



**Office of Thrift Supervision
Financial Reporting Division (FRD)**

June 2007

<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 Thrift Financial Report.**
- **Please share this bulletin for review with all staff members who are involved in preparing and transmitting reports to the OTS.**

June TFR (including Schedule SB)

Filing Deadline – Monday, July 30, 2007
(remember you must transmit TFR *before* any other reports)

June COF Filing Deadline – Monday, July 30, 2007

June CMR Filing Deadline – Tuesday, August 14, 2007

June HC Filing Deadline – Tuesday, August 14, 2007

2007 Branch Office Survey (BOS)

Filing Deadline – Monday, August 27, 2007

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SECOND QUARTER FILING DEADLINES

You should complete and transmit your June 2007 TFR (**including Schedule SB**) and COF **as soon as possible** after the close of the quarter:

- **Filing deadline** for all schedules *except* HC and CMR is **Monday, July 30, 2007**.
- **Filing deadline** for Schedules HC and CMR is **Tuesday, August 14, 2007**.
- **Filing deadline** for the annual 2007 Branch Office Survey (BOS) is **Monday, August 27, 2007**.

Institutions that are exempt from filing Schedule CMR but choose to voluntarily file must adhere to the filing deadlines above. The Interest Rate Risk reports will not be available for download by institutions that fail to meet the filing deadline. All voluntary CMR filers should contact Doris Jackson at doris.jackson@ots.treas.gov, or 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 may 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 may contact Scott Ciardi at scott.ciardi@ots.treas.gov, or call 202.906.6960.

EFS VERSION 6.1 SOFTWARE FULL UPGRADE CD MAILED

The Electronic Filing System (EFS) Version 6.1 CD, dated June 20, 2007, has been mailed to all TFR report preparers using the postal mailing address provided on their most recent TFR transmission. This new version must be used to prepare and transmit all June 2007 reports. Please **install the CD** as soon as you receive it, before you begin working on your June reports. **Retain the CD in a safe, easily accessible place** for retrieval if you are directed by OTS staff to reinstall the software. You should destroy any prior versions of EFS CDs.

If you do not receive your EFS Version 6.1 CD by close of business Monday, July 16, 2007, please notify Doris Jackson at doris.jackson@ots.treas.gov. Be sure to include your institution's five-digit docket number in the Subject line of your e-mail message.

For any software issues you encounter, you should 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 6.1

There were no changes to the report form or enhancements to software functionality with this release. Six edit steps were corrected or modified, and 22 new edits were added. The majority of new edits relate to the TFR line items that were added in March, and were created based on the data reported for those new lines. After analyzing March quarter data for these lines, we have established validation guidelines and created new edits based on those guidelines.

In our quarterly edit review, we also found some typographical and minor logical errors in other edit steps. These have been corrected with this release.

Revised Edits

H577 J500 M705 R677 R678 R679

New Edits

I527 L552 L553 L554 L555 M563 Q532
Q734 Q435 Q736 Q737 Q738 Q739 Q740
Q741 Q742 Q743 Q744 Q745 Q746 Q747

2007 BRANCH OFFICE SURVEY

The filing *deadline* for your 2007 Branch Office Survey is **Monday, August 27, 2007**. You must transmit your June 2007 TFR prior to transmitting your 2007 BOS report. The BOS letter/instructions will soon be mailed to all OTS-regulated institutions' report preparers and will also be posted on the OTS website.

You can transmit amendments to your 2007 BOS data via the EFS filing software through **Sunday, September 30, 2007**. For any corrections after **September 30**, contact Cheyann Houts at cheyann.houts@ots.treas.gov, or 972.277.9617.

Trust-only institutions do not file the BOS report.

FEDERAL REGISTER LINK

An updated link to access and search for Federal Register Notices, along with many other website links, is available in the June 2007 EFS software Version 6.1:

Launch **EFS** and click on:

- **Help** from the menu bar at the top of the screen
- Select **EFS Help Guide (interactive)**
- Double-click on **EFS Technical Support** (the last book under "Contents" tab)
- Double-click on **Related Websites**
- Scroll down to **External Websites**
- Click the link under **Federal Register**

TFR INSTRUCTION MANUAL UPDATES

The following sections of the TFR Instruction manual have been revised and updated. Please refer to the revised instruction pages included with this Bulletin for details.

