Office of Thrift Supervision
Financial Reporting Division (FRD)

June 2009

http://www.ots.treas.gov

Financial Reporting Bulletin

It is important that you read this bulletin and the attached materials before preparing and submitting your quarterly Thrift Financial Report, as it contains pertinent information regarding your June reports.

• ***Please share this bulletin with all staff members who are involved in preparing and transmitting reports to the OTS.*** •

June *TFR* **Filing *Deadline - Thursday, July 30, 2009***

(Remember - you must transmit TFR before any other quarterly or annual reports.)

June *COF* **Filing *Deadline - Thursday, July 30, 2009***

June *CMR* **Filing *Deadline - Friday, August 14, 2009***

June HC **Filing *Deadline - Friday, August 14*, 2009**

Annual Branch Office Survey (BOS) –
Filing *Deadline – Monday, August 24*, 2009

IN THIS ISSUE

The Office of Thrift Supervision publishes the Financial Reporting Bulletin quarterly and distributes it to all OTS-regulated institutions. The bulletin's purpose is to provide the Thrift Financial Report preparer with reporting information and guidelines. Please send comments and suggestions on this bulletin to the Office of Thrift Supervision, by e-mail to mailto:OTSFinancialReportingBulletin@ots.treas.gov

SECOND QUARTER FILING DEADLINES

You can and should complete and transmit your June 2009 TFR and COF as soon as possible after the close of the quarter:

Filing ***deadline*** for all schedules *except* HC and CMR is ***Thursday, July 30, 2009***.

Filing ***deadline*** for Schedules HC and CMR is ***Friday, August 14, 2009***.

Filing ***deadline*** for 2009 Annual Branch Office Survey (BOS) Report is ***Monday, August 24, 2009***.

Institutions that are exempt from filing Schedule CMR but choose to voluntarily file must adhere to the filing deadlines above. Interest Rate Risk reports will not be available for download by institutions that fail to meet the filing deadline.

All voluntary CMR filers should e-mail doris.jackson@ots.treas.gov or leave a message at 972.277.9618, after transmitting CMR for confirmation of receipt.

If you have questions concerning the preparation of your report, please call your Financial Reporting Division analyst in Dallas, Texas. A contact listing is provided near the end of this bulletin. You can e-mail reporting questions to tfr.instructions@ots.treas.gov. If you need assistance with Electronic Filing System (EFS) including Quick Importer or Financial Reports Subscriber (FRS) software or transmission, contact the EFS Helpline Message Center by e-mail at efs-info@ots.treas.gov or by phone toll free at 866.314.1744. If you have questions about your Interest Rate Risk report, you can contact Scott Ciardi at mailto:scott.ciardi@ots.treas.gov, or call 202.906.6960.

BRANCH OFFICE SURVEY (BOS)

The Branch Office Survey (BOS) is an annual report of branch office deposits and escrow data as of June 30th. All OTS-regulated thrifts that accepted deposits as of June 30, 2009, are required to submit the BOS by the filing deadline of **Monday, August 24, 2009**, with the exception of trust-only institutions which are exempt from filing the BOS report. For instructions on using the BOS module within the OTS Electronic Filing System software, click on Help > EFS Help Guide (interactive) from the EFS toolbar, and select the Index tab or Search keyword "Branch Office Survey", and click List Topics.

OTS-regulated institutions do not file the Summary Deposits report with the Federal Deposit Insurance Corporation (FDIC). The Office of Thrift Supervision provides BOS data directly to the FDIC for publication on the FDIC website. For assistance with the BOS, contact Cheyann Houts at (972) 277-9617, or cheyann.houts@ots.treas.gov.

EFS VERSION *7.2* SOFTWARE *UPGRADE* CD MAILED

The new EFS ***Version 7.2 Upgrade CD*** has been mailed to TFR report preparers of record via regular postal mail. **Install the CD as soon as you receive it.** Version 7.2, and any required downloadable updates, must be used to prepare and transmit all June 2009 reports.

After installation, keep the CD in a safe, easily accessible location for retrieval should you be directed by OTS staff to reinstall it. **Do not attempt to *reinstall* the EFS CD without guidance from the OTS. Contact the EFS Helpline for assistance.**

If you do not receive the EFS Version 7.2 CD by **Thursday, July 16, 2009**, you should e-mail doris.jackson@ots.treas.gov or leave a message at 972.277.9618. Be sure to include your five-digit docket number and phone number in all messages.

You can sign up in EFS-NET under My EFS Notification Recipients to receive e-mail notification when software news or other important information is placed on EFS-NET. You can sign up multiple recipients in this option.

NOTE: To ensure that you and other staff members receive timely notification when new items are placed on EFS-NET for your attention, please verify/update all e-mail addresses you have entered in EFS-NET, My EFS Notification Recipients, before every transmission.

If you do not sign up for e-mail notification, you should log in to EFS-NET frequently to check for any software updates or news about preparing your reports.

Remember to always access EFS from your desktop through Start, Programs, Office of Thrift Supervision, OTS Electronic Filing System. Do not use a desktop shortcut as it will most likely take you to an outdated version of the program. Please delete any desktop shortcuts to EFS or FRS.

For any software issues you encounter, you should first run the OTS Diagnostics from Start, Programs, Office of Thrift Supervision, OTS Diagnostics. If the Diagnostics tool does not identify and offer solutions for your problem, contact the EFS Helpline at efs-info@ots.treas.gov or by phone toll free at 866.314.1744.

WHAT'S NEW IN EFS VERSION 7.2 and JUNE 2009 THRIFT FINANCIAL REPORT (TFR) CHANGES

The following changes were made to the Electronic Filing System (EFS) software, TFR form, and Instructions for June 2009:

Beginning with the June 2009 TFR, data collected on Schedule SO for the FDIC insurance assessments and the OTS assessment will not be released to the public.

New Line Items for June 2009

- SO431, SO432
- VA979
- PD415, PD421, PD423, PD424, PD425, PD435, PD438, PD40
- LD111, LD121, LD211, LD221, LD231, LD241, LD251, LD261, LD311, LD321, LD411, LD421, LD431, LD441, LD451, LD461, LD710, LD715, LD720, LD725, LD730, LD735, LD750, LD755, LD760, LD765, LD770, LD775
- CC469, CC471
- CF365, CF366
- DI230, DI630, DI635, DI641, DI645, DI651, DI655, DI660
- SI394, SI395, SI901, SI905, SI911, SI915
- HC221, HC621, HC222, HC622, HC223, HC623, HC224, HC624, HC225, HC625, HC226, HC626, HC227, HC627, HC228, HC628, HC229, HC629, HC60, HC20, HC70, HC575, HC775, HC301, HC601, HC505, HC705, HC509, HC709, HC570, HC770, HC571, HC771

Revised Captions for June 2009

- SC860
- SO42, SO430
- HC240, HC630, HC250, HC640, HC310, HC330, HC525, HC565, HC730, HC840
- CCR180, CCR280
- LD110, LD120, LD210, LD220, LD230, LD240, LD250, LD260, LD310, LD320, LD410, LD420, LD430, LD440, LD450, LD460

Deleted Line Items for June 2009

- SI805, SI860

Edit Changes for June 2009

Edits were added or updated to reflect new and revised line item changes.

To assist OTS staff in tracking increases to Total Equity Capital, SC84, a Critical edit step (B020) was added beginning with the June cycle. If you submit an amendment that increases Total Equity Capital during the current cycle, the edit will fail and require a Usernote.

