who issues securities to others.

j

Joint Venture
Any joint undertaking between two or more parties in such legal form as joint tenancy, tenancy in common, partnership, or a corporation.

Judgment
A formal decision given by a court. A judgment against a property is generally a lien against the property. *See* Lien.

Junior Lien
A lien that is subordinate to the claims of prior lien(s) or mortgage(s). *See* Second Mortgage.

Junk Bonds
Bonds issued by companies without long track records of sales and earnings. These bonds are more volatile and pay higher yields than investment-grade bonds.

l

Land Loan
Loan for unimproved land, developed building lots, and the acquisition and development of land.

Letter of Credit
A document issued by a financial institution on behalf of its customer authorizing a third party, or in some cases the customer, to draw drafts on the institution up to a stipulated amount and with specified terms and conditions. The letter of credit is a conditional commitment, except when prepaid by the customer, on the part of the institution to provide payment on drafts drawn in accordance with the terms of the document.

Liabilities
Debts incurred but not paid. For savings associations, liabilities consist of deposits, borrowings including long-term debentures, and other liabilities.

LIBOR
London Interbank Offered Rate. An international interest-rate index, similar to the federal funds rate of banks in the United States. It is commonly used as a repricing index for various financial instruments such as ARMs, CMO tranches, and interest-rate swaps.

Lien

A claim by one person or entity on the specific property of another and that serves as security for a debt. The security interest in real estate created by a mortgage. A lien is typically recorded in the legal jurisdiction (county) in which the property is located.

Line of Credit

A pre-established loan authorization with a specified borrowing limit extended by a lending institution to an individual or business. Most lines of credit are unsecured; however, certain lines of credit, such as home equity loans, are secured by the borrower's equity in property. A line of credit allows borrowers to obtain a number of loans without re-applying each time as long as the total of borrowed funds does not exceed the pre-established credit limit.

LIP

Loans-in-process.

Liquidation

Closing a savings association by paying the claims of insured depositors and other secured creditors. Liquidation may be a voluntary decision made by the board of directors, or may be mandated and executed by the FDIC.

Liquidity

The amount an entity holds in cash and other assets quickly convertible into cash without significant loss.

Loan

Money advanced by one entity to another to be repaid within a specified time, typically with a specified rate of interest, as set forth in a note or other evidence of indebtedness. Loans may be unsecured or secured by real or personal property but do not represent an equity interest in the underlying security for the lender. *See* Mortgage Loan.

Loan Loss Reserve

A contra-asset set up to compensate for anticipated losses from loans. *See* Allowance for Loan and Lease Losses.

Loan Origination

The steps a lending institution takes to obtain a borrower and underwrite a loan up to the time a loan is booked, including soliciting, processing applications, appraising, and closing.

Loan Origination Fee

The initial service charge that a lending institution imposes on a borrower for underwriting a loan. *See* Origination.

Loan Participation

(1) The purchase of portions of outstanding loans by investors, who then participate on a pro rata basis in interest and principal payments; (2) a loan or package of loans in which two or more lenders share ownership. *See* Participation Loan.

Loan Portfolio

The total loans held by a financial institution or other lender, at a given time.

Loans-in-Process

Loans that an association closed, but the full principal of which has yet to be disbursed. Generally, these are construction loans that are typically disbursed in stages as construction is completed. The full amount of a loan is recorded on the savings association's books at closing, with the undisbursed portion recorded in the contra-asset account called loans-in-process. Report loans on the TFR net of loans-in-process.

Loans to Facilitate
A mortgage loan in which the lender provides a borrower with funds at a high loan-to-value ratio and/or below-market interest rates to facilitate the borrower's acquisition of a piece of property owned by the lender.

LOCOM
Lower of cost or market.

Long
(1) As a noun, one who has bought futures contracts and has not yet offset that position. (2) As an adverb, *going long*, the action of taking a position in which one has bought futures contracts without taking the offsetting action. The long protects against declining rates of interest.

Long-Term, Fixed-Rate Tranches
CMO tranches that have fixed rates and are expected to mature in five years or more.

Long-Term Planned Amortization Classes (PACs)
CMO tranches that have fixed rates, a prioritized repayment schedule within certain prepayment speeds, and expected maturity of more than five years. Targeted Amortization Classes (TACs) are considered to be substantially similar to PACs for reporting purposes.

Long-Term PAC Support Tranches
CMO tranches that have fixed rates, expected maturity of more than five years, and are part of a CMO structure that contains a PAC or TAC tranche(s).

Loss
(1) The amount of all expenses exceeding revenues for a period or for a transaction. (2) A classification of assets under OTS regulations where recovery is unlikely. *See* Specific Valuation Allowance, Classified Assets.

Lower-of-Cost-or-Market (LOCOM)
An accounting method used to establish the amount at which certain assets are recorded. The amount established is the lower of the cost of the asset or the current market value. Under this method, assets must be written down if the market value falls below amortized cost but the asset may never be written up to a market value above amortized cost.

LTV
Loan-to-value. The ratio of a loan to the appraised value of the property securing the loan.

m

Maintenance Margin
Additional assets required by a broker on a margin account due to decreases in the market value of the securities that guarantee the margin account. *See* Margin.

Majority Stockholders
Stockholders whose share of voting stock is so large that they can exercise control over the corporation. Generally, an ownership of 20% or more is deemed to constitute control.

Majority-Owned Subsidiary
A subsidiary whose parent company, or parent's majority-owned subsidiaries, owns more than 50 percent of the outstanding voting capital stock.

Mandatory Convertible Securities
Subordinated debt instruments that are eventually transformed into common or perpetual preferred stock within a specified period of time. Generally, there are two types: (1) equity contract notes - securities that oblige the holder to take common or perpetual preferred stock of the issuer in lieu of cash for repayment of principal; and (2) equity commitment notes - securities that are redeemable only with the proceeds from the sale of common or preferred stock.

Mandatory Delivery
A lender's commitment to deliver loans or securities or pay a penalty.

Margin
(1) The amount of deposit money that a securities broker requires from an investor to purchase securities on credit. (2) An amount of money or securities deposited by buyers and sellers of futures contracts and short options to ensure performance of the contract terms, such as, the commitment to make or take delivery of the commodity or the cancellation of the position by a subsequent offsetting trade at such price as can be attained. Margin in commodities is not a payment of equity or down payment on the commodity itself, but rather is in the nature of a performance bond or security deposit. *See* Initial Margin and Maintenance Margin.

Mark-to-Market
An accounting procedure by which assets are recorded at current market value, which may be higher or lower than their purchase price or book value. Examples of the use of mark-to-market accounting are: purchase accounting, pushdown accounting, and accounting for certain securities. See FSAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*.

Market Value
(1) The price established in a competitive market where buyers and sellers meet to buy and sell similar products. (2) A price determined by supply and demand factors rather than by management. (3) The price at which an owner is prepared to sell and an unrelated buyer is willing to buy.

Marketable Title
Title to property that is free from a claim, lien, charge or defect and that will not be subject to legal objection. Also known as perfect title, clear title, and good title.

Master Netting Agreement
A master netting arrangement commonly creates a right of set-off that becomes enforceable and affects the realization or settlement of individual financial assets and financial liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. A master netting arrangement does not provide a basis for offsetting unless (1) a company has a legally enforceable right to set off the recognized amounts, and (2) it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. When financial assets and financial liabilities subject to a master netting arrangement are not offset, the effect of the arrangement on an entity's exposure to credit risk is disclosed.

Maturity
The date on which the principal balance of a debt becomes due and payable. The date when a debt is paid in full.

Maturity Mix
The variety of assets found in an investment portfolio that vary in terms of length, such as 90-day Treasury bills, 20-year corporate bonds, etc.

MBS
Mortgage-backed security.

MCD
Mandatory Convertible Debt.

Merger
The combining of two or more entities either through one purchasing the assets and liabilities of the other(s) or the pooling or combining of two or more entities into one new entity.

Noncontrolling Interest
The portion of net worth of a subsidiary relating to shares not owned by the controlling company or other members of the combined group. Example 1: A parent owns 75% of the controlling interest in Company B; therefore, there is a 25% noncontrolling interest in Company B. Example 2: A parent owns 50% of the

voting stock of Company B and 100% of Company C; Company C owns 25% of Company B. Therefore, the parent effectively controls 75% of Company B and there is a 25% noncontrolling interest in Company B.