SCHEDULE SC - CONSOLIDATED STATEMENT OF CONDITION

Assets (general information) - Page 201
SC615, Key Person Life Insurance - Page 219
SC625, Other - Page 220
Intangible Assets: Servicing Assets (general information) - Page 220
Liabilities (general information) - Page 223
SC870, Other - Page 233

SCHEDULE SO - CONSOLIDATED STATEMENT OF OPERATIONS

Interest Income (general information) - Page 301
SO11, Total Interest Income - Page 301
Interest Expense (general information) - Page 303
SO410, Mortgage Loan Servicing Fees - Page 306
SO411, Servicing Amortization and Valuation Adjustments - Page 306
SO467, Sale of Securities Held-to-Maturity - Page 308
SO485, Trading Assets (Realized and Unrealized) - Page 309
SO492, 496, and 498, Amounts - Page 310
SO510, All Personnel Compensation and Expense - Page 311
SO550, Loan Servicing Fees - Page 312
SO811, Extraordinary Items, Net of Tax Effect, and Cumulative Effect of Changes in Accounting Principles - Page 315, 316

SCHEDULE VA - CONSOLIDATED VALUATION ALLOWANCES

VA960, Special Mention - Page 416
VA965, Substandard - Page 417
VA970, Doubtful - Page 417
VA975, Loss - Page 417

SCHEDULE LD - CONSOLIDATED LOAN DATA

LD510, 1-4 Dwelling Units Construction-to-Permanent Loans - Page 604
LD520, Owner-Occupied Multifamily Permanent Loans - Page 605
LD530, Owner-Occupied Nonresidential Property (Except Land) Permanent Loans - Page 605

SCHEDULE CF - CONSOLIDATED CASH FLOW INFORMATION

Item 3 Under Mortgage Loans Disbursed - Page 802
CF281, 1-4 Dwelling Units Purchased From Entities Other Than Federally-Insured Depository Institutions or Their Subsidiaries - Page 804
CF282, Home Equity and Junior Liens - Page 804
CF361, Memo: Refinancing Loans - Page 805
Deposits - Page 806

SCHEDULE DI - CONSOLIDATED DEPOSIT INFORMATION

DEPOSIT DATA FOR DEPOSIT INSURANCE PREMIUM ASSESSMENTS - GENERAL INSTRUCTIONS - Page 906
INSTRUCTIONS FOR SECTION I FORMAT OF SCHEDULE DI - Pages 907 - 909

SCHEDULE SI - SUPPLEMENTAL INFORMATION

SI375, Assets Held in Trading Accounts - Page 1001
SI376, Assets Recorded On Schedule SC Under A Fair Value Option - Page 1002
SI377, Liabilities Recorded On Schedule SC Under A Fair Value Option- Page 1002
IRS Domestic Building and Loan Test - Page 1004
SI655, Capital Contributions (Where No Stock Is Issued) - Page 1008
SI662, Other Comprehensive Income - Page 1008
SI668, Prior Period Adjustments - Page 1008

SCHEDULE CCR - CONSOLIDATED CAPITAL REQUIREMENT

CCR134, Other - Page 1605
CCR195, Other - Page 1607
CCR350, Allowances for Loan and Lease Losses - Page 1611
CCR430, Mortgage and Asset-Backed Securities Eligible for 20% Risk Weight - Page 1617

FAS 156 AND 159**FASB Statement No 156 on Servicing**

FASB Statement No. 156, Accounting for Servicing of Financial Assets (FAS 156), was issued in March 2006. FAS 156 requires that all separately recognized servicing assets and liabilities be initially measured at fair value. FAS156 requires institutions to initially measure servicing assets and liabilities at fair value, then to establish separate classes of servicing assets in which they may elect the amortization method or the fair-value method. If the fair value is not elected, each class of servicing is accounted for using the amortization method that applied to all servicing assets and liabilities prior to the issuance of FAS 156. Once the election of the fair-value option for a class of servicing is adopted, it cannot be reversed. The election to use fair value for each individual class of servicing assets and liabilities can be made upon initial adoption or at the beginning of any subsequent fiscal year. Therefore, a thrift with a calendar-year fiscal year must adopt FAS156 as of January 1, 2007. Both the amortization of loan servicing assets or liabilities and the fair-value adjustment option are reported on SO411, (Servicing Amortization and Valuation Adjustments). An excerpt from the instructions for SO411 is shown below.

SO411:

Report amortization and valuation adjustments on servicing assets.

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

FAS159 (FAIR VALUE OPTION)

A thrift may adopt FAS159 and elect the fair-value option for existing eligible items as of the beginning of a fiscal year that begins on or before November 15, 2007. This election date is subject to the requirements set forth in FAS157 (Fair Value Measurement). A thrift with a calendar-year fiscal year may adopt FAS159 as of January 1, 2007, provided FAS157 has been adopted as of that date or earlier. **If a thrift elects FAS159, the thrift must report the first re-measurement of items to fair value as a cumulative-effect adjustment to the opening balance of retained earnings for the fiscal year of adoption.** Currently, the OTS requests that the cumulative-effect adjustment be reported on SI668. Successive fair-value adjustments should be reflected on SO485, Trading Assets.

REPORTING HELOCS ON SCHEDULE LD

Reporting issues have arisen recently concerning high loan-to-value (LTV) home equity (HELOC) loans and reporting on Schedule LD. The TFR instructions for Schedule LD state, "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."