Other Software Changes for June 2009

There is now a backup/restore feature in Financial Reports Subscriber (FRS) 4.0 that is essentially identical to the backup/restore in EFS. This backup/restore does not backup the actual reports, but rather the database and secure credentials used to request and retrieve them. Institutions are encouraged to keep an up-to-date backup of their FRS database to facilitate disaster recovery events and reinstallations.

Financial Reports Subscriber 4.0 has been regression tested and joins Electronic Filing System in being compatible with Microsoft Windows Vista.

Encryption in EFS 7.2 and FRS 4.0

Both the Electronic Filing System Version 7.2 and the Financial Reports Subscriber Version 4.0 have undergone improvements in the encryption methods used to secure data transmitted between the industry and the agency. These changes are transparent to users, however copies of financial data and reports requested using EFS 7.2 and FRS 4.0 will not be downloadable from earlier versions of EFS and FRS. Report and data requests made by earlier versions of EFS and FRS will be processed by the OTS for the medium-term future, however it is important to upgrade all client installations as soon as possible.

NEW FASB CODIFICATION SYSTEM

The Financial Accounting Standards Board (FASB) will release its “codification” system effective July 1, 2009. The codification of the accounting standards results in only two levels of generally accepted accounting principles (GAAP) - authoritative and non-authoritative. The FASB offers complimentary on-line registration and a tutorial at the link below:

http://asc.fasb.org

The OTS encourages accountants, auditors, and TFR report preparers to register on the FASB web site and to view the 20-minute tutorial. The tutorial is in four short sections.

A draft version of the codification is available now; the codification will replace all previously issued (authoritative) U. S. GAAP effective July 1, 2009. The codification is organized by topic and combines all authoritative GAAP for each topic but does not change current U. S. GAAP.

ACCOUNTING FOR FDIC'S SPECIAL ASSESSMENT

The FDIC Board has voted to impose an emergency special assessment of five (5) basis points on each insured depository institution's total assets minus Tier 1 capital as of June 30, 2009.

The institution should accrue a liability and an estimated loss (expense) from a loss contingency for the special assessment. The assessment will be collected on September 30, 2009, but **should be accrued as of June 30, 2009**. Savings associations should accrue a liability for the **entire amount of the** assessment on SC 796, Other Liabilities and Deferred Income, **using code 22 for Deposit Insurance Assessments.**

Additionally, an offset for an expense should be reported on SO 580, Other Noninterest Expense **using code 1 for Deposit Insurance Premiums.**

INCREASE IN DEPOSIT INSURANCE (*FOR SEPTEMBER*)

The Helping Families Save Their Homes Act of 2009 was signed into law by President Obama on May 20, 2009. The law extends the expiration date for the temporary increase in deposit insurance of $250,000 from December 31, 2009, to December 31, 2013, and also eliminates the provision in the Emergency Economic Stabilization Act of 2008 that prevented the FDIC from considering this temporary increase in coverage for purposes of setting insurance assessments. Beginning with the September 30, 2009, Thrift Financial Report (TFR), line items (DI100 - DI160 and DI210) will need to be revised to reflect the $250,000 deposit insurance limit.

The $100,000 insurance limit (except for retirement deposit accounts) should still be used for completing the June 2009 TFR.

REPURCHASE AGREEMENT SWEEP ACCOUNTS (*FOR SEPTEMBER*)

On February 2, 2009, the FDIC issued a final rule (12 CFR § 360.8) establishing its practices for determining deposit and other liability balances at a failed insured depository institution (http://www.fdic.gov/regulations/laws/federal/2009/09FinalAD26.pdf). The final rule defines the term "sweep account," provides examples of sweep accounts subject to the rule, including repurchase agreement sweep accounts (repo sweeps), and explains how the FDIC will treat each of these sweep arrangements in the event of an institution's failure. **Disclosure requirements take effect July 1, 2009**, and require each institution to prominently disclose in writing to sweep account customers whether their swept funds are deposits as defined in Section 3(ℓ) of the Federal Deposit Insurance Act.

When an institution properly executes a repo sweep, the sweep customer either becomes the legal owner of identified assets subject to a repurchase agreement, or obtains a perfected security interest in those assets as of the end of the institution's day. In this situation, the FDIC will recognize the sweep customer's ownership or security interest in the identified assets if the institution fails. However, when repo sweeps are improperly executed by an institution so that the customer obtains neither an ownership interest nor a perfected security interest in the applicable assets, the institution should report the swept funds as deposit liabilities, not as repurchase agreements, in the Thrift Financial Report (TFR). Consistent with the disclosure requirements for sweep accounts, institutions should ensure that they report improperly executed repo sweeps as deposits for TFR purposes beginning July 1, 2009.

FDIC WEBSITE UPDATES

Per the FDIC, updates are made to the Industry Analysis portion of their website (http://www.fdic.gov/) on the third Friday after the close of the quarter and weekly thereafter. This update is based on individual OTS TFR data as of the previous Tuesday night. The FDIC will post June 2009 data to their website for the first time on Friday, July 17, 2009. The last update of the FDIC website for the June 2009 cycle will be approximately 60 days after the close of the quarter.

AMENDING PRIOR-CYCLE DATA

Before you transmit any prior-period amendments to TFR, CMR, or HC reports, be sure to discuss them with your Financial Reporting Analyst, who may have further instructions for you to follow. All amendments must be filed electronically and should include a detailed EFS Message to OTS explaining the reason for the amendment.

Although the instructions allow for 135 days after the cycle close for prior-cycle amendments, FRD analysts may need several days to analyze and process your data. Therefore, we encourage you to file any March 2009 amendments no later than close of business, Wednesday, August 12, 2009.

When contacting anyone at the OTS by e-mail, fax, phone, or voice message, please remember to provide your **five-digit docket number** (within your voice mail message or on the Subject line of all e-mail messages). This will help us to access our records and assist you more quickly.

Questions & Answers

TFR Questions and Answers are posted on the OTS website at http://www.ots.treas.gov (click TFR). If you have a question you would like posted, please e-mail it to tfr.instructions@ots.treas.gov.

Q&A No. 001

SUBJECT: Other-Than-Temporary Impairment of Securities

LINE(S): SO441

DATE: *Revised April 22, 2009*

Question:

How is an other-than-temporary impairment of a security reported on the TFR?

Answer:

An other-than-temporary impairment of a security directly reduces the recorded investment of the security on Schedule SC and should be expensed on SO441 (Other-Than-Temporary Impairment charges on Debt and Equity Securities).

Q&A No. 261

SUBJECT: TARP Funds / Capital Purchase Program

LINE(S): SC736, SC814, SC830, SC80, CCR100, CCR310

DATE: April 21, 2009 (*Revised June 25, 2009*)

Question:

An institution received funds under the U. S. Treasury Department Capital Purchase Program in exchange for TARP senior preferred stock and warrants or other securities; which line item should be used to report the credit side of the transaction?

Answer:

The credit representing the senior preferred stock and warrants of the institution should be reported on line item SC814: Noncumulative Preferred Stock. Both the stock and warrants will be included 1) in total equity on SC80 Equity Capital, and 2) on Schedule CCR, line item CCR100 in the calculation of Tier 1 Core Capital.