MMDA
Money Market Deposit Accounts.

Mobile Home
A movable, portable dwelling without permanent foundation, designed for year-round living.

Mobile Home Certificates
Variations of the Ginnie Mae certificate. Fully guaranteed, pass-through securities that are collateralized by mobile home loans.

Mobile Home Loan
A loan to finance the purchase of a mobile home, secured by the lender's claim on the mobile home. The loan may include funds for associated costs such as transportation of the mobile home and setup on a new site.

Monetary Policy
Federal Reserve Board policy that pertains to the control of credit availability, and thus interest rate levels.

Money Market Deposit Accounts (MMDA)
A savings account offered by Federal savings associations in accordance with 12 U.S.C. §1464(b)(1) and by state-chartered savings associations in accordance with applicable state law on which market rates of interest may be paid if issued subject to certain limitations. Limitations include: (1) Minimum of seven days' notice required prior to withdrawal or transfer. (2) Transfers limited to no more than six per calendar month.

Money Market Fund
The combined money of many individuals jointly invested in high yield financial instruments such as U.S. government securities, certificates of deposits, and commercial paper. A money market fund is a mutual fund that strives to make a profit by buying and selling various forms of money rather than buying and selling shares of ownership in corporations.

Mortgage-Backed Bonds
Bonds secured by mortgages. Unlike mortgage-backed pass-through securities, mortgage-backed bonds do not convey ownership of any portion of the underlying pool mortgages. However, mortgage-backed bonds do offer a more predictable maturity and thus offer a form of call protection.

Mortgage-Backed Security (MBS)
A security backed by mortgages, the owners of which participate in receiving payments of principal and/or interest. *See* Mortgage Derivative and Mortgage Pool Security.

Mortgage Banker
(1) A firm or individual who, acting as a broker, originates loans and then sells them to investors. A mortgage banker may retain the servicing rights to the loans it originates, but does not retain the loans as an investment (all loans held by a mortgage banker are held for sale).

(2) A firm or individual who brings a borrower and lender together, receiving a commission if a loan is made.

Mortgage Derivative
Any variety of mortgage-backed securities of complex structures whose payments to investors are derived from the cash flows of mortgages, but in which the cash flows from the mortgages are not passed through proportionately to the holders of the securities.

Mortgage Loan
An advance of funds from a lender, the mortgagee, to a borrower, the mortgagor, secured by real property and evidenced by a document called a mortgage. The mortgage sets forth the conditions of the loan, the manner and duration of repayment, and the rights of the mortgagee to repossess the pledged property if the mortgagor defaults.

Mortgage Loans Outstanding
The total amount of money that is owed by mortgagors (borrowers).

Mortgage Origination
The making of a new mortgage. *See* Loan Origination.

Mortgage Participation
The division of a mortgage or pool of mortgages into units owned by one or more investors, who participate in receiving payments of principal and interest. *See* Loan Participation.

Mortgage Pool Security
A number of mortgages combined and issued as a single security. Repayments from the mortgages in the pool are passed through to the investor(s) proportionate to ownership interest and with the same timing with which they are received. The security provides each investor with a proportional ownership interest in the underlying collateral.

Mortgage Portfolio
All mortgage loans or obligations held as assets by a financial institution or other lender.

Mortgagee
The financial institution, group, or individual that lends money secured by real estate. The lender.

Mortgagor
Real estate owner who pledges real estate as security for a loan. The borrower.

Multifamily Residential Property
Property containing five or more dwelling units. An apartment building, a residence hall for students or employees, a retirement complex, etc. *See* Dwelling Units, 5 or More.

Municipal Bond
A tax exempt debt obligation issued by a state or local government agency to raise funds for the public good, such as for building low-income housing, improving streets, or building bridges. The bonds are redeemed with interest and are backed by the government’s taxing authority. Municipal bonds are generally exempt from Federal income taxes.

Municipal Deposits
Deposits of state and local government funds, which, under the laws of certain jurisdictions, are secured by the pledge of acceptable securities or by a surety contract (depository bond) to directly protect these funds. *See* Preferred Deposits.

Mutual Association
A savings association that issues no capital stock, but is owned and controlled solely by its savings depositors, who are called members. Members do not share in profits, but they exercise other ownership rights such as electing the board of directors.

Mutual Fund
A mutual fund pools the funds of many investors and provides professional management in investing those funds. Also called an open-end investment company. *See* Proprietary Mutual Funds.

n

National Bank
A commercial bank organized with the consent and approval of the Office of the Comptroller of the Currency and operated under the supervision of the Federal government. National banks are required to

be members of the Federal Reserve System and must purchase stock in the Federal Reserve Bank in their district.

Negative Amortization
Any increase in the loan balance arising from a mortgage payment being too small to pay all the interest due that month. The lender effectively makes the borrower an additional loan at the mortgage rate for the amount of unpaid interest. This additional loan must be repaid over the remaining term of the mortgage.

Negotiable Order of Withdrawal (NOW) Account
A savings account with characteristics of a checking account. An account holder can withdraw funds by writing a negotiable order of withdrawal payable to a third party. NOW accounts may earn interest.

Net
That which remains after making certain designated deductions from the gross amount.

Net Assets
The assets of an individual or entity remaining after all obligations have been met. Assets minus liabilities. The owners’ equity.

Net Income
Gross income less expenses, including taxes, but before dividends.

Net Interest Margin
Interest income less interest expense, before the inclusion of noninterest income and deduction of noninterest expense. This is the gross margin for financial institutions.

Net Loss
The excess of expenses and losses over revenues and gains during a specified period of time. A negative net income.

Net Operating Income
Net interest margin less provision for losses and operating expenses plus noninterest income.

Net Operating Loss (NOL)
A loss for tax purposes that can be applied against net income from prior periods (NOL carry-back) or subsequent periods (NOL carry-forward) to reduce the tax liability of those periods.

Net Portfolio Value Model
A model used by the OTS to measure each association’s exposure to interest rate risk by estimating how a change in interest rates affects the market value of its assets, liabilities, and off-balance-sheet.

Net Present Value
Sum of the future cash flows (positives and negatives) discounted to present value under the theory that money received today is worth more than the same amount received in the future.

Net Profit
See Net Income.

Net Realizable Value (NRV)
The estimated sales price from a property, reduced by the sum of:

(1) Direct selling expenses such as sales commissions, cost of title policy, etc.

(2) Costs of completion or improvement necessary for sale.

(3) Direct holding costs, net of rental or other income, including taxes, maintenance, insurance, and cost of all capital, debt and equity, during the period held for sale.

Net Undistributed Income
Profit earned but not distributed to stockholders.

Net Worth
The owner's equity. Assets less liabilities, deferred income, redeemable preferred stock, and noncontrolling interest. Also called net assets, equity, stockholders' equity, and equity capital. *See* Capital.

NOL
Net operating loss.

Nominal Interest Rate
The stated or contractual interest rate in a loan agreement, bond, or other security, which may differ from the effective interest rate.

Nonconforming Loans
A real estate mortgage loan is **nonconforming** if the unpaid principal balance or unexpired term exceeds lending limits set by purchasers or guarantors of mortgages in the secondary market – Freddie Mac, Fannie Mae, etc.

Nonmortgage Loan
An advance of funds not secured by a lien on real estate. See Loan.

Nonperformance
The failure of a contracting party to provide goods or services according to an agreement.

Nonperforming Assets
Assets that do not earn income, including those originally acquired to earn income (delinquent loans) and those not intended to earn income (fixed assets). Typically assets originally acquired to earn income are deemed nonperforming when (1) full payment of interest or principal is no longer anticipated, or (2) the principal or interest that is due at a regularly scheduled payment date or the maturity date is 90 days or more delinquent even if the asset is still in accrual status. Nonperforming loans that are restructured continue to be considered nonperforming until a cash payment from the borrower brings the loan current under its restructured terms; for instance, a loan cannot be taken out of the nonperforming category simply by restructuring the loan.

Nonresidential Mortgage Loan
A mortgage loan secured by nonresidential property such as an office building, store, factory, church, or vacant land.

Note
An instrument that bears the recognized legal evidence of debt. A note is signed by the maker (borrower) and promises to pay a specified sum of money to the lender at a certain future date and place.

Notice of Default
A notice to a borrower with property as security under a mortgage or deed of trust that he/she is overdue in payments. If the amount owed, plus costs of preparing the legal papers for the default, are not paid within a certain time, foreclosure proceedings may be brought against the property. The filing of a notice of default is the initial step in the process of foreclosure.