If the savings association holds only the junior lien, the thrift must still use the current value of the senior lien in the LTV calculation. Savings associations can use the current loan balance for the senior loan provided it is not a negatively amortizing loan and it obtains the current balance by direct verification or from the borrower's credit report. After origination, savings associations must use the full loan commitment on open-end HELOC loans when calculating the combined LTV. When calculating LTV, use the borrower's purchase price of the real estate or appraised value at origination, whichever is less. After origination, savings associations can substitute the current value of the property in the LTV calculation provided the loan is current and sufficient time has passed to effect a sustained increase in value (typically two years). The TFR instructions refer to this issue as stated below:

"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."

When a high LTV loan drops below 90% LTV, and is removed from a savings association's high LTV "bucket," based on an increase in market valuation, savings associations must continue to monitor such loans and their valuations and re-instate the loan as high LTV loan if property values decline and the LTV exceeds the supervisory LTV limits.

REPORTING CLARIFICATIONS**Schedule LD-Loan Data**

Institutions are required to report Supplemental Loan Data for all Loans (LD510 - LD650). This detail does not pertain exclusively to High Loan to Value Ratio Loans. Please review the OTS Instruction Manual for additional guidance. If you need further assistance, contact your Financial Reporting Analyst.

- LD510: 1-4 Dwelling Units Construction-to Permanent Loans
- LD520: Owner-Occupied Multifamily Permanent Loans
- LD530: Owner-Occupied Nonresidential Property (except Land) Permanent Loans
- LD610: 1-4 Dwelling Units Option ARM Loans
- LD620: 1-4 Dwelling Units ARM Loans with negative amortization
- LD650: Total Capitalized Negative Amortization

Schedule DI-Consolidated Deposit Information

Please review the revised Schedule DI instructions included in this bulletin, and note the optional reporting requirements pertaining to Section I and Section II. It is imperative to note, if the institution has no quarter-end deposits reportable on DI510 through DI530, these fields are to remain blank.

If you need additional guidance on Deposit Insurance Premium Assessment, please contact your assigned Financial Reporting Analyst, or contact the FDIC Hotline at dcas@fdic.gov or 972.761.2169.

Included in Schedule DI updates is clarification addressing Deposit Data for Deposit Insurance Premium Assessments requirements. Please note DI510: Total Deposit Liabilities Before Exclusions is a gross figure which should include the institution's deposits (SC710) + escrows (SC712) + accrued interest (SC763). In addition, the OTS has added edit Q747 to the June EFS software to help reconcile this account information.

Schedule DI contains several categories, in which figures are potential components of other fields within the category:

DI530: Total Foreign Deposits (Included in Total Allowable Exclusions) is a component of DI520: Total Allowable Exclusions (Including Foreign Deposits)

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) and DI360: IRA/Keogh Accounts of \$100,000 or Greater Included in Time Deposits are components of DI340: Time Deposits. Therefore, neither DI350 nor DI360 should be greater than DI340. Further, please recognize these fields are not mutually exclusive of one another. For instance, DI360: IRA/Keogh Accounts of \$100,000 or Greater Included in Time Deposits, which also satisfy DI350: Time Deposits of \$100,000 or Greater requirements, will generally be broken out on DI340, DI350, and DI360.

Specifically addressing DI350: Time Deposits of \$100,000 or Greater - please note that the following narrative indicates only brokered deposits issued under a master certificate are excluded from the category. All other brokered deposits meeting the requirements for the field should be included in the total.

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**)

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 2007 data to their website for the first time on Friday, July 20, 2007. The last update of the FDIC website for the June 2007 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. A March 2007 TFR, CMR, or HC amendment cannot be processed after Monday, August 13, 2007. After that time, the March 2007 cycle will close permanently.

SOFTWARE CORNER

EFS-Net Notification

You can now sign up in EFS-Net in both Electronic Filing System (EFS) and Financial Reports Subscriber (FRS) to be notified via e-mail **when new items are available for your attention in EFS-Net**. You will receive e-mail notification when downloadable software updates, the quarterly Financial Reporting Bulletin or other information pertinent to preparing your reports, or the IRR Executive Summary reports are available for download via EFS-Net. From the EFS main screen, click Transmit, immediately click Next, and log in to EFS-Net. From the FRS main screen, click Download; check ONLY the button at the bottom for "I have previously submitted report requests..." (although you haven't), click EFS-Net, and Log in to my Internet...."

On the EFS-Net screen, click on the word [Show](#) for My OTS Report Notification Recipients. Enter your e-mail address and click Signup. Verify the accuracy of the e-mail address that is returned. You can add additional e-mail addresses, one at a time. All users signed up will be notified via a blind e-mail distribution when new items are added.

Upgrading Your System or Computer

Before you or your IT personnel perform any system, server, or equipment/workstation upgrade or move, you should contact the EFS Helpline for instructions on how to properly retain your data and correctly install the EFS software to the new location. Failure to contact the EFS Helpline *prior to* moving EFS files may result in needless time and work by you and OTS staff in recovering your data files and reestablishing your EFS-Net connection capabilities.