Note that TARP funds received by institution holding companies are in the form of cumulative preferred stock. Proceeds from this preferred stock downstreamed to the institution in the form of cash should be reported on SC830 Paid in Excess of Par.

For thrifts that have elected to be taxed under Subchapter S or are organized in mutual form, the full amount of all subordinated debt securities issued to the Treasury Department under the CPP should be reported in SC736 Subordinated Debentures (Including Mandatory Convertible Securities and Limited-Life Preferred Stock). For regulatory capital purposes, report on CCR310 Qualifying Subordinated Debt and Redeemable Preferred Stock, the portion of such subordinated debt securities that qualify for inclusion in Tier 2 capital according to the regulatory capital regulations as described in the introductory instructions to CCR.

Q&A No. 262

SUBJECT: Other-than-temporary-impairment

LINE(S): SC860, SI671, SO441, CCR180, CCR280

DATE: May 11, 2009

Question:

How do I report the impact of the April 9, 2009 issuance of FASB Staff Position (FSP) FAS 115-2, Recognition and Presentation of Other Than Temporary Impairment (FSP 115-2)?

Answer:

Effective date and transition

FSP 115-2 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. If FSP 115-2 is adopted early, FSP FAS 157-4 (FSP 157-4) Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly must also be adopted at the same time.

Note also that FSP 115-2 must also be adopted at the same time if (1) FSP FAS 157-4, or (2) FSP FAS 107-1 and APB 28-1 Interim Disclosures about Fair Value of Financial Instruments are adopted early,

Institutions may choose early adoption of FSP 115-2 in their March 31, 2009 TFR (2009Q1), and the FSP must be adopted no later than the June 30, 2009 TFR (2009Q2).

At initial adoption

Schedule SC Line 860, “Unrealized Gains (Losses) on Available-for-Sale Securities” under Accumulated Other Comprehensive Income (AOCI), and **Schedule SI Line 671, “Other Adjustments”-** Report the cumulative impacts of OTTI on debt securities classified as AFS and HTM related to all factors other than credit (“non-credit losses”) previously recognized in earnings, and therefore, included in beginning retained earnings.

At initial adoption, FSP 115-2 requires that the cumulative impacts of OTTI on debt securities classified as AFS or HTM related to non-credit factors previously recognized in earnings should be reclassified from the beginning retained earnings balance into the appropriate Accumulated Other Comprehensive Income account. Subsequent accounting for these reclassified amounts is consistent with the guidance established in the FSP for OTTI related to non-credit factors.

Institutions should refer to the FSP for guidance on how to determine the OTTI related to credit losses and losses related to non-credit factors.

At initial adoption and on-going reporting

Schedule SO Line 441 "Other-Than-Temporary Impairment on Debt and Equity Securities." - Savings associations should report the appropriate OTTI losses that must be recognized in earnings on AFS and HTM debt securities determined in accordance with the FSP, as well as OTTI losses on AFS equity securities.

Schedule SC Line 860, "Unrealized Gains (Losses) on Available-for-Sale Securities" under AOCI – Savings associations should report OTTI losses related to non-credit factors for *both* AFS *and* HTM securities that are reported as a component of other comprehensive income along with the net Unrealized Gains (Losses) on AFS securities that are otherwise reported in this item.

Schedule CCR Line 180, "Accumulated Losses (Gains) on Certain Available-for-Sale Securities and Cash Flow Hedges, Net of Taxes" – Report the amount included in equity capital for OTTI losses related to non-credit factors on AFS and HTM debt securities, net of tax, not previously reported in AOCI, along with the net Unrealized Gains (Losses) on AFS securities, net of tax, that are otherwise reported in this item.

Schedule CCR Line 280, "Accumulated Losses (Gains) on Certain Available-for-Sale Securities and Cash Flow Hedges – Report the amount included in total assets for OTTI losses related to non-credit factors on AFS or HTM debt securities not previously reported in AOCI, along with the net Unrealized Gains (Losses) on AFS securities that are otherwise reported in this item.

Background

On April 9, 2009, the FASB released FSP 115-2 which amends the existing guidance for the recognition and presentation of other than temporary impairment (OTTI) on *debt* securities classified as either available-for-sale (AFS) or held-to-maturity (HTM). It does not amend existing recognition and measurement guidance related to OTTI of *equity* securities. It also does not apply to either debt or equity securities classified as trading or for which the fair value option (FVO) has been elected.

FSP FAS 115-2

When the fair value of a security is less than its amortized cost basis, the impairment is either temporary or other-than-temporary. If the loss is determined to be other-than-temporary, the security's cost basis is adjusted with a corresponding loss recognized in earnings. The amount of loss recognized in earnings is dependent on an institution's intent and ability to hold the security to recovery.

Full fair value loss (credit and non-credit losses) through earnings:

If the fair value of a debt security classified as AFS or HTM is less than its amortized cost basis, and the institution:

(1) ***intends*** to sell the security, or
(2) it is **"more likely than not"** that the institution ***will be required*** to sell the debt security before recovery of its amortized cost basis (less any current period credit loss),

OTTI exists and the entire amount of the impairment (both credit losses and non-credit losses) must be recognized in earnings. The fair value of the investment becomes its new cost basis at the date OTTI is recognized.

Credit loss through earnings/Non-credit loss through AOCI:

If the fair value of a debt security classified as AFS or HTM is less than its amortized cost basis and the present value of the expected future cash flows for the security, discounted at the security's effective interest rate, ("present value of expected future cash flows) is less than its amortized cost basis, an OTTI credit loss exists if the institution:

(1) **does not intend** to sell the debt security and

(2) it is **not "more likely than not"** that the institution will be required to sell the debt security before recovery of its amortized cost basis (less any current-period credit loss.)

AFS securities
The amount of the impairment related to credit losses must be recognized in earnings. The debt security's new cost basis is its previous cost basis less the credit losses recognized in earnings. The difference between the new amortized cost basis and the cash flows expected to be collected shall be accreted in accordance with existing guidance (for example, SFAS No. 91) as interest income and reported on Schedule SO, either Line SO115 or Line SO125.

The amount of the impairment related to non-credit losses must be recognized as a component of other comprehensive income, net of tax, similar to the Unrealized Gains and (Losses) on AFS securities. The contra-asset account established for non-credit losses is included in the total Unrealized Gains/Losses on AFS securities such that the carrying value of the security is equal to fair value.

HTM securities
The amount of the impairment related to non-credit must be recognized as a new component of other comprehensive income, net of tax, similar to the Unrealized Gains/Losses on AFS securities. A corresponding contra-asset account is established for the full amount of non-credit impairment, such that the carrying value of the security is fair value at the time OTTI is recognized. Subsequently, this new component of other comprehensive income and the corresponding contra-asset account are each amortized over the remaining life of the HTM debt security, resulting in an increase in the carrying value of the security and AOCI *with no effect on earnings*.

Example:

During 2008, OTTI charges of $500 were recorded through earnings on certain AFS and HTM debt securities, as follows:

	AFS	**HTM**	**Total**
Face amount	$1000	$1000	
OTTI amount	(300)	(200)	$(500)
Fair value	$700	$800	

For the AFS and HTM securities, respectively, the OTTI amount attributable to credit losses is $120 and $80 (for a total of $200), based on the present value of expected future cash flows, discounted at the implicit interest rates for the securities. Therefore, the OTTI loss amount attributable to non-credit is $300 ($500 - $200) in the aggregate.