Notional Principal
The amount of principal underlying an interest rate swap transaction, and upon which the swap payment calculation is based. See Interest-rate Swaps.

NRV
Net Realizable Value.

o

Oakar

An "Oakar" savings association is a savings association (OTS-regulated institution) that was a member of one insurance fund, generally the Savings Association Insurance Fund (SAIF), and acquired deposits insured by a secondary insurance fund, generally the Bank Insurance Fund (BIF), by means of a so-called "Oakar transaction." The most common Oakar transaction occured when a SAIF-member acquired deposits from a BIF-member, either by means of a whole-institution acquisition or through a branch acquisition. The reverse, an acquisition of SAIF-insured deposits by an OTS-regulated, BIF-member ("BIF HOLA" savings association), was also considered an "Oakar transaction." BIF and SAIF were merged into the Deposit Insurance Fund in April 2006 pursuant to the Federal Deposit Reform Act of 2005.

OBS

Off-balance-sheet.

Occupancy Rate

The percentage of space or units that are leased or occupied. The inverse of the vacancy rate.

OFHEO

Office of Federal Housing Enterprise Oversight.

Off-Balance-Sheet

An asset or obligation that in accordance with GAAP you do not report on the balance sheet. Such as commitments to originate loans, undisbursed loan balances, unused letters of credit, etc.

Offer

An expression of willingness to sell something at a given price; opposite of bid.

Offering

An issue of securities or bonds presented for sale. An offering may be public (open to anyone wishing to buy) or private (predetermined buyers or market).

Office of Federal Housing Enterprise Oversight (OFHEO)

A government agency responsible for ensuring the financial safety and soundness of the nation's two largest players in the secondary mortgage market, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). OFHEO is an independent office of the Department of Housing and Urban Development, and was established by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

Office of Thrift Supervision (OTS)

An office of the Treasury Department of the Federal government. The OTS was established in 1989 by FIRREA to succeed the Federal Home Loan Bank Board for chartering and regulating federal savings associations.

Official Checks

A financial institution's check drawn on its own account for paying its operating expenses and other debts. *See* Cashier's Checks.

Offset

The process used to close an open futures option; for instance, to sell after having previously purchased, or to buy after having previously sold.

Open Position

An outstanding position in a futures contract, which has not been offset. If not covered prior to maturity, the trader is liable for taking or delivering the underlying commodities.

Open Repo

A repo with no definite term that can be terminated by either party. The rate paid is typically higher than that paid on overnight repos and is subject to adjustment on a day-to-day basis.

Open-End Credit

An unsecured line of credit that may be used repeatedly up to an established overall limit. Commonly known as revolving credit or a line of credit, in which the customer may pay in full or in installments. A finance charge is assessed on the unpaid balance. The term does not include negotiated advances under an open-end real estate mortgage or a letter of credit. *See* Line of Credit.

Open-End Mortgage

A mortgage that by mutual agreement may have the balance or maturity extended to provide additional funds to the mortgagor. *See* Home Equity Loan.

Operating Assets

Those assets that contribute to the regular income from business operations, such as loans and investments; the opposite of which are nonoperating assets, such as real estate held for future use and non-income-producing intangibles such as goodwill. Nonperforming assets that were acquired with the intent to produce operating income are included in operating assets.

Operating Capital

Funds available for use in financing daily business activities.

Operating Expense

Any expense incurred in the normal operation of a business. This is distinguished from capital expenditures, which are disbursements that are capitalized and depreciated over a period of years.

Operating Income

Income generated in the ordinary course of business. For savings associations, income generated by the customary lending and deposit-taking business.

Operational Loss

Loan losses that arise outside of a relationship between a creditor and a borrower. Losses incurred in the normal operation of a business.

For example, an independent third party created credit cards through the use of an illegal credit card machine and stole the identification and credit card numbers of various individuals. The subsequent charges on these credit cards and losses incurred by the bank would be an operational loss, because the bank did not issue these credit cards and did not have a contractual relationship with a borrower.

Option

A right to buy or sell specific securities or properties at a specified price within a specified time. (1) Call option: The right but not the obligation to purchase a specific amount of a specific commodity or security at a specified price before a specified date. The seller (writer) grants such right to the buyer of the call. (2) Put option: The right to sell a specific amount of a commodity or security to the writer of the put at a specific price on or before a specific date. The buyer of a call or put pays to the seller (writer) a “premium” for being granted the right. There are options on actual securities or commodities as well as options on futures contracts.

Option ARM

It is an adjustable rate mortgage on which the interest rate adjusts monthly and the payment adjusts annually, with borrowers offered options on how large a payment they will make. Payment options include fully amortizing, interest-only, and a "minimum" payment that may be less than the interest-only payment. The minimum payment option results in a growing loan balance, or negative amortization.

Option Buyer (Holder)

A person who holds the rights granted by the option contract.

Option Seller (Writer)
A person who, in exchange for receiving the premium, agrees to assume the opposite side of an option contract at a fixed price any time prior to the contract's expiration date.

Originate a Loan
To make or issue a loan; the process whereby a lender qualifies a borrower, appraises the collateral, processes all documents, advances funds, and places the loan on its books.

Origination Fee
A charge imposed by a lender for evaluating, preparing, and processing loan applications.

OTS
Office of Thrift Supervision.

Out-of-The-Money
An option where the strike price exceeds market for a call and is less than market for a put.

Over-Collateralization
Providing collateral in excess of what is needed to support the principal amount of secured debt. It is viewed as using two separate loan pools. One pool provides sufficient cash flow to support the debt; the other pool subsidizes cash flow shortfalls for loans with losses or delinquencies.

Overdraft
A draft or check written for an amount that exceeds the funds in the account on which the check is drawn. An overdraft, if not covered immediately by the writer of the check, essentially becomes a borrowing.

Overnight Money
(1) Any money that is replaced daily. (2) Funds loaned by one financial institution to another overnight, including but not limited to the federal funds market. A means for firms to earn interest on undrawn funds in their operating account at the end of the business day.

p

P & I
Abbreviation for principal and interest. This is customarily used to describe the regular monthly checks that the servicer pays to the registered owner of the mortgage-backed securities.

P/O
Principal-only.

P/O Strip
Principal-only strip.

PAC
Planned Amortization Class.

Paid-In-Capital
The amount of capital in excess of the par value of common stock contributed to a corporation by its owners.

Paper Gain Or Loss
An expression for unrealized gains or losses on securities in a portfolio, based on comparison of current market quotations and the original costs.

Par Value
(1) The value assigned to a share of stock by the issuer at the time the stock is first offered for sale. The par value may be more or less than the market value. (2) The value of a bond or note at maturity. (3) The face value of a security.

Partially Amortizing Loan
A loan in which the periodic payments cover all of the interest charges but only part of the principal, therefore an unpaid balance is left when the loan matures. *See* Balloon Loan.

Participation
(1) Ownership by two or more lenders or investors of all or a portion of a single mortgage or a package of mortgages. (2) The cooperative origination by two or more lenders of a single, usually large, mortgage loan. *See* Loan Participation.

Participation Certificate (PC)
A document that describes a package of loans and the portion that is being bought or sold. *See* Freddie Mac Participation Certificate.

Participation Loan
(1) A loan made by one lender, known as the lead lender, in which one or more other lenders, known as participants, own a part interest. (2) A loan originated by two or more lenders. (3) A loan having two or more banks as creditors. *See* Loan Participation.

Pass-Through
This term, as used for mortgage-backed securities, signifies that the interest and principal payments due and/or paid on the underlying mortgages are passed through to the holders of the securities on a *pro rata* basis.

Pass-Through Securities
Securities that convey ownership of a fraction of each mortgage in a pool of mortgages backing the security. Each security owner shares proportionally the interest and principal payments generated by the underlying pool of mortgages.

Passbook Account
A savings account that normally requires no minimum balance, or a nominal minimum balance of perhaps $50 to $100, no minimum term, no specified frequency of deposits, and no notice or penalty for withdrawals. A periodic statement mailed to the depositor has generally replaced the actual passbook, in which transactions are recorded.

Passbook Loan
A loan secured by funds in a savings account on deposit with the same association originating the loan. The pledged funds may not be withdrawn during the life of the loan. *See* Share Loan.

Past Due
An account on which payment has not been made according to the terms of the loan document. Delinquent.