Verify Report Preparer Contact Information

The contact information in EFS Institution Setup is only for Financial Reporting Division staff to use when communicating directly with report preparers. It should show the *report preparer's* complete first and last name, telephone and fax numbers (including extension numbers), physical mailing address, e-mail address, etc. It is not the OTS Corporate Directory where the official charter location information is kept. You should review this information before each transmission to the OTS via EFS-Net.

Please ensure that the report-preparer contact information and institution information in Institution Setup is always kept current, accurate, and complete.

Confirm Your Transmissions

Your transmission process is not complete *until you verify that the report you just transmitted shows on both transmission logs*. If it doesn't show in both logs, contact the EFS Helpline.

- Within EFS-Net, the Transmission Log should appear on your screen automatically after the transmission. If it doesn't, go back to the main EFS-Net screen and click the link for [[View Transmission Log](#)] on the right side of the screen. Be sure the report you just transmitted shows on the log.
- Go back to the blue (main) EFS screen. At the top left, click System, Financial Data, View Transmission Log. Open the Report Filings folder and verify that your most recent transmission, *with OTS Acknowledgment*, shows there as well.

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. 197

SUBJECT: Renovation Loans

LINE(S): SC254, SC255

DATE: Revised June 12, 2007

Question: *Should the following loan be classified as a permanent loan or a construction loan? Facts: Approved a loan of \$500 thousand. Of this balance, \$150 thousand will be held back and disbursed at a scheduled time. The purpose of the holdback is to make substantial improvements to the property. The payment terms of the loan are interest-only for 24 months, after which time, the entire loan balance is due.*

Based on our review of the TFR Instruction Manual, Schedule SC, SC 230, loans to be reported as construction loans include:

Combination construction-permanent loans on 1-4 dwelling units until construction is completed or principal amortization payments begin, whichever comes first.

Our interpretation of this guidance is that renovation/rehabilitation does not constitute construction. Is this correct?

Answer: You are correct. Because this is an occupied, existing building, you should classify the loan as a permanent, single-family mortgage, reported on SC254 or SC255, depending upon whether the loan is a first lien or a junior lien. However, if the estimated cost of repairs exceeded the purchase price, we would have to reevaluate our answer on a case-by-case basis.

FINANCIAL REPORTING DIVISION (FRD) CONTACT LIST

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

TFR REPORTING QUESTIONS AND ANSWERS

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. 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.

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.

COPIES OF TFR MANUAL The OTS provides one copy of the TFR Instruction Manual and Financial Reporting Bulletins free of charge to the report preparer(s) of each OTS-regulated institution. You can also access the manual and bulletins on the OTS website at <http://www.ots.treas.gov/> (click TFR).

**PREFERRED AND MINIMUM REQUIREMENTS
FOR ELECTRONIC FILING OF
REGULATORY REPORTS**

Preferred Requirements:

Application

- IBM-compatible PC - Pentium 566+ processor
- Windows NT4.0 Workstation, Windows 2000, XP, Me
- 256 Meg of installed RAM memory
- 200+ Meg of available hard drive memory
- SVGA enhanced color monitor 1024x768, 256 colors or 24 bit true colors
- 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 - Pentium 200+ processor
- 128 Meg of installed RAM memory
- 150 Meg of available hard drive memory
- VGA or SVGA color monitor - 640x480, 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://xnet.ots.treas.gov/efsnet/bulletins/efs_6x_requirements.pdf

Office of Thrift Supervision

Filing Schedule for 2007 Regulatory Reports

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

Please ensure that all reports are filed before the filing deadlines shown below.

Reporting "As Of" Date	FILING DEADLINE			
	Thrift Financial Report	Schedule CMR and HC	Cost of Funds	Branch Office Survey
January 31			Friday March 2	
February 28			Friday March 30	
March 31	Monday April 30	Tuesday May 15	Monday April 30	
April 30			Wednesday May 30	
May 31			Monday July 2	
June 30	Monday July 30	Tuesday August 14	Monday July 30	Monday August 27
July 31			Thursday August 30	
August 31			Monday October 1	
September 30	Tuesday October 30	Wednesday November 14	Tuesday October 30	
October 31			Friday November 30	
November 30			Monday December 31	
December 31	Wednesday January 30, 2008	Thursday February 14, 2008	Wednesday January 30, 2008	

THRIFT FINANCIAL REPORT INSTRUCTION MANUAL

JUNE 2007

Insert these 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 2007 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, Assets Held in Trading Accounts

To be renamed (in 2008) - Financial Assets Held for Trading Purposes

SI376, Assets Recorded on Schedule SC Under a Fair Value Option

To be renamed (in 2008) - Financial Assets Carried at Fair Value

SI385, Available-for-Sale Securities

SI387, Assets Held for Sale

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. 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.