Upon adoption of FSP FAS 115-2 in 2009, what adjustment(s) are recorded?

Note: For simplicity, income taxes will be ignored.

Upon adoption of FSP FAS 115-2 in 2009, the OTTI amounts not attributable to credit losses, on a *retrospective* basis, should be charged to AOCI. This can be accomplished with the following journal entry:

	Debit (Credit)
AOCI-securities	$300
Retaining earnings	(300)

Accordingly, beginning with the quarter of adoption in 2009 of FSP FAS 115-2, the ending balance of the following lines on Schedules SC and CCR will reflect the adjustments to the equity capital accounts above:

	Line No.
Accumulated other comprehensive income:	
Unrealized gains (losses) on certain securities	SC860
Retaining earnings	SC880
Tier 1 (core) capital:	
Add: Accumulated losses (gains) on certain securities	CCR180
Adjusted total assets:	
Add: Accumulated losses (gains) on certain securities	CCR280

In addition, in the quarter of adoption in 2009 of FSP FAS 115-2, the amount reported on Schedule SI, Line SI662, will include the adjustment to AOCI – securities above. Accordingly, in order for the “Summary of Changes in Savings Association Equity Capital” on Schedule SI to reconcile, the adjustment to AOCI - securities above should also be reported on SI Line SI671, “Other Adjustments”.

Q&A No. 263

SUBJECT: Risk Weighting Downgraded Securities

LINE(S): CCR Risk-Based Capital

DATE: June 25, 2009

Question:

If a mortgage or asset backed security is downgraded more than one category below investment grade (e.g., below BB-), and therefore no longer eligible for the ratings based approach, how is it reported on Schedule CCR?

Answer:

In November 2001, the Office of Thrift Supervision, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve, and the Federal Deposit Insurance Corporation issued a joint rule addressing regulatory capital standards including two methods for risk weighting certain mortgage and asset backed securities, the default approach and an optional ratings based approach (RBA) [1].

Many institutions have utilized the optional RBA to risk weight senior and mezzanine positions in securitizations rated by one of the nationally recognized statistical rating organizations (NRSRO). However, with the in times of stress on the financial markets, there may be numerous and sometimes dramatic changes in the ratings for many of these positions. Thus, the default treatment for risk weighting certain mortgage and asset backed securities takes on increasing importance.

1 See 12 CFR 567.6(b)(3).

To be eligible for the RBA [2] the asset or exposure must be rated by an NRSRO no lower than one category below investment grade with risk weights assigned as follows:

Long Term Rating Category	Example	Risk Weight
Highest or second highest investment grade	AAA or AA	20%
Third highest investment grade	A	50%
Lowest investment grade	BBB	100%
One category below investment grade	BB	200%

If the security is below BB-, first look to whether the security is the most senior position in the structure. If the security is in the most senior position in terms of credit risk, generally use the risk weight appropriate for the underlying assets. If there is a portion of a senior security composed of underlying loans that are delinquent, that portion should not be assigned a risk-weight lower than 100%. For example, if an investment in a senior security backed by 1-4 family Qualifying Mortgage Loans [3] is $100, and 40% of the underlying loans are delinquent, then at most $60 could be eligible for the 50% risk weight. The remaining $40 would generally be placed in the 100% risk weight category. For reporting on Schedule CCR using this example, report $60 on line CCR470 for mortgage and asset-backed securities eligible for 50% risk weight, and $40 on CCR506 for all other 100% risk weight assets.

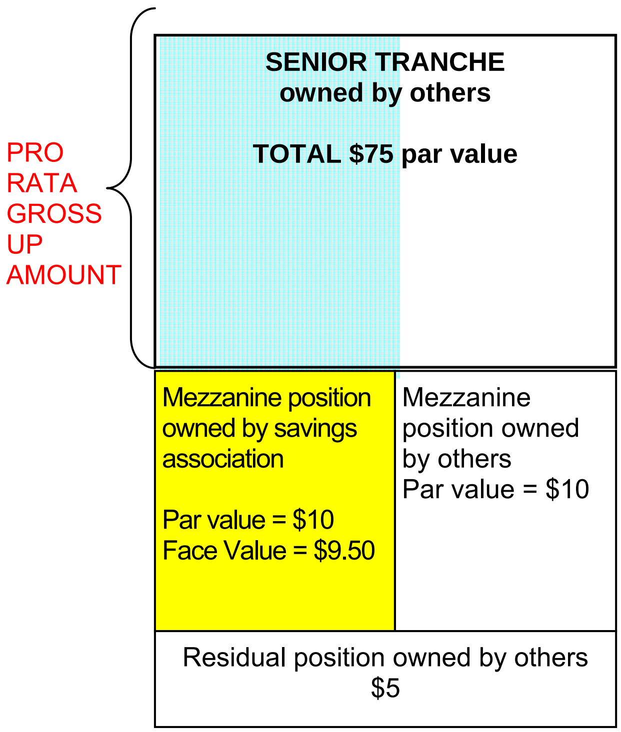
For regulatory capital purposes, a security is considered "mezzanine" if it is not, functionally for credit risk purposes, the most senior in the structure—regardless of how it may be named, and if it is also not an equity tranche/residual interest that absorbs losses before any other tranche in a structure. Generally, for a mezzanine position, use the "gross-up" approach that is required by 12 CFR 567.6(b)(1).[4] In the gross-up approach, calculate the capital required for both the security *and* the <u>pro rata</u> portion of all more senior securities, that is, those securities in the structure deriving credit support from the particular mezzanine security subject to risk-weighting.

For example, assume a $10 par value interest in a mezzanine security that is part of a $100 asset-backed security structure shown below. This structure is composed of a $75 par value senior tranche, a $20 par value mezzanine tranche, and a $5 par value equity (or first loss) tranche. Assume that the assets underlying this asset-backed security are subject to a 100% risk weight. Although the securities in the senior and mezzanine tranches were originally rated AAA and BBB, respectively, when the bank purchased its interest in the mezzanine security, assume both tranches have been downgraded to ratings of A and CCC respectively.

2 To determine whether a particular security is qualifies for the RBA, see the eligibility requirements of 12 CFR 567.6(b)(3)(ii).
3 Follow the definition of Qualifying Mortgage Loans in 12 CFR 567.1. In order to use the 50% risk weight instead of 100% risk weight, there must be sufficient documentation to demonstrate that the underlying loans meet the definition of Qualifying Mortgage Loans.
4 The gross-up approach applies to recourse obligations and direct credit substitutes as both are defined in 12 CFR 567.1.