Payables
A bookkeeping term for any accounts or notes payable.

Payoff
The complete repayment of loan principal, interest, and any other sums due. Payoffs result from either installment payments over the full term of the loan or lump sum payments, including payments made on the sale of the underlying collateral.

PC
Participation Certificate.

PCCR
Purchased credit card relationship.

Pension Fund
A fund set up to collect regular premiums from employees and/or their employers, invest those premiums safely and profitably, and pay out a monthly income to employees who retire after reaching a specific age and length of service.

Permanent Mortgage Loan
A mortgage that is not a construction loan. Typically permanent mortgage loans are fully amortized for a period of 20 years or more. However, this classification also includes balloon mortgages and short-term mortgage loans that are not construction loans.

Permanent, Reserve, or Guaranty Stock
Par value of common stock outstanding. *See* Common Stock.

Personal Check
A check drawn on a depository institution by an individual against the individual's own funds, as opposed to a check drawn against a business account.

Planned Amortization Class (PAC)
The PAC feature of a security creates a reserve or sinking fund that attempts to ensure the planned maturity for the bond or CMO tranche. Therefore, the payments on a PAC security are virtually insulated from prepayment risk. *See* Short-term Planned Amortization Classes and Long-term Planned Amortization Classes.

Pledged Assets
Assets pledged as collateral security against liabilities.

Pledged Deposits
Deposits to which a security interest has been attached or perfected by a creditor. Also called loans on deposits and share loans.

PMI
Private mortgage insurance.

Point
An amount equal to one percent of the principal amount of an investment or note. Loan discount points are a one-time charge assessed at closing by the lender to increase the yield on the mortgage loan to a competitive position with other types of investments.

Pool
A large group of mortgages which back a mortgage security. *See* Mortgage Pool Security.

Pooling-of-Interest Method
A method of accounting for business combinations which is no longer permitted by GAAP.

In the pooling-of-interest method, assets, liabilities, and capital of the combining associations are added together on a line-by-line basis without any adjustments for current market value. The current carrying value (typically, historical costs adjusted for amortization of premiums and depreciation and accretion of discounts) of each asset, liability, and capital account of the disappearing association is added to the corresponding account of the surviving association.

In the reporting period in which the merger occurs, income and expense is reported as though the entities had been combined for the entire period. *See* Purchase Method.

Portfolio
Holdings of securities by an individual or entity. A portfolio may contain any marketable or potentially marketable investment such as bonds, mortgages, debt securities, equity securities, etc.

Position
Having a position in a futures contract means to have bought or sold a contract that has not been offset. *See* Open Position.

Positive Gap
An excess of assets repricing during a period of time over liabilities repricing during the same period; an asset sensitive position. *See* Gap.

Preferred Deposits
Deposits of states and political subdivisions in the U.S. that are secured or collateralized as required under state law. *See* Municipal Deposits.

Preferred Stock
Capital stock with preferences or special rights attached. *For example,* a stockholder may have a preferred position to receive dividends and/or proceeds in liquidation. Preferred stock typically yields a stated rate of interest, dividends, that may be cumulative or noncumulative. Preferred stock may be redeemable by the holder or nonredeemable.

Premium
(1) The amount, often stated as a percentage, paid in addition to the face value of a note or bond to adjust the yield to market. (2) A fee charged for the granting of a loan – points. (3) The price paid for an insurance contract. (4) A product given free or sold at discount, offered as an inducement to the public to open or add to a savings account, or to purchase other specified products or services. (5) The price paid by the buyer of an option contract. *See* Discount.

Prepayment
A payment made before its due date. For example, a 30-year mortgage may be prepaid after ten years if the mortgagor sells the property and the purchaser does not assume the mortgage. Borrowers typically prepay loans when interest rates fall and they can obtain cheaper financing.

Prepayment Clause
A provision in a promissory note stating the amount a borrower may repay ahead of schedule without incurring a penalty.

Prepayment Penalty
A fee assessed by a lender on a borrower who repays all or part of the loan principal before it is due. The prepayment penalty compensates the lender for the loss of interest that would have been earned had the loan remained in effect for its full term.

Present Value
The discounted value of a certain sum to be paid in the future, based on the theory that cash received today is worth more than the same amount of cash received in the future. *See* Net Present Value.

Price
The amount of money a seller receives for goods or services sold. Price is the amount of money actually received by the seller, not necessarily the amount originally asked for or the face value. In the buying and selling of bonds and mortgages, price is stated as a percentage of the face value of that instrument. For example, if sold at par, the price is 100 percent of the face value; a premium price could be 105 percent; and a discount price could be 95 percent of face value. *See* Premium, definition 1, and Discount.

Prime Rate
The interest rate charged by leading banks to their most secure customers. The prime rate tends to be a yardstick for general trends in interest rates. The interest on adjustable rate loans is sometimes stated in terms of the prime rate. For example, the rate of an adjustable rate loan may be stated as fifty basis points (0.5%) over prime.

Principal
(1) The amount of funds borrowed. (2) At closing, the face amount of a loan. (3) The amount of debt, exclusive of accrued interest, remaining on a loan.

Principal-Only
An account that does not charge interest on the remaining balance, so that payments are credited to principal only.

Principal-Only Strip (P/O)
A security from which the interest coupons have been separated. The owner of a P/O strip of a mortgage pool receives only the principal payments on the cash flow of the underlying mortgages. *See* Interest-Only Strip.

Private Mortgage Insurance (PMI)
Insurance policies written by private companies insuring lenders against loss resulting from defaults on mortgages. Generally, OTS will recognize only those insurance companies whose PMI is accepted by Fannie Mae or Freddie Mac, for purposes such as calculating high LTV and the risk weighting of a loan.

Profit
The excess income after all costs and expenses are paid. Net income.

Profit and Loss Statement
A summary listing a firm's total revenues and expenses within a specified period of time. Also called a statement of operations or an income statement.

Profitability
A firm's ability to earn a profit and its potential for future earnings.

Promissory Note
A written promise to pay a specific sum of money to a specified party under conditions mutually agreed upon. Also called a note, promise, or bond.

Proprietary Mutual Funds
Those funds where the savings association, its affiliates, or its subsidiaries act as investment advisor to the fund.

Prospectus
A written offer to sell property or a security that provides a detailed description of what is being sold, including its characteristics and quality.

Prospectus Supplement
A document supplementing the Prospectus, disclosing pertinent information relating to the specific series of securities that are being issued. It includes stated maturities, repayment periods under different scenarios, specific financial assumptions as to the composition of the underlying collateral, the capitalizations of the issuer, and other terms relevant to the series.

Provision for Loan Losses
A charge to expense for loan losses. *See* Valuation Allowance, Allowance for Loan and Lease Losses, Specific Valuation Allowances, Charge-off, Write-off.

Purchase Method
A method of accounting for a business combination as the acquisition of one enterprise by another.

In an acquisition accounted for under the purchase method, the assets and liabilities of the disappearing association must be recorded on the books of the surviving entity at fair value. The fair value of an asset is generally its market or appraised value. The fair value of liabilities is generally their present value using an appropriate discount rate. The carrying values of the capital accounts of the disappearing association are not carried forward onto the books of the surviving association. To the extent possible, the cost of the acquisition must be allocated to each identifiable asset or liability being acquired. Identifiable assets can be tangible (such as securities or mortgage loans) or intangible (such as core deposit base). Any excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities is recorded as goodwill.

The adjustments to record purchased assets at fair value due to interest rate fluctuations are reported as a direct adjustment to assets. Adjustments to purchased deposits are reported on SC715, Unamortized Yield Adjustments on Deposits; adjustments to any other liability are reported as a direct adjustment to the liability.

Purchase-Money Mortgage
A mortgage where the purpose of the loan is to purchase the property securing the loan.

Purchased Credit Card Relationships
The premium paid to acquire established credit card accounts from a financial institution. Buyers pay a premium over the dollar value of the credit card accounts themselves in order to acquire the customer loyalty in an established line of business.

Push-Down Accounting
A method of accounting used when an entity changes ownership. The purchase cost to the new owner is pushed down to the entity, thereby marking all assets and liabilities to market. This is also known as new-basis accounting. At the date of acquisition, the purchased entity is given a new basis, which is valued at market.

Put Option
A buyer acquires the right to sell a specific security, at a specified strike price, at any time before the expiration of the option.