Do not include:

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

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

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

Do not include:

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

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

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

Include:

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

Do not include:

1. Investments in mutual funds that invest in U.S. government, agency, and sponsored enterprise securities. Report on SC140, Equity Securities Subject to FASB Statement No. 115.
2. Stock of FHLBanks. Report on SC510, Federal Home Loan Bank Stock.
3. Equity securities issued by sponsored enterprises of the U.S. government, such as Freddie Mac preferred stock. Report on SC140.
4. Securities issued by state and local governments. Report on SC180.
5. Securities purchased under a repurchase or dollar-repurchase agreement. Report on SC125, Federal Funds Sold and Securities Purchased Under Agreements to Resell.

6. Mortgage-backed instruments and derivatives issued or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae. Report on SC210 or SC217.

SC140: Equity Securities Subject to FASB Statement No. 115

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

Include:

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

Do not include:

1. FHLBank stock. Report on SC510, Federal Home Loan Bank Stock.
2. Other equity investments **not subject to FASB Statement No. 115**, including ownership interests in unconsolidated subordinate organizations and entities designated as pass-through investments, even though they are not subordinate organizations. Report on SC540, Other Equity Investments Not Subject to FASB Statement No. 115.
3. Your association's own treasury stock. Report as a reduction of capital on SC891, Other Components of Equity Capital.

SC180: State and Municipal Obligations

Report debt securities issued by state and local governments.

SC182: Securities Backed By Nonmortgage Loans

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

SC185: Other Investment Securities

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

Include:

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

SC191: Accrued Interest Receivable

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

MORTGAGE-BACKED SECURITIES:

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

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

Adjust the balances in this section for:

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

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

MORTGAGE LOANS

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

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

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

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

Recorded investment is the principal balance of a loan adjusted for:

1. Direct write-downs.
2. Deferred loan fees net of direct costs.
3. Discounts and premiums on the purchase of mortgage loans and contracts.
4. Application of lower-of-cost-or-market accounting treatment to mortgages held for sale but not in a trading account.
5. Any undisbursed balances of loans closed, loans-in-process. Report the undisbursed amounts as commitments on CC105-115.
6. The undisbursed portion of mortgage lines of credit on 1-4 dwelling units. Report these amounts as commitments on CC412.
7. The undisbursed portion of mortgage lines of credit on multifamily residential property. Report these amounts as commitments on CC290.
8. Unearned interest.
9. Interest receivable that is capitalized to the loan balance.
10. Deposits accumulated for the payment of loans, hypothecated deposits.
11. Accumulated fair value gain or loss on mortgage loans attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

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

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

Include:

1. FHA/VA and conventional first mortgage loans.
2. Junior mortgage liens, both open-end and closed-end.
3. Your share of participating interests in loans.
4. Loans to commercial entities collateralized by mortgages of third-party borrowers, such as warehouse loans, provided the underlying loans are secured by real estate.

5. Disbursed portion of open-end home equity loans if you secure the loan by a lien on real estate.
6. The unpaid balance of the gross loan in a wrap-around mortgage if you wrapped a loan held by a third party. Report the loan payable to the third party as a liability on SC760, Other Borrowings.
7. Loans on units in cooperative buildings.

Do not include:

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

SC26: TOTAL

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

Construction Loans on:**SC230: 1-4 Dwelling Units**

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

Include:

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

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.
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3. Combination construction and permanent loans until construction is completed or principal amortization payments begin, whichever comes first. Report on SC235.
4. Bridge loans to developers where the buyer will not assume the same loan. Report on SC235.

SC260: Nonresidential Property, Except Land

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

Include:

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

Do not include:

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

SC265: Land

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

Include:

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

Do not include:

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

SC272: Accrued Interest Receivable

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

Do not include:

1. Interest receivable if collection was not probable at the time it was recorded.

2. Interest receivable on loans or participations serviced for others. Report on SC689, Other Assets.
3. Interest receivable that is capitalized to the loan balance. Report with the loan balance on SC230 through SC265.

SC275: Advances for Taxes and Insurance

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

Do not include:

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

SC283: Allowance for Loan and Lease Losses

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

Do not include:

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

NONMORTGAGE LOANS

Adjust the balances in this section for:

1. Specific valuation allowances.
2. Deferred loan fees net of direct costs.
3. Discounts and premiums on the purchase of nonmortgage loans and contracts.
4. Application of lower-of-cost-or-market accounting treatment to loans held for sale but not in a trading account.
5. Any undisbursed balance of closed-end loans, loans-in-process. Report the undisbursed amount of nonmortgage loans on CC125.
6. The undisbursed portion of lines of credit. Report the undisbursed amount on CC420-425.
7. Unearned interest, such as add-on interest of loans issued at a discount.
8. Deposits accumulated for the payment of loans, hypothecated deposits.
9. Accumulated gain or loss (change in fair value) on nonmortgage loans attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

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

Include:

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

Do not include:

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

SC31: Total

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

Commercial Loans:**SC32: Total**

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

SC300: Secured

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

Include:

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

Do not include:

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

SC303: Unsecured

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

Include:

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

Do not include:

1. Unsecured loans to unconsolidated subordinate organizations. Report on SC540, Other Equity Investments Not Subject to FASB Statement No. 115.
2. Corporate debt securities even if included in calculating OTS commercial loan limitations. Report on SC185, Other Investment Securities.
3. Non-interest-bearing overdrafts on commercial deposit accounts where the institution grants modest sized overdrafts for the convenience of the customer. Typically, such overdraft protection plans are offered to most customers on a fee for service basis rather than incurring interest charges. Report such overdrafts on SC 689, "Other Assets." Report fee income on such overdrafts as SO 420, "Other Fees and Charges."