For this example, assume the face value of the savings association's mezzanine security is $9.50.[5]

<u>Securitization Structure (Par Values) for Available-for-Sale (AFS) or Held-to-Maturity (HTM) Securities (Pro-Rata)</u>



Use the following formula to calculate assets to risk weight and capital for Available-for-Sale or Held-to-Maturity Securities

Assume:

A = M + (S x P)
C = A * 8%

C = Capital charge
A = Assets to risk weight under the gross-up approach
M = Face value (amortized cost) of the savings association's mezzanine security ($9.50 in the example)
S = Par value of all more senior securities ($75 in the example)
P = Proportion of the par value of the savings association's mezzanine security relative to all other equally positioned mezzanine securities (This is 0.50 in the example because the $10 par value of savings association's mezzanine security is 50% of $20 total par value of all equally positioned mezzanine securities)

Capital Requirement =

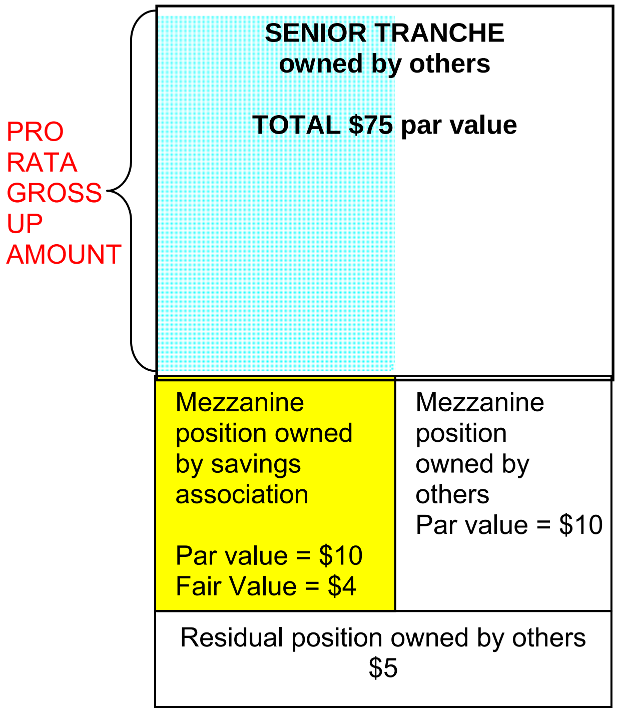
A = $9.50 + ($75 x 0.50)
A = $47
C = $47*.08 = $3.76

If the underlying assets are appropriately categorized as 100% risk weight assets, report the $47 on line CCR506 for 100% risk weight—"All Other Assets". (If the underlying assets are eligible for the 50% risk weight, report $47 on line CCR470 for mortgage and asset-backed securities eligible for the 50% risk weight. If some portion of the underlying assets is delinquent, the portion of the $47 that is delinquent should be reported separately on CCR506.)

5 For risk-based capital purposes, the "face amount" of an available-for-sale security (AFS) and a held-to-maturity security is amortized cost. (If a security has been written down to fair value because of other-than-temporary impairment, the write-down establishes a new cost basis for the security.) The "face amount" of a trading security is its fair value.

Securitization Structure (Par Values) for Trading Securities (Pro Rata)

Use the following formula to calculate assets to risk weight and capital for Trading Securities:



Assume:

A = M + (S x P)
C = A * 8%

C = Capital charge
A = Assets to risk weight under the gross-up approach
M = Face amount (fair value) of the savings association's mezzanine security ($4.00 in the example)
S = Par value of all more senior securities ($75 in the example)
P = Proportion of the par value of the savings association's mezzanine security relative to all other equally positioned mezzanine securities (This is 0.50 in the example because the $10 par value of savings association's mezzanine security is 50% of $20 total par value of all equally positioned mezzanine securities)

Capital Requirement =

A = $4.00 + ($75 x 0.50)
A = $41.50

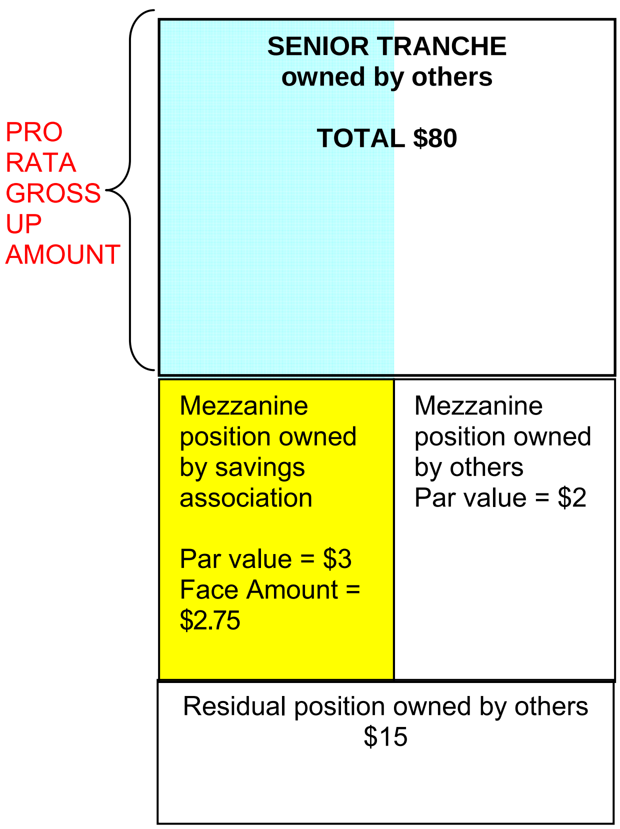
C = $41.50*.08 = $3.32

If the underlying assets are, appropriately categorized as 100% risk weight assets, report the $41.50 on line CCR506 for 100% risk weight - "All Other Assets". (If the underlying assets are eligible for the 50% risk weight, report $41.50 on line CCR470 for mortgage and asset-backed securities eligible for the 50% risk weight. If some portion of the underlying assets is delinquent, the portion of the $41.50 that is delinquent should be reported separately on CCR506.)

Low Level Exposure Rule

Under the OTS capital regulations, if the maximum contractual exposure to loss is less than the effective risk-based capital requirement for the assets supported by the savings association's position, the risk-based capital requirement is limited to that contractual exposure. [6] In that case, there are two optional methods to enter the low level exposure capital requirement on schedule CCR: either on CCR375, *or* on CCR605.

Securitization Structure (Par Values) - Low Level Recourse



Use the following formula to determine the applicability of low level exposure rule:

Assume:

A = M + (S x P)
C = A * 8%

C = Capital charge
A = Assets to risk weight under the gross-up approach
M = Face amount of the savings association's mezzanine security ($2.75 in the example)
S = Par value of all more senior securities ($80 in the example)
P = Proportion of the par value of the savings association's mezzanine security relative to all other equally positioned mezzanine securities (This is 0.60 in the example because the $3 par value of savings association's mezzanine security is 60% of $5 total par value of all equally positioned mezzanine securities)

Capital Requirement =

A = $2.75 + ($80 x 0.60)
A = $50.75

C= $50.75 *.08 = $4.06

$4.06 is greater than the face amount of the institution's exposure of $2.75. Therefore, the low level exposure rule applies and the risk based capital charge is capped at $2.75.

6 12 CFR 567.6(b)(7)(i).

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The Financial Reporting Division uses voice-mail extensively. If you reach the voice-mailbox of the person you are calling, please leave a brief message, *speaking slowly enough to be clearly understood*. Include your name, phone number, region, *and docket number*. Your call will be returned during regular daytime business hours in the order it was received.

TFR REPORTING QUESTIONS AND ANSWERS

The Financial Reporting Division posts TFR Questions and Answers on the OTS website at http://www.ots.treas.gov/ (click TFR). If you have a question that you would like answered, you may submit it to tfr.instructions@ots.treas.gov. Be sure to **include your docket number** in your Subject line. For security reasons, **FRD staff does not respond to e-mails with blank or illogical Subject lines.**

EFS HELPLINE MESSAGE CENTER

For assistance with Electronic Filing System (EFS)-related issues, contact the EFS Software Helpline at efs-info@ots.treas.gov or call the toll-free 24-Hour Message Center: 866.314.1744. NOTE: For security purposes, please always include your 5-digit docket number in your e-mail Subject line or your voice-mail message, and provide your name and phone number. **FRD staff does not respond to e-mails with blank or illogical Subject lines. Calls and e-mails are returned during regular daytime business hours in the order they are received**.