Q

QTL
Qualified Thrift Lender.

Qualified Thrift Lender (QTL)
A savings institution that qualifies for low cost advances from its Federal Home Loan Bank by virtue of having at least a certain percentage of its assets in housing-related investments. Institutions may use the HOLA QTL test or the Internal Revenue Service tax code Domestic Building and Loan Association (DBLA) test.

r

Rate of Return
The measure of income from or profitability of an investment. *See* Return on Investment and Yield.

Rate-Sensitive Asset
An asset that will experience a change in its market value over some specific time period due to changing interest rates in the market.

Rate-Sensitive Liability
A liability that will experience a change in its market value over some specific time period due to changing interest rates in the market.

Real Estate
Land and all physical property attached to the land. Includes all physical substances below, upon, or attached to land; thus houses, trees, and fences are classified as real estate. All else is personal property.

Real Estate Investment Trust (REIT)
An organization, usually corporate, established for the accumulation of funds for investing in real estate holdings, or the extension of credit to others engaged in real estate construction. These funds are usually accumulated by the sale of shares of ownership in the trust.

Real Estate Loan
A loan fully secured by real estate, regardless of how the proceeds will be used.

Real Estate Mortgage Investment Conduit (REMIC)
A mortgage securities vehicle authorized by The Tax Reform Act of 1986. The REMIC rules authorize a new entity (a REMIC) to hold commercial or residential mortgages and issue securities representing interests in those mortgages. The REMIC itself generally is exempt from Federal income tax, and the income from the mortgages held by the REMIC is taxed to the holders of the REMIC regular and residual interests.

Real Estate Owned (REO)
A term frequently used by lending institutions to describe ownership of real property, generally acquired as a result of foreclosure.

Receivables
Accounts receivable owned by a business. These may be pledged as collateral for a loan secured from a bank or other financial institution, known as factored receivables, and classified as a secured commercial loan.

Receiver/Receivership
A party appointed by a court or the FDIC to manage property subject to litigation, or the property and affairs of a bankrupt financial institution. The receiver maintains and manages the property in the interest of lenders or creditors until a final disposition of the property is made. A receivership ends the corporate existence of an institution; it removes the institution from its owners, who lose their equity interest. *See* Conservator.

Recorded Investment in a Loan
The principal balance of the loan less direct write-downs, adjusted for related discounts or premiums and other yield adjustments. Carrying value before deducting valuation allowances. *See* Schedule SC, Mortgage Loans.

Recourse
The rights of a holder in due course of a negotiable instrument to force prior endorsers to meet their legal obligations by making good the payment of the instrument if dishonored by the maker or acceptor. The holder in due course must meet the legal requirements of presenting and delivering the instrument to the maker of a note or acceptor of a draft, and must find that this legal entity is in default. *See* Residual.

Recovery
The collection of money on a loan that you previously charged-off.

Refinancing
The repayment of a loan with funds from a new loan secured by the same property as the first loan. The new loan may be secured from the same lending institution or a different one, and typically has a modified interest rate or maturity date. *See* Restructured Debt.

Registration Statement
A document containing a prospectus and other information required by the SEC in transactions involving public offerings, such as the issuance of CMOs. The registration statement enables a series or, in the case of a shelf registration, several series of securities to be offered.

REIT
Real Estate Investment Trust.

Release
(1) The discharge of property from a mortgage lien. (2) A written statement that an obligation has been satisfied.

REMIC
Real Estate Mortgage Investment Conduit.

Rent
Income received from leasing property.

REO
Real estate owned.

REPO
Repurchase Agreement.

Reporting Period
The period for reporting the statement of operations and activity of an entity. This may be any number of days or months, normally one, three, six, or twelve months. The reporting period for the TFR is three months. The reporting period for Cost of Funds is one month.

Repossession
The reclaiming or taking back of items purchased on an installment sales contract on which the buyer has fallen behind in payments and consequently defaulted.

Repriced at Maturity
An asset or liability that carries a fixed interest rate during its term and, therefore, cannot reprice until maturity.

Repricing
A feature of some specific assets and liabilities, where the interest rates (and possibly other associated features) change, based on predetermined terms and schedules. This feature may occur periodically or only once.

Repurchase Agreement (REPO)
A financial transaction in which an organization borrows money by selling securities and simultaneously agreeing to buy them back later at a higher price, generally less than 30 days. Repurchase agreements are commonly called “repos”, and they function similarly to a secured loan with the securities serving as collateral. In a resale agreement, the organization, in effect, loans money by buying securities and agreeing to sell them back to the borrower later at a higher price. In either case, the difference between the bought and sold price of the securities constitutes the yield on the transaction. *See* Resale Agreement.

Resale Agreement
A financial transaction in which an organization lends short-term money by buying securities and simultaneously agreeing to sell them back later at a higher price. *See* Repurchase Agreement.

Reserve
(1) A valuation allowance. (2) A portion of retained earnings that has been set aside for the purpose of assuming liabilities. (3) Cash set aside to absorb losses or contingencies that have not yet occurred but are foreseen. *See* Valuation Allowances.

Reserve For Bad Debts
See Bad Debt Reserve.

Reserve Requirements
The portion of deposits in transaction accounts that member banks are required to maintain with a Federal Reserve Bank.

Residential Mortgage
A loan extended with residential real estate as collateral.

Residual
(1) 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.

(2) Purchased or retained beneficial interests in securitized financial assets.

(3) The tranche of a CMO that represents the difference between the cash flows received on the mortgages collateralizing the CMO and the required interest payments to holders of all other tranches. The residual tranche represents an equity interest in the CMO.

Restructured Debt

Debt that has been restructured by adding to the outstanding principal balance or by modifying the terms of the debt. Restructured debt involves debt of borrowers who may or may not be experiencing financial difficulty. *See* Troubled Debt Restructuring.

Retained Earnings

An equity capital account comprised of accumulated unallocated profits from the current and all prior reporting periods. Retained earnings are the profits that are neither paid out in cash dividends to stockholders nor used to increase other equity accounts.

Return on Assets

A financial measurement of how efficient a business is in using its assets. Return on assets is the ratio of net income divided by average total assets.

Return on Equity

A measure of how effective a business has been in investing its net worth. Return on equity is expressed as a ratio, calculated by dividing net income by average equity.

Return On Investment

The rate, usually expressed on a bond equivalent basis, needed to equate the present value of future cash flows with a given purchase price for that issue. It assumes that periodic cash distributions can be reinvested at the same rate.

Revenue

All earnings received from selling a firm's product or service during a given period.

Revenue Bonds

Issued by state and local governments whereby the revenues from a project, such as a toll bridge, repay the borrowing. In contrast to a general obligation bond backed by the taxing power of an issuer.

Reverse Repurchase Agreement

See Repurchase Agreement.

Revolving Credit

A line of credit extended to customers to use as often as desired up to a certain dollar limit. The line of credit may be paid in full upon receipt of a monthly statement or paid off in several installments, in which case an interest charge is added.

Risk

The possibility that a loss will occur if a debt is not paid.

Risk-Controlled Arbitrage

A method used to fund long-term assets with short-term liabilities, using a hedge to reduce interest-rate risk. For example, using repurchase agreements (short-term) to purchase mortgage-backed securities (long-term) and using a futures contract to hedge against rising interest rates.

Rollover

The practice of reinvesting capital and interest of one investment into a substantially identical new investment.

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Safety Factor
The difference between net income from collateral and the payment of interest on a funded debt. *See* Spread.

SAIF
Savings Association Insurance Fund.

Sale and Servicing Agreement
In secondary market transactions, a contract under which the seller/servicer agrees to supply, and the buyer to purchase, loans from time to time. The contract sets forth the conditions for the transactions and the rights and responsibilities of both parties.

Sale-Leaseback
The sale of property that is then leased back to the seller.

Sales Draft
An instrument that arises from using a bankcard that obligates the cardholder to pay money to the card issuer.

Sallie Mae (SLMA)
Student Loan Marketing Association.

Salvage
An attempt to recover some portion of a loan that has been written off the bank's books.

SAM
Shared-Appreciation Mortgage.

Sasser
A SAIF-insured institution that has a bank charter and, therefore, that OTS does not regulate.

Satisfaction of Judgment
The legal procedure followed when a debtor pays the amount due as determined by the court in a judgment.

Savings
The amount of income that is not consumed.