SC306: Lease Receivables

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

Consumer Loans:

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

SC35: Total

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

SC310: Loans on Deposits

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

SC316: Home Improvement Loans (Not Secured by Real Estate)

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

Do not include:

1. Unsecured loans for the improvement of multifamily housing, 5 or more dwelling units, or for nonresidential property. Report on SC303, Unsecured Commercial Loans.
2. Home equity lines of credit. Report on SC251.

SC320: Education Loans

Report loans originated solely for funding educational expenses.

SC323: Auto Loans

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

Do not include:

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

SC326: Mobile Home Loans

Report consumer loans secured by mobile homes.

Do not include:

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

SC328: Credit Cards

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

Do not include:

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

SC330: Other, Including Lease Receivables

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

Include:

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

Do not include:

1. Loans on units in cooperative buildings. Report on SC254 or SC255, Permanent Mortgages on 1-4 Dwelling Units.
2. Non-interest-bearing overdrafts on consumer deposit accounts where the institution grants modest sized overdrafts for the convenience of the customer. Typically, such overdraft protection plans are offered to most customers on a fee for service basis rather than incurring interest

charges. Report such overdrafts on SC 689, "Other Assets." Report fee income on such overdrafts as SO 420, "Other Fees and Charges."

SC348: Accrued Interest Receivable

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

Do not include:

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

SC357: Allowance for Loan and Lease Losses

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

REPOSSESSED ASSETS

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

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

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

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

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

Include:

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

-
6. Real estate originally acquired for future use by you but no longer intended for that purpose.

Do not include:

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

SC40: Total

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

Real Estate:**SC405: Construction**

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

SC415: 1-4 Dwelling Units

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

SC425: Multifamily (5 or More Dwelling Units)

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

SC426: Nonresidential, Except Land

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

SC428: Land

Report repossessed land.

Include:

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

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

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

SC430: Other Repossessed Assets

Report all other repossessed property, excluding real estate.

SC441: General Valuation Allowances

Report all general valuation allowances established on repossessed assets.

Do not include:

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

SC45: REAL ESTATE HELD FOR INVESTMENT

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

Include:

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

Do not include:

1. Office buildings and land that you own and use in your business operations. Report on SC55, Office Premises and Equipment.
2. Real estate acquired as part of a troubled debt restructuring. Report on SC405 through SC428, Repossessed Assets: Real Estate.
3. Real estate acquired indirectly through an entity designated as a pass-through investment as described in 12 CFR § 560.32. Report the pass-through investment on SC540, Other Equity Investment Not Subject to FASB Statement No. 115.
4. The share of investments owned in real estate joint ventures qualifying as unconsolidated subordinate organizations. Report on SC540, Other Equity Investment Not Subject to FASB Statement No. 115.
5. Real estate originally acquired for your future use but no longer intended for that purpose. Report as REO on SC405 through SC428.

EQUITY INVESTMENTS NOT SUBJECT TO SFAS NO. 115**SC51: Total**

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

SC510: Federal Home Loan Bank Stock

Report the carrying value of Federal Home Loan Bank Stock.

SC540: Other

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

SC55: OFFICE PREMISES AND EQUIPMENT

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

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

Include:

1. All land, buildings, and parking lots occupied by you, including those that you only partially occupy.
2. Land or improved real estate intended for future use in your business operations.
3. Real estate you formerly occupied, if the real estate is held for sale.
4. Capital leases for your office premises and equipment.
5. Carrying costs capitalized during the construction of your premises.
6. The unamortized balance of all improvements to leased quarters and any capital improvements made to land leased for your use.
7. Office furniture, fixtures, equipment, and vehicles you own.

Do not include:

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

OTHER ASSETS:**SC59: Total**

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

Bank-Owned Life Insurance:**SC615: Key Person Life Insurance**

Include the value of bank-owned life insurance that you consider key-person insurance, where the intended purpose is to provide the institution protection against the potential for losses arising from the untimely death of a key employee or borrower. You generally surrender these policies when the key employee leaves your institution or when the borrower pays off his loan. Include amounts represented in

the contractual terms of the policy as defined by FASB Technical Bulletin No. 85-4 and EITF Issue No. 06-5. (i.e. cash surrender value, claim stabilization reserves, and tax on deferred acquisition costs).

SC625: Other

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

Intangible Assets:**Servicing Assets:**

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

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

For servicing assets carried at the lower of cost or fair value, adjust the carrying amount for:

1. Accumulated gain or loss (change in fair value) on the servicing asset attributable to the designated risk being hedged on a qualifying fair-value hedge.
2. Any valuation allowances.