INTEREST-RATE RISK REPORTS

Questions about your Interest Rate Risk Report may be directed to Scott Ciardi at scott.ciardi@ots.treas.gov, or 202.906.6960.

TFR INSTRUCTION MANUAL

Update/replacement pages to the TFR Instruction Manual will be included as necessary in the quarterly Financial Reporting Bulletin that is e-mailed to all TFR report preparers of record. You can access and print the TFR Form, Instruction Manual, and Financial Reporting Bulletins on the OTS website at http://www.ots.treas.gov/ (click Publications and Data, Thrift Financial Reports).

PREFERRED AND MINIMUM REQUIREMENTS FOR ELECTRONIC FILING OF REGULATORY REPORTS

Preferred Requirements:

Application

- **IBM-compatible PC – 1GHz processor**
- **Windows 2000, XP, Vista**
- **512+ Meg of installed RAM memory**
- **200+ Meg of available hard drive memory**
- **Color monitor 1024x768, 32 bit true color screen**
- **CD-Rom drive**
- **HP LaserJet or Ink Jet-compatible printer**

Communications - EFS-NET

- **DSL, Internet Cable, or T1-T3 Direct Line with online Internet access**
- **Internet Explorer 6.x or greater (for EFS-NET certificate compatibility)**

Minimum Requirements:

Application

- IBM-compatible PC – 256MHz processor
- Windows 2000, XP
- 256 Meg of installed RAM memory
- 150 Meg of available hard drive memory
- Color monitor – 800x600, 256 colors screen
- CD-Rom drive
- HP LaserJet or Ink Jet-compatible printer

Communications - EFS-NET

- 56K bps modem and active account with an Internet Access Service Provider
- Internet Explorer 6.x or greater (for EFS-NET certificate compatibility)

For quick reference to this page at any time, save this link in your Favorites:
<https://xnet1.ots.treas.gov/efsnet/bulletins/efs_6x_requirements.pdf>

Office of Thrift Supervision

Filing *Deadline* Schedule for 2009 Regulatory Reports

You can and should complete and transmit your reports as soon as possible after the close of the quarter.

To preclude the OTS's consideration of the assessment of civil money penalties, pursuant to the provisions in 12 U.S.C. § 1464(v)(4)-(7), Reports of condition, please ensure that all TFR reports are filed before the filing deadlines shown below, and are filed accurately in accordance with the instructions.

Reporting "As Of" Date	FILING DEADLINE			
	Thrift Financial Report	Schedule CMR and HC	Cost of Funds	Branch Office Survey
January 31			Monday March 2	
February 29			Monday March 30	
March 31	Thursday April 30	Friday May 15	Thursday April 30	
April 30			Monday June 1	
May 31			Tuesday June 30	
June 30	Thursday July 30	Friday August 14	Thursday July 30	Monday August 24
July 31			Monday August 31	
August 31			Wednesday September 30	
September 30	Friday October 30	Monday November 16	Friday October 30	
October 31			Monday November 30	
November 30			Wednesday December 30	
December 31	Monday February 1, 2010	Tuesday February 16, 2010	Monday February 1, 2010	

THRIFT FINANCIAL REPORT INSTRUCTION MANUAL

JUNE 2009

Insert the attached revised pages into your Thrift Financial Report Instruction Manual. Delete **only** the pages that have a replacement. Refer to the summary of these changes in the June 2009 Financial Reporting Bulletin.

Direct questions to your Financial Reporting Analyst in Dallas, Texas, or e-mail tfr.instructions@ots.treas.gov.

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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 under FASB Statement No. 133.

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 per FAS141).

CASH, DEPOSITS, AND INVESTMENT SECURITIES

In accordance with FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, securities reported on SC130, SC140, 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.

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 under FASB Statement No. 133.

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, less SC229.

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 FNMA, FHLMC, or GNMA

Report the outstanding balance, as determined in accordance with GAAP, of securitized mortgage derivatives that FannieMae, FreddieMac, or Ginnie Mae issues or guarantees. Include the following instruments FannieMae, FreddieMac, or Ginnie Mae issues or guarantees: REMICs, IO and PO strips, collateralized mortgage obligations (CMOs), securitized residual interests of such derivatives, and other subordinated tranches.

SC219: Collateralized By Mortgage-Backed Securities Issued or Guaranteed By FNMA, FHLMC, or GNMA

Report the outstanding balance, as determined in accordance with GAAP, of securitized mortgage derivatives that are collateralized by mortgage derivatives that FannieMae, FreddieMac, or Ginnie Mae issues or guarantees. Include the following instruments issued or guaranteed by FannieMae, FreddieMac, or Ginnie Mae: REMICs, IO and PO strips, collateralized mortgage obligations (CMOs), securitized residual interests of such derivatives, and other subordinated tranches.

SC222: Other

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

SC228: Accrued Interest Receivable

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

SC229: General Valuation Allowances

Substantially all of the mortgage-backed securities reported on SC210 through SC222 are accounted for as debt securities under FASB Statement No. 115. Accordingly for these securities, the establishment of any valuation allowance would be not be consistent with GAAP. As a result, in substantially all cases, it would not be appropriate to report valuation allowances on this line.

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:

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

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.

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

Do not include interest-only strips **in security form**. Report on SC217 through SC222, Other Mortgage-Backed Securities, or SC185, Other Investment Securities, as appropriate.

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

SC689: Other Assets

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

Do not include:

1. Premiums on deposits and borrowed money that you purchased. Report premiums on deposits on SC715 and premiums on borrowed money with the related borrowing.
2. Deferred credits, deferred income, that do not have a related asset. Report on SC796, Other Liabilities and Deferred Income.
3. Accounts with a material credit balance that are not contra-assets. Report on SC796, Other Liabilities and Deferred Income.
4. Identified core deposit intangibles. Report on SC660, Goodwill and Other Intangible Assets.

Memo: Detail of Other Assets

Report the three largest items constituting the amount reported in SC689. You should select codes best describing these items from the list below and report them on SC691, 693, and 697; report the corresponding amounts on SC692, 694, and 698. You must complete this detail if you report an amount on SC689. You should combine similar accounts, for example, all prepaid expenses should be combined and reported as 07. However, you should not combine unlike accounts in reporting code 99. You may have more than one code 99 if you cannot find codes describing the items you report.

SC691, 693 and 697: Codes

01 No longer used

02 Accrued Federal Home Loan Bank dividends.

03 Federal, state, or other taxes receivable, whether as the result of prepayment or net operating loss carrybacks.

04 Net deferred tax assets in accordance with FASB Statement No. 109.

06 Prepaid deposit insurance premiums.

07 Prepaid expenses.

08 Deposits for utilities and other services.

09 Advances for loans serviced for others, including advances for taxes and insurance and advances to investors.

10 Property leased to others under an operating lease as provided in 12 CFR § 560.41, net of accumulated depreciation.

11 Deferred issuance costs related to subordinated debentures, mandatory convertible securities, and redeemable preferred stock.