Savings Account
Money that is deposited in a depository institution, normally not subject to withdrawal by check. Savings accounts usually bear interest. Also called passbook accounts.

Savings Association Insurance Fund (SAIF)
A fund, administered by the FDIC, insuring deposits of member savings associations up to $100,000 per depositor. SAIF was established by FIRREA in 1989 to replace the FSLIC as the insurer of savings associations. SAIF was merged into the Deposit Insurance Fund in 2006 pursuant to the Federal Deposit Reform Act of 2005. *See* Deposit Insurance Fund.

Savings Certificate
Evidence of the ownership of a savings account typically representing a fixed amount of funds deposited for a fixed term at a specified rate of interest. *See* Certificate of Deposit.

Savings Liability
The aggregate amount of an association's deposits, including earnings credited to such accounts, less redemptions or withdrawals.

SBA
Small Business Administration.

Seasoned Loan
A loan that has been on the association's books long enough to demonstrate that the borrower's credit is sound.

SEC
Securities and Exchange Commission.

Second Lien
A lien subordinate to the first. *See* Junior Lien, Second Mortgage.

Second Mortgage
A mortgage that has rights subordinate to the first mortgage (the proceeds from a foreclosure sale must pay the first mortgage before any funds can go to repay the second).

Secondary Market
The market for reselling outstanding securities, opposite of primary market in which newly created securities are sold. *See* Freddie Mac, Fannie Mae, and Ginnie Mae.

Secured Creditor
A creditor whose obligation is backed by collateral.

Secured Debt
Any debt for which some form of acceptable collateral has been pledged.

Securities
Any documents that identify legal ownership of a physical commodity or legal claims to another's wealth.

Securitize
To put in the form of a security. For example, Freddie Mac securitizes a savings association's loans when they pool the loans into a participation certificate.

Security
(1) The collateral given, deposited, or pledged to secure the fulfillment obligation or payment of a debt.
(2) An instrument that provides evidence of debt or of rights to share in earnings or distribution of property.

Security Ratings
Ratings placed on securities according to the degree of investment risk incurred by the purchaser.

Segregated Account
Funds set aside to meet specific obligations. Usually applies to cash set aside to meet drafts drawn under a letter of credit issued by the savings association; may also apply to funds set aside to honor checks certified by the savings association.

Self-Liquidating
Describes an asset that can be converted into cash or subject to the total recovery of invested money over a period of time.

Selling Hedges
See Short Hedge.

Senior Lien
Opposite of Junior Lien. *See* First Mortgage.

Sensitivity Analysis
Another term for gap analysis, an evaluation of an association's make-up, revealing the areas in which it is exposed to the risk of changing interest rates. *See* Gap.

Serial Bond Issue
Bonds of a single issue that mature on staggered dates rather than all at once. The purpose of a serial bond issue is to help the issuer retire the bonds in small quantities over a long period.

Service Charge
A fee for services rendered or to be rendered.

Service Corporation
A corporation previously defined in OTS regulations as being owned by one or more savings associations and performing services and engaging in certain activities for its owners, such as originating, holding, selling, and servicing mortgages; performing appraisal, brokerage, clerical, escrow, research, and other services; and acquiring, developing, or renovating and holding real estate for investment purposes. This term became obsolete with the issuance of the Subsidiary and Equity Investment Rule, effective January 1, 1997.

Servicing Assets
Benefits recognized by an entity undertaking a contract to service loans and other financial assets. Servicing includes collecting principal, interest, and escrow payments from the borrowers; paying taxes and insurance from escrowed funds; monitoring delinquencies; executing foreclosure, if necessary; temporarily investing funds pending distribution; remitting fees to guarantors, trustees, and others providing services; and accounting for and remitting principal and interest payments to the holders of beneficial interests in the financial assets.

SFAC
Statement of Financial Accounting Concepts issued by the Financial Accounting Standards Board.

Share Loan
A loan secured by funds on deposit at a financial institution. One purpose of a share loan is to preserve interest due on deposits by not withdrawing the funds until the date on which the interest payment is due or the account matures. *See* Passbook Loan

Shared-Appreciation Mortgage (SAM)
A home-financing technique where the borrower receives a mortgage rate that is lower than the prevailing rates. The borrower must agree to give the lender a share of the profits from the eventual sale of the property. A SAM has payments that are based on a normal (typically 30- year) amortization schedule, but the loan becomes due and payable at an earlier date (typically not later than at the end of 10 years). A SAM has an interest rate below that on a conventional mortgage and a contingent interest feature, where at either the sale or transfer of the property or the refinancing or maturity of the loan, the borrower must pay the lender a share of the appreciation of the property securing the loan.

Shareholder
The owner of shares of equity in an organization. The owners of a corporation.

Shelf Registration
A type of Registration Statement, pursuant to Rule 415 of the SEC, that authorizes a certain principal amount of securities to be issued, in whole or in parts, in the future, thereby spreading the issuance dates over a period of time.

Short
(1) The sale of a futures contract. (2) A trader who has a short position in a commodity.

Short Hedge
A hedge transaction in which futures contracts are sold and then purchased; a short hedge protects the hedger against interest rate increases, the major risk faced by financial institutions.

Short-Term Debt
An obligation that is usually due within one year.

Short-Term Fixed-Rate Tranches
CMO tranches that have fixed rates and expected maturity of five years or less.

Short-Term Planned Amortization Classes (PACs)
CMO tranches that have fixed rates, a prioritized repayment schedule within certain prepayment speeds, and expected maturity of five years or less. Targeted Amortization Classes (TACs) are considered to be substantially similar to PACs for reporting purposes.

Short-Term PAC Support Tranches
CMO tranches that have fixed rates, expected maturity of five years or less, and are part of a CMO structure that contains a PAC or TAC tranche(s).

Single-Family Dwelling
A housing unit designed for occupancy by one individual or family. *See* Dwelling Units, 1-4.

Sinking Fund
The obligation to retire debt instruments according to a predetermined schedule.

Small Business and Small Farm Loans
Report the number and amount currently outstanding as of the **report date** of business loans with “original amounts” of $1,000,000 or less and farm loans with “original amounts” of $500,000 or less. The following guidelines should be used to determine the “original amount” of a loan: (1) For loans drawn down under lines of credit or loan commitments, the “original amount” of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was **most recently** approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the “original amount” is the amount currently outstanding on the report date. (2) For loan participations and syndications, the “original amount” of the loan participation or syndication is the entire amount of the credit originated by the lead lender. (3) For all other loans, the “original amount” is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Special Redemption
Special redemptions are designed to allow the issuer to retire a security earlier than scheduled, precluding interest from accruing during the remaining period. The amount of principal redeemed is limited to the amount that would have been retired at the next scheduled payment date.

Specific Valuation Allowance
A valuation allowance representing an amount classified as a loss on specific assets. In the TFR, assets are reported net of specific valuation allowances. *See* Valuation Allowance.

Spread
(1) The difference between interest income and interest expense. (2) The simultaneous purchase of one futures contract and sale of another, either different contract months or underlying instruments. One does this to try to profit from differing rates of change in different contract months or contracts, often due to changing market factors, such as, rising or falling rates, shifts in yield curve.

Standard Prepayment Assumption
A commonly used prepayment model based on an assumed monthly rate of prepayment of the then current principal balance of a pool of new mortgage loans.

Standby Letter of Credit
A letter of credit that can only be drawn against if a specified business transaction is not performed.

Standbys
Non-binding commitments to make or take delivery of securities, commonly used in the mortgage market when dealing with Fannie Mae.

Stock Dividend
See Dividend, Stock.

Strike Price
The price at which the holder of the call or put may exercise his right to purchase or sell the underlying futures contract. Synonymous with exercise price.

Strip
A hedge transaction which involves selling or buying the same futures contract across several delivery months, such as, selling T-Bills for June, September, and December at the same time. The objective is to lengthen the effective hedging period.

Strip Certificate
A certificate showing ownership of a fractional share of stock that can be converted into a full share when presented in amounts equal to a full share.

Strip Hedge
The selling of a series of futures contracts with different maturities. The purpose is to lock in interest costs that vary based on the contract settlement date.

Structured Securities
Debt securities with derivative-like characteristics that are issued by corporations and government-sponsored enterprises (GSEs), including Freddie Mac, Fannie Mae, and the Federal Home Loan Banks. Structured notes take various forms and often contain complex rate-adjustment formulas and embedded options, such as, calls, caps, and collars.