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

Do not include amounts for any rights to future interest income from the serviced loans that exceed contractually specified servicing fees, defined below. Such rights are not servicing assets. Report such amounts on SC665, Interest-only Strip Receivables and Certain Other Instruments.

Contractually specified servicing fees are all amounts that, per the contract, are due to you as the servicer in exchange for the servicing. In other words, you would no longer receive fees if the beneficial owners of the serviced assets were to exercise their actual or potential authority under the contract to shift the servicing to another servicer.

SC642: Mortgage Loans

Report servicing assets on mortgage loans only.

SC644: Nonmortgage Loans

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

SC660: Goodwill and Other Intangible Assets

Report the unamortized balance of goodwill and other intangible assets.

Include:

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

Do not include:

1. Servicing assets; report on SC642 and SC644.
2. Interest-only strip receivables and certain other instruments; report on SC665.

3. Organization costs, which should be expensed as incurred.

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

SC665: Interest-only Strip Receivables and Certain Other Instruments

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

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

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

SC689: Other Assets

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

Do not include:

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

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.

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- 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 customer 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, Redeemable Preferred Stock, Minority Interest, 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, Liabilities Recorded on Schedule SC Under a Fair Value Option

To be renamed (in 2008) - Financial Liabilities Carried at Fair Value

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, and report the dealer reserves on DI720 or DI730, as appropriate.
11. Outstanding travelers' letters of credit and other letters of credit you issued for cash or its equivalent (prepaid letters of credit), less outstanding drafts accepted against the letters of credit.
12. Funds you hold as security for an obligation due to the bank or others, except hypothecated deposits, and funds deposited by a debtor to meet maturing obligations, such as amounts pledged against sinking fund mortgages and as collateral for loans.

Certain items should be added back to the appropriate deposit control totals and reported on 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 DI620 or DI640 through DI730, 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 DI710, Adjustments to Demand Deposits for Reciprocal Demand Balances with Commercial Banks and Other Savings Associations.

Do not include:

1. Escrow accounts. Report on SC712, Escrows.
2. Custodial accounts established pursuant to loan servicing agreements. Report on SC712, Escrows.
3. Deposit accounts that you set up in your own name for which there is a corresponding cash account in assets. Eliminate the cash account from assets and the same amount from deposits. See item 4 under **Include** above concerning outstanding checks.

4. Outstanding checks drawn on, or payable at or through, a non-zero-balance account at a Federal Reserve Bank or a Federal Home Loan Bank. Deduct these amounts from cash-in-bank, typically, from amounts on SC110 or SC112, as appropriate, and also report them on DI620 for inclusion in the deposit base for FDIC insurance assessment purposes. See item 9 under **Include** above concerning outstanding checks drawn on zero-balance accounts.
5. Outstanding checks written against accounts in other depository institutions, as defined by the Federal Deposit Insurance Act. Deduct these from the related deposit reported on SC110 or SC118.
6. Discounts and premiums that result from marking assets and liabilities to fair value because of an acquisition, merger, or change in control. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.
7. Deductions for commissions and other capitalized items. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.
8. Deductions for customers' overdrafts in NOW and demand accounts unless the right of set-off under a valid cash management arrangement exists for accounts of the same legal entity. Report as loans on SC303, Unsecured Commercial Loans, or SC330 Other Consumer Loans.
9. U.S. Treasury tax and loan account balances credited prior to the reporting date that are automatically converted into open-ended interest-bearing notes. Report such balances in liabilities on SC796, Other Liabilities and Deferred Income.
10. Hypothecated deposits, deposits accumulated for the payment of loans. Deduct these from the related loan.
11. Accumulated gain or loss, change in fair value, on deposits attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.

SC712: Escrows

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

Include:

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

Do not include:

1. Advances for borrowers' taxes and insurance, T&I escrow accounts with debit balances. If you or your consolidated subsidiaries own the related loan, report the advances on SC275, Advances for Taxes and Insurance. If you service the related loan for others, report them on SC689, Other Assets, as Code 09.
2. Advances to investors for loans you serviced for others prior to receipt from the borrower. Report as assets on SC689, Other Assets, Code 09.
3. Custodial accounts held by a depositor for another for example, a custodial account held for a minor where the parent or some other depositor is the custodian. Report as deposits on SC710.
4. IRA and Keogh accounts. Report as deposits on SC710.
5. Escrows where the funds are deposited in other depository institutions. Report as liabilities on SC796, Other Liabilities, Code 99.
6. Accumulated gain or loss on escrows attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133. Report on SC715, Unamortized Yield Adjustments on Deposits and Escrows.
7. Escrows where your holding company or unconsolidated affiliate is a party to the escrow agreement and where you are not a party to the escrow agreement. Report on SC710, Deposits.