12 Amounts receivable under interest rate swap agreements.

13 Non-interest-bearing accounts receivable from a holding company or affiliate.

14 Other miscellaneous, non-interest-bearing, short-term accounts receivable.

15 No longer used

16 No longer used

17 No longer used

18 No longer used

19 Receivables from a broker for unsettled transactions.

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

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

21 No longer used

22 Unapplied loan disbursements.

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,

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 (outlined in EITF 96-19), 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 a sale under FASB Statement No. 140, including retail repurchase, dollar-reverse-repurchase, and dollar-roll agreements.
2. Amounts due a FHLBank in the form of securities sold under agreements to repurchase.
3. Federal Funds purchased.

Include in the gain or loss on the sale funds received from transactions accounted for as a sale, such as, yield maintenance, dollar-reverse-repurchase agreements, and certain dollar-roll transactions. **Note** that the repurchase transaction and subsequent investment of these borrowed funds are independent transactions. Therefore, you should not offset any income generated by this subsequent investment by the interest expense incurred in the reverse repurchase transaction. Report interest income on 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, including AICPA SOP No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.
4. The underlying mortgage in a wrap-around loan unless the holder of the underlying mortgage has accepted a subordinated position, in which case you deduct the underlying loan against the related loan.
5. Senior liens on foreclosed real estate.
6. Overdrafts in your transaction accounts in other depository institutions, where there is no right of set-off against other accounts in the same financial institution. If the overdraft is in a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, you should include in deposits the funds received or held in connection with checks drawn on the other depository institutions.
7. Commercial paper that you have issued.
8. Liabilities for capital leases related to assets that you've reported on SC55.
9. Eurodollar issues.
10. The liability from a *sale* of loans with recourse accounted for as a financing.
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 (including FASB Statement No. 140).
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 pursuant to FASB Statement No. 66, *Accounting for Sales of Real Estate*.

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

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

10 Amounts due brokers for unsettled transactions.

11 The liability recorded for pensions and other postretirement benefits.

12 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 under FASB Statement No. 133.

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:

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

2. 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 SO321, Net Provision for Losses on Interest-Bearing Assets.

SC865: Gains (Losses) on Cash Flow Hedges

Report the accumulated fair value gain or loss, net of taxes, on cash flow hedges pursuant to FASB Statement No. 133.

SC870: Other

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

Include:

1. Any minimum pension liability adjustment recognized in accordance with FASB Statement No. 87, *Employers' Accounting for Pensions* and FAS Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.
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.

SC880: RETAINED EARNINGS

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

Include:

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

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, including AICPA SOP No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.

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:

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

Do not include:

1. Mandatorily redeemable preferred stock that should be classified as a liability. Report on SC760, Other Borrowings.

2. Preferred stock, both redeemable and perpetual, that consolidated subsidiaries issued to you or your other subordinate organizations that, on a nonconsolidated basis, you report as an investment asset. When you are making your consolidating entries, you must eliminate this preferred stock of the consolidated subsidiary.

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.

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.

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 pursuant to FASB Statement No. 115, 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 recorded pursuant to FASB Statement No. 115. 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 SO430.
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 in accordance with FASB Statement No. 66, *Accounting for Sales of Real Estate*.
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.

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.

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.

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

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 ACCOUNTED FOR IN ACCORDANCE WITH AICPA SOP 03-3 (EXCLUDE LOANS HELD FOR SALE)

Report purchased impaired loans as defined by SOP 03-3 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. SOP 03-3 does not prohibit placing loans on 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.

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.

MEMORANDA:

PD190, 290, AND 390: TROUBLED DEBT RESTRUCTURED INCLUDED ABOVE

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.

PD192, 292, AND 392: LOANS AND LEASES REPORTED IN 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 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.

PD196, 296, AND 396: GUARANTEED PORTION OF OTHER LOANS AND LEASES INCLUDED IN 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: Mulitfamily (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.

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**. You also report adjusted net charge-offs on Schedule VA in the column beginning with VA39. Include adjusted net charge-offs of all balances reportable on LD110 and LD 120 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

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

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

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

Include:

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

   Example: If you sell $1000 in loans, and agree to absorb the first 10% of losses, you report $1000 on this line, and $100 on line CC468.
2. The full amount of assets enhanced by your residual interests.

   Example: If you create and securitize a $1000 pool of loans and you sell $900 and retain a “first loss” residual interest of $100, you report $1,000 on this line and $100 on line CC468.
3. The full amount of assets enhanced by your subordinated securities:

   Example: If you buy a subordinated security in a senior/subordinated structure, the total structure is $1,000, and your subordinated security is $200, you report $1,000 on this line and $200 on line CC465.
4. The full amount of assets enhanced by your letters of credit, or other direct credit substitutes, both collateralized and uncollateralized, to cover credit obligations of another party.

   Example: If you provide a simple line of credit of $100 to another party, you report $100 on this line, and $100 on line CC465.
   Example: If you provide a line of credit of $100 to another party that is available to enhance the other party’s “first loss” or otherwise subordinate obligation on a $1,000 loan pool, you report $1000 on this line and $100 on line CC465.
5. Assets covered by recourse obligations even if the obligation is limited to 120 days or less.

Do not Include:

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

CC465: AMOUNT OF DIRECT CREDIT SUBSTITUTES ON ASSETS IN CC455

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

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

CC468: AMOUNT OF RECOURSE OBLIGATIONS ON ASSETS IN CC455

Include the amount of recourse obligations, 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 CCR468 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 CCR468 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.

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

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 balance is equal to or less than the account insurance limit. 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.

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.

DEPOSITS (EXCLUDING RETIREMENT ACCOUNTS) WITH BALANCES:

DI120: $100,000 or Less

Report deposits (excluding retirement accounts) included on SC710, Deposits, and SC712, Escrows, and SC763, Accrued Interest Payable-Deposits, with current balances of $100,000 or less. Include broker-originated deposits (excluding retirement accounts) where the current balances of the investors' participating shares are $100,000 or less.

DI130: Greater than $100,000

Report deposits (excluding retirement accounts) included on SC710, Deposits, and SC712, Escrows, and SC763, Accrued Interest Payable-Deposits, with current balances greater than $100,000. Include broker-originated deposits (excluding retirement accounts) where the current balances of the investors' participating shares exceed $100,000.

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

DI150: $100,000 or Less

Report the actual number of accounts (excluding retirement accounts) that have outstanding balances including accrued interest of $100,000 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 $100,000

Report the actual number of accounts (excluding retirement accounts) that have outstanding balances including accrued interest greater than $100,000. 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.

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 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 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 or Greater (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 or greater. 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.

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.

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 DATA FOR DEPOSIT INSURANCE PREMIUM ASSESSMENTS

GENERAL INSTRUCTIONS

Each institution must complete lines DI510, DI520, DI530, DI630, DI635, DI641, DI645, DI651, DI655, and DI660 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).

In addition, an institution that meets one of the criteria discussed below must complete lines DI540, DI550, and DI560 on an unconsolidated single FDIC certificate number basis each quarter.