Student Loan Marketing Association (Sallie Mae)
A government-sponsored private corporation created to increase the flow of funds into loans by facilitating the purchase of student loans in the secondary market.

Subordinate Organization
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. There is an exception when that ownership interest qualifies as a pass-through investment pursuant to 12 C.F.R. § 560.32 and the savings association designates it as such.

Subordinated Debt
Obligations whose liquidation preference is inferior to that of other debt.

Subprime Lending
Credit extended to borrowers exhibiting higher (frequently much higher) risk of default characteristics than traditional bank lending customers. Risk of default may be measured by traditional credit risk measures (credit/repayment history, debt-to-income levels, etc.) or by alternative measures such as credit scores. Subprime borrowers represent a broad spectrum of debtors ranging from those who have exhibited repayment problems due to an adverse event, such as job loss or medical emergency, to those who persistently mismanage their finances and debt obligations. Subprime lending does not include loans to borrowers who have had minor, temporary credit difficulties but are now current.

Subsidiary
Any organization controlled by another organization. The OTS Subsidiary and Equity Investment Rule defines subsidiary as a consolidated subsidiary and refers generically to organizations under the control of a parent organization as subordinate organizations. *See* Consolidation.

Substandard
Describing conditions making a risk less desirable than normal for its class. A classification of assets under OTS Regulations. *See* Classified Assets.

Super-Floater
An asset that has a variable rate that adjusts by a multiple of a change in an interest-rate index. Thus if the super-floater adjusts at 1.25 times the change in LIBOR, a decrease of two basis points in LIBOR would cause a decrease of 2.5 (2 x 1.25) basis points in the super-floater. Super-floater is most commonly used to describe CMO tranches that reprice based on a formula containing a multiple of the three-month LIBOR rate.

Super Floating Rate Tranches
CMO tranches that have rates adjusting at some multiple of, and in the same direction as, an index such as LIBOR.

Super Principal Only (P/O) Tranche
A long-term zero coupon, deep discount PAC that is the only support tranche of a PAC or TAC CMO.

Supervisory Authority
The official or officials authorized by law to ensure that associations comply with the governing charter, statutes, and by-laws.

Supervisory Merger
The takeover of one savings association – typically an insolvent association – by another with our oversight.

Suspense Account
A general ledger account used to hold over unposted items so the business day can balance at closing.

Swap
An agreement between two parties to exchange a series of cash flows, one representing a fixed rate and the other a floating rate. In a currency swap, two parties contract to exchange the cash flows - of equal net present value of specific assets or liabilities that are expressed in different currencies.

In the classic – widely known as plain vanilla – interest-rate swap, two parties contract to exchange interest service payments, and sometimes principal service payments, on the same amount of indebtedness of the same maturity with the same payment dates - one providing fixed interest-rate payments in return for variable-rate payments from the other and vice versa. Basis swaps – floating rate swaps based on different indices, such as prime against LIBOR – and combined interest rate and currency swaps, circus swaps, are also common. There are numerous variations involving many counterparts that result in highly complex swap transactions.

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T-Bill
Treasury Bill.

TAC
Targeted Amortization Class.

Tangible Capital
Our capital regulations define tangible capital as equity in accordance with GAAP, adjusted for unrealized gains and losses on certain available-for-sale securities, less investments in nonincludable subsidiaries, less goodwill and other intangible assets, less certain nonqualifying equity instruments, plus noncontrolling interest in includable consolidated subsidiaries, plus nonwithdrawable deposits of mutual associations. Our capital rule requires savings associations to hold a ratio of 1.5% tangible capital to tangible assets.

Tangible Net Worth
GAAP net worth less goodwill and other intangible assets.

TBA
Abbreviation for future pools **to be announced** which are bought and sold for future settlement. To be announced refers to interest rates and due dates which are determined at a later date. Trading in these securities is done on a yield basis.

TDR
Troubled Debt Restructuring.

Teaser Rate
The initial below-market interest rate offered on an adjustable-rate mortgage in return for the borrower sharing the risk of rising rates during the course of the loan.

Term Federal Funds
Federal funds with a term of more than one business day.

TFR
Thrift Financial Report.

Threshold Rate
Represents the rate established by management policy for a fixed-rate asset category above which new assets may be added and below which lower yielding assets will be sold. Should be tied to policies related to dollar volume and maturity limits.

Thrift Financial Report
The financial report that we require of all savings associations under our jurisdiction; OTS Form 1313.

Thrift Holding Company
See Holding Company.

Tick
Refers to a change in price, either up or down. Synonymous with minimum fluctuation.

Time Deposit
An interest-bearing deposit that will mature on a specific date.

Time-Share Loan
A loan that enables a buyer to take part in a form of real property ownership that grants each of several owners the exclusive right to occupy a housing unit during a specified time period each year. These loans are reported as nonmortgage loans on the TFR.

Time Value
A portion of an option premium unrelated to buying and selling at a more favorable price.

Trade
A term that indicates the consummation of a security transaction, either a purchase or a sale.

Trade Date
The date a security transaction is actually executed.

Trading Account
Securities that you intend to hold principally for the purpose of selling them in the near term. Trading activity includes frequent buying and selling of securities for the purpose of generating profits from price fluctuations. Securities in a trading account must be listed on financial reports at market value.

Tranche
Also called a class. CMOs generally have several bond classes; each bond is considered a separate tranche or class, each with different maturities and/or interest rates and accrual structures.

Troubled Debt Restructuring

A troubled debt restructuring occurs when the financial institution provides the borrower certain concessions that it would not normally consider. The concessions must be in light of the borrower's financial difficulty, and the objective must be to maximize recovery of the institution's investment. Troubled debt restructures are often, but not always, the result of legal proceedings or negotiations between the parties.

Troubled debt restructures include situations in which the reporting association accepts any one of the following:

- A note, secured or unsecured, from a third party in payment of its receivable from the borrower.
- The underlying collateral in payment of the loan, either through foreclosure, other transfer of title, or in-substance foreclosure.
- Other assets in payment of the loan.
- An equity interest in the borrower or its assets in lieu of its receivable.
- A modification of the terms of the debt including, but not limited to any of the following:
    - Reduction in stated interest rate.
    - Extension of maturity at an interest rate below market.
    - Reduction in the face amount of the debt.
    - Reduction in the accrued interest.

A foreclosure or other asset received in payment of a loan is TDR only if a loss is incurred. In calculating whether or not a loss occurred, the fair value of the foreclosed property is compared to the recorded investment in the receivable without deducting valuation allowances or charge-offs.

Treasury Bill

A U.S. government short-term security sold to the public each week at a discount, maturing in 91 to 182 days.

Treasury Bond

See Bond, Treasury.

Treasury Note

A U.S. government long-term security, sold to the public, maturing in one to five years.

Treasury Stock

Stock reacquired by the same company that issued it with the intention of subsequent resale or transfer, such as an Employee Stock Option Plan.

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Unlimited Mortgage

An open-end mortgage; a mortgage not limited to a fixed amount.

Unrealized Gain or Loss

A loss that you have not yet realized because the related asset has not yet been sold or disposed of.

VA

(1) Valuation Allowance. (2) Veterans' Administration.

Valuation Allowance

A contra-asset established against receivables and investments based on the amount expected to be collected. Valuation allowances are established for covering probable and estimably credit losses. *See* Allowance for Loan and Lease Losses, Allowance, Specific Valuation Allowance, and General Valuation Allowance.

FFIEC 031 and 041 A-87 GLOSSARY (9-10) Trust Preferred Securities: As bank investments, trust preferred securities are hybrid instruments possessing characteristics typically associated with debt obligations. Although each issue of these securities may involve minor differences in terms, under the basic structure of trust preferred securities a corporate issuer, such as a bank holding company, first organizes a business trust or other special purpose entity. This trust issues two classes of securities: common securities, all of which are purchased and held by the corporate issuer, and trust preferred securities, which are sold to investors. The business trust's only assets are deeply subordinated debentures of the corporate issuer, which the trust purchases with the proceeds from the sale of its common and preferred securities. The corporate issuer makes periodic interest payments on the subordinated debentures to the business trust, which uses these payments to pay periodic dividends on the trust preferred securities to the investors. The subordinated debentures have a stated maturity and may also be redeemed under other circumstances. Most trust preferred securities are subject to mandatory redemption upon the repayment of the debentures.

Trust preferred securities meet the definition of a security in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"). Because of the mandatory redemption provision in the typical trust preferred security, investments in trust preferred securities would normally be considered debt securities for financial accounting purposes. Accordingly, regardless of the authority under which a bank is permitted to invest in trust preferred securities, banks should report these investments as debt securities for purposes of these reports (unless, based on the specific facts and circumstances of a particular issue of trust preferred securities, the securities would be considered equity rather than debt securities under ASC Topic 320). If not held for trading purposes, an investment in trust preferred securities issued by a single U.S. business trust should be reported in Schedule RC-B, item 6.a, "Other domestic debt securities." If not held for trading purposes, an investment in a structured financial product, such as a collateralized debt obligation, for which the underlying collateral is a pool of trust preferred securities issued by U.S. business trusts should be reported in Schedule RC-B, item 5.b.(1), "Cash instruments," and in the appropriate subitem of Schedule RC-B, Memorandum item 6, "Structured financial products by underlying collateral or reference assets."

U.S. Banks: See "banks, U.S. and foreign."

U.S. Territories and Possessions: United States territories and possessions include American Samoa,

Guam, the Northern Mariana Islands, and the U.S. Virgin Islands.

Valuation Allowance: In general, a valuation allowance is an account established against a specific asset category or to recognize a specific liability, with the intent of absorbing some element of estimated loss. Such allowances are created by charges to expense in the Report of Income and those established against asset accounts are netted from the accounts to which they relate for presentation in the Report of Condition. Provisions establishing or augmenting such allowances are to be reported as "Other noninterest expense" except for the provision for loan and lease losses which is reported in a separate, specifically designated income statement item on Schedule RI.

Variable Interest Entity

A variable interest entity (VIE), as described in ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Interpretation No.46 (revised December 2003), "Consolidation of Variable Interest Entities," as amended by FASB Statement No. 167, "Amendments to FASB Interpretation No. 46(R)"), is an entity in which equity investors do not have sufficient equity at risk for that entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack one or more of the following three characteristics: (a) the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity's economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected residual returns of the entity.

Variable interests in a VIE are contractual, ownership, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets exclusive of variable interests. For example, equity ownership in a VIE would be a variable interest as long as the equity ownership is considered to be at risk of loss.

ASC Subtopic 810-10 provides guidance for determining when a bank or other company must consolidate certain special purposes entities, such as VIEs. Under ASC Subtopic 810-10, a savings association must perform a qualitative assessment to determine whether it has a controlling financial interest in a VIE. This must include an assessment of the characteristics of the savings association's variable interest or interests and other involvements (including involvement of related parties and *de facto* agents), if any, in the VIE, as well as the involvement of other variable interest holders. The assessment must also consider the entity's purpose and design, including the risks that the entity was designed to create and pass through to its variable interest holders. In making this assessment, only substantive terms, transactions, and arrangements, whether contractual or noncontractual, are to be considered. Any term, transaction, or arrangement that does not have a substantive effect on an entity's status as a VIE, the savings association's power over a VIE, or the savings association's s obligation to absorb losses or its right to receive benefits of the VIE are to be disregarded when applying the provisions of ASC Subtopic 810-10. If a savings association has a controlling financial interest in a VIE, it is deemed to be the primary beneficiary of the VIE and, therefore, must consolidate the VIE. An entity is deemed to have a controlling financial interest in a VIE if it has both of the following characteristics:

- The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance.
- The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

If a savings association holds a variable interest in a VIE, it must reassess each reporting period to determine whether it is the primary beneficiary. Based on a savings association's reassessment it may be required to consolidate or deconsolidate the VIE if a change in the savings association's status as the primary beneficiary has occurred.

ASC Subtopic 810-10 provides guidance on the initial measurement of a VIE that the primary beneficiary must consolidate. For example, if the primary beneficiary and the VIE are not under common control, the initial consolidation of a VIE that is a business is a business combination and must be accounted for in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141 (revised 2007), "Business Combinations"). If a bank is required to deconsolidate a VIE, it must follow the guidance for deconsolidating subsidiaries in ASC Subtopic 810-10 (formerly FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements").

When a savings association is required to consolidate a VIE because it is the primary beneficiary, the standard principles of consolidation apply after initial measurement (see "Rules of Consolidation" in the General Instructions). The assets and liabilities of consolidated VIEs should be reported on the Consolidated Statement of Condition (Schedule SC) in the balance sheet category appropriate to the asset or liability.

Variable Rate

An interest rate on an asset or liability that can be repriced periodically when market interest rates change, without regard to maturity. Also called "floating rate". *See* Adjustable Rate Mortgage.

Variation Margin

See Maintenance Margin.

Voting Stock

Stock for which the holder has the right to vote in the election of directors, the appointment of auditors, and other matters brought up at the annual stockholders' meeting. Most common stock is voting stock; most preferred stock is nonvoting stock.

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Warehouse Loan

A short-term line of credit used by mortgage bankers to fund loans prior to sale. Financial institutions that hold loans as collateral until collateral is delivered to the investor usually provide this type of credit.

Warehousing

Inventory financing. *See* Warehouse Loan.

Weighted Average Coupon (WAC)

The WAC is calculated as a weighted-average of the underlying mortgage interest rates as of the issue date, using the balance of each mortgage as the weighting factor. A WAC is needed only when the underlying mortgages have varying interest rates.

Weighted Average Maturity (WAM)

The weighted average is the remaining term to maturity of the underlying mortgages at the issue date, using the balance of each mortgage as the weighting factor.

Weighted Average Remaining Term

The remaining term to maturity over time as the security ages. This number can be calculated at any point in time. Sometimes weighted average remaining term is mistaken for the weighted average maturity, which is the remaining term at the issue date. The weighted average remaining term must be recalculated each month and is impacted by prepayments.

Whole Loans

Mortgages that are not divided into participation units or pooled to back securities or participation certificates.

Whole Pools

A mortgage certificate where ownership is represented by an entire pool of mortgage loans, as opposed to a fractional interest in a pool.

With Recourse

An agreement where the seller assumes a stated level of risk for the performance of the asset sold; the purchaser has the right to endorse a claim against the seller for sustained damages in the case of nonperformance. *See* Recourse.

Without Recourse

An agreement where the purchaser accepts all risks in the transaction, and gives up rights to any recourse. *See* Recourse.

Wraparound Mortgages

A second mortgage that wraps around, or exists in addition to, a first or other mortgage(s). The lender assumes the existing mortgage(s) thus continues to pay the monthly installments at the original lower interest rate(s), and also loans the purchaser additional money to meet the higher purchase price specified in the contract. The rate charged to the purchaser on the total mortgage amounts is higher than the original rate. This type of mortgage allows the terms of the original mortgage to be satisfied, compensates the seller for the sale of his or her investment, and allows the buyer to purchase a home. The wraparound lender benefits from the below-market rates of the existing mortgage that the lender has assumed while charging the purchaser a higher rate on the full loan.

Wraparound mortgages are also used as a method of obtaining refinancing when an owner wants to increase the amount of mortgage outstanding. In this case the lender assumes the existing mortgage and the borrower enters into a loan in an amount covering both the old mortgage and the additional funds disbursed.

Write-Off

An asset or portion of an asset charged off as a loss because it is determined to be uncollectable. *See* Charge-off.

Write-Up
Increasing an asset's book value by adjusting the value of an asset to correspond to an appraisal or market value. Unrealized gains.

Year-End Adjustment
A ledger account modification entered at the close of a fiscal period. The modification might be the result of an accrual, prepayment, physical inventory, reclassification, policy change, audit adjustment, or other entry.

Yield
The effective annual rate of income being accrued on an investment, expressed as a percentage of the original price.

Yield Adjustment
A portion of the purchase price of an asset that is an adjustment to interest over a specified period, typically over the life of the asset. A yield adjustment is set up in a separate account from the asset and is accreted to income at a rate similar to interest. Examples: Discounts and premiums, loan fees, prepaid interest, etc.

Yield to Maturity
The rate of return earned by a debt instrument held to maturity. The rate of return calculates interest payments reinvested at the coupon rate, and factors in capital gains or losses.

YTD
Year-to-date. Generally designates that income figures are for the year up to a given date, rather than for a shorter period such as a month or a quarter.

Zero Rate
A type of asset or liability that bears no interest. Examples: Commercial checking accounts and vault cash.

Zero-Coupon Bond
See Bond, Zero Coupon.

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