Effective March 31, 2008, an institution that (a) reported $1 billion or more in total assets as of the March 31, 2007, report date (regardless of its asset size in subsequent quarters) or (b) became insured by the FDIC on or after April 1, 2007, but before January 1, 2008, must report both quarter-end balances and daily averages for the quarter in this section of Schedule DI. In addition, an institution that meets one of the following criteria must report both quarter-end deposit totals and daily averages in Schedule DI:

1. If an institution reports $1 billion or more in total assets in two consecutive Thrift Financial Reports subsequent to its March 31, 2007, report, the institution must begin reporting both quarter-end balances and daily averages for the quarter beginning on the later of the March 31, 2008, report date or the report date six months after the second consecutive quarter in which it reports total assets of $1 billion or more. For example, if an institution reports $1 billion or more in total assets in its reports for June 30 and September 30, 2007, it would have to begin reporting daily averages in its report for March 31, 2008. If the institution reports $1 billion or more in total

assets in its reports for December 31, 2008, and March 31, 2009, it would have to begin reporting daily averages in its report for September 30, 2009.

2. If an institution becomes newly insured by the FDIC on or after January 1, 2008, the institution must report daily averages in Schedule DI beginning in the first quarterly Thrift Financial Report that it files. The daily averages reported in the first report the institution files after becoming FDIC-insured would include the dollar amounts for the days since the institution began operations and zero for the days prior to the date the institution began operations, effectively pro-rating the first quarter's assessment base.

Any institution that reports less than $1 billion in total assets in its March 31, 2007, report may continue to report only quarter-end total deposits and allowable exclusions until it meets the two-consecutive-quarter asset size test for reporting daily averages. Alternatively, the institution may opt permanently at any time to begin reporting daily averages for purposes of determining its assessment base. After an institution begins to report daily averages for its total deposits and allowable exclusions, either voluntarily or because it is required to do so, the institution is not permitted to switch back to reporting only quarter-end balances.

The amounts to be reported as daily averages are the sum of the gross amounts of total deposits (domestic and foreign) and allowable exclusions for each calendar day during the quarter divided by the number of calendar days in the quarter (except as noted above for an institution that becomes insured on or after January 1, 2008, in the first report it files after becoming insured). For days that an office of the reporting institution (or any of its subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding from the previous business day would be used. An office is considered closed if there are no transactions posted to the general ledger as of that date.

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 exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. Since the FDIC's amendments to its assessment regulations in 2006 did not substantially change the definition of deposits for assessment purposes, an institution's gross total deposit liabilities are the combination of all deposits reported in line SC710 (excluding unposted credits net of unposted debits), all escrows reported in line SC712, and accrued interest payable on deposits reported in line SC763.

An institution's documentation to support the amounts reported for purposes of determining its assessment base has always been, and continues to be, subject to verification. This documentation includes the actual system control summaries in the institution's systems that provide the detail sufficient to track, control, and handle inquiries from depositors about their specific individual accounts. These systems can be automated or manual. If the system control summaries have been reduced by accounts that are overdrawn, these overdrawn accounts are extensions of credit that must be treated and reported as "loans" rather than being treated as negative deposit balances.

Unposted debits and unposted credits should not be included in an institution's system control summaries. However, if they 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 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.

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 under FASB Interpretation No. 39.

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 under FASB Interpretation No. 41. Include the fair value of securities sold under agreements to repurchase that are accounted for at fair value under a fair value option.

UNSECURED “OTHER BORROWINGS” - WITH A REMAINING MATURITY OF:

DI645 ONE YEAR OF LESS

DI651 OVER ONE YEAR

Report the amount of the institution’s unsecured “Other borrowings” in the appropriate sub items DI645 or DI651 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 institution (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.

SUBORDINATED DEBENTURES-WITH A REMAINING MATURITY OF:

DI655 ONE YEAR OF LESS

DI660 OVER ONE YEAR

Report the amount of the institution’s subordinated notes in the appropriate subitems according to the time remaining until their final contractual maturities. Include both fixed rate and floating rate subordinated debentures.

DI540: TOTAL DAILY AVERAGE OF 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 total daily average for the quarter of gross total deposit liabilities that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. For further information on deposit amounts to be calculated, see the instructions for line DI510. For information on calculating the total daily average for the quarter, see the General Instructions for reporting Deposit Data for Deposit Insurance Assessment Purposes above.

DI550: TOTAL DAILY AVERAGE OF ALLOWABLE EXCLUSIONS (INCLUDING FOREIGN DEPOSITS)

Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of the total amount of allowable exclusions from deposits (as defined in line DI520) if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions.

DI560: TOTAL DAILY AVERAGE OF FOREIGN DEPOSITS

Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of the total amount of foreign deposits (including International Banking Facility deposits) included in line DI550.

DEPOSIT DATA FOR THRIFTS PARTICIPATING IN THE TRANSACTION ACCOUNT GUARANTEE PROGRAM COMPONENT OF THE FDIC'S TEMPORARY LIQUIDITY GUARANTEE PROGRAM

The following items are to be reported by insured institutions that are participating in (i.e., have not opted out of) the Transaction Account Guarantee Program component of the FDIC's Temporary Liquidity Guarantee Program (TLGP). Thrifts would report noninterest-bearing transaction accounts (as defined in the FDIC's Temporary Liquidity Guarantee Program regulations) of more than $250,000. (Do not include custodial or escrow accounts on which "pass-through" coverage applies).

DI570: AMOUNT OF NONINTEREST-BEARING TRANSACTION ACCOUNTS OF MORE THAN $250,000 (INCLUDING BALANCES SWEPT FROM NONINTEREST-BEARING TRANSACTION ACCOUNTS TO NONINTEREST-BEARING SAVINGS ACCOUNTS

DI575: NUMBER OF NONINTEREST-BEARING TRANSACTION ACCOUNTS OF MORE THAN $250,000

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.

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 recognized in accordance with FASB Statement No. 87, *Employers' Accounting for Pensions*, net of taxes and *FAS Statement No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.
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 FASB Statements.
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.

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 <u>only</u> 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.”

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:

1. Stock the holding company reacquired – treasury stock. Report as a negative on HC229, Other Components of Equity.
2. 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 recognized in accordance with FASB Statement No. 87, *Employers' Accounting for Pensions* and FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.
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, including AICPA SOP No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.

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, taken from examples provided in FASB Statement No. 141:

1. Goodwill.
2. Customer relationships and customer lists, including core deposit premiums.
3. Employment agreements.
4. 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. The parameters of current liabilities are detailed in Accounting Research Bulletin No. 43, *Restatement and Revision of Accounting Research Bulletins*, Chapter 3A, as revised by SFAS No. 78, *Classification of Obligations That Are Callable by the Creditor*.

Example: A holding company's borrowings, on a consolidated basis, include a FHLBank advance where the contractual maturity date is beyond the next 12 months. However, beginning on a date within the next

12 months, the FHLBank may exercise its option to require immediate repayment of the advance. You should include that advance in 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:

1. Stock the holding company reacquired – treasury stock. Report as a negative on HC629, Other Components of Equity.
2. 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 adjustment recognized in accordance with FASB Statement No. 87, *Employers' Accounting for Pensions* and FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.
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, when such reporting is required under GAAP, including AICPA SOP No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.

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:

1. 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:

1. Mandatorily redeemable preferred stock that must be classified as a liability under GAAP. Report this amount on HC610, Total Liabilities.
2. Redeemable and perpetual preferred stock that was issued by consolidated subsidiaries <u>and</u> 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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CCR185: Intangible Assets

Report PCCRs included on SC660.

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, 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.

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 pursuant to FASB Statement No. 140 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.

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 FDIC covered assets. Report FDIC covered assets on CCR409, 0% Risk weight: Notes and Obligations of FDIC Including 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 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.

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.

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.

<u>Notes</u>:

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.