SC715: Unamortized Yield Adjustments on Deposits and Escrows

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

Include:

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

Do not include:

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

BORROWINGS

Adjust the balance due for (1) discounts and premiums in accordance with APB No. 21, Paragraph 16; and (2) the accumulated gain or loss on borrowings attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133. Amortize the discounts and premiums to interest expense. Report issuance costs related to borrowings in SC689, Other Assets.

SC72: Total

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

SC720: Advances from FHLBank

Report all FHLBank borrowings.

Include:

1. All FHLBank advances.
2. Deferred commitment fees you paid on FHLBank advances; these reduce the outstanding balance.
3. Prepayment penalties you paid on FHLBank advances that qualify for deferral under GAAP; these reduce the outstanding balance. Generally FHLBank prepayment penalties should be expensed on SO580, Other Noninterest Expense. However, in limited circumstances (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. 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. Refer to FASB Statement No. 77, *Reporting by Transferors for Transfers of Receivables with Recourse*.
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.

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, Minority Interest.

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

OTHER LIABILITIES**SC75: Total**

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

SC763: Accrued Interest Payable - Deposits

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

SC800: MINORITY INTEREST

Report items that have characteristics of both liabilities and equity and that, in accordance with GAAP, you should not classify as either liabilities or equity.

Include:

1. Common and perpetual preferred stock issued by consolidated subsidiaries to third parties constituting a minority interest.
2. REIT preferred stock issued by a consolidated subsidiary to a third party that you report as a minority interest rather than as a liability on line SC736.

Do not include:

1. Mandatorily redeemable preferred stock. Report on SC760, Other Borrowings.
2. Preferred stock, both redeemable and perpetual, that consolidated subsidiaries issued to you or your other subordinate organizations. When you are making your consolidating entries, you must eliminate this preferred stock of the consolidated subsidiary.
3. Deferred issuance costs. Report on SC689, Other Assets.

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

EQUITY CAPITAL

PERPETUAL PREFERRED STOCK

Include:

1. Preferred stock you issued that is nonredeemable by the purchaser and that qualifies as equity capital under GAAP.
2. 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, Minority Interest.
2. Redeemable preferred stock issued by a consolidated subsidiary. Report on SC760, Other Borrowings.
3. Permanent preferred stock issued by a consolidated subsidiary. Report on SC800, Minority Interest.

SC812: Cumulative

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

SC814: Noncumulative

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

COMMON STOCK**SC820: Par Value**

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

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

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

Do not include deductions for:

1. Stock you reacquired – treasury stock. Report as a negative on 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 Available-for-Sale Securities

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

Gains and losses reported here are not reported in the statement of operations until either the asset is sold, a loss is considered other than temporary, 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 available-for-sale to held-to-maturity category. Continue to report this gain or loss on this line until it is completely amortized over the remaining life of the security as an adjustment of yield in the same manner as a discount or premium.

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 EQUITY CAPITAL

The EFS software will compute this line as the sum of SC812 through SC891.

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

The EFS software will compute this line as the sum of SC70, SC800, and SC80. This line must equal SC60, Total Assets.

SCHEDULE SO — CONSOLIDATED STATEMENT OF OPERATIONS

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

Complete this Statement of Operations, Schedule SO, on a consolidated basis from the savings association downward. Do not consolidate your holding company. You should apply generally accepted accounting principles (GAAP) unless we specifically state otherwise in these instructions. Report net income or loss allocable to minority shareholders on SO488, Other Noninterest Income.

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

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

INTEREST INCOME

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

SO11: TOTAL

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

SO115: DEPOSITS AND INVESTMENT SECURITIES

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

Include:

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

Do not include:

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

SO125: MORTGAGE-BACKED SECURITIES

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

SO141: MORTGAGE LOANS

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

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

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

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

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

NONMORTGAGE LOANS:

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

SO160: Commercial Loans and Leases

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

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

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

SO171: Consumer Loans and Leases

Report income including any yield adjustments on consumer loans reported on SC35. Include with yield adjustments the amortization of credit card fees. Do not include prepayment fees, late fees, and assumption fees on consumer loans and leases.

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

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

DIVIDEND INCOME ON EQUITY INVESTMENTS NOT SUBJECT TO FASB STATEMENT NO. 115**SO18: TOTAL**

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

SO181: FEDERAL HOME LOAN BANK STOCK

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

SO185: OTHER

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

INTEREST EXPENSE

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

SO21: TOTAL

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

SO215: DEPOSITS

Report the sum of the following:

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

Do not include:

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

SO225: ESCROWS

Report interest expense on escrows reported on SC712, Escrows.

SO230: ADVANCES FROM FHLBANK

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

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

SO240: SUBORDINATED DEBENTURES (INCLUDING MANDATORY CONVERTIBLE SECURITIES)

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

SO250: MORTGAGE COLLATERALIZED SECURITIES ISSUED

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

SO260: OTHER BORROWED MONEY

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

Include interest on:

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

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

SO271: CAPITALIZED INTEREST

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

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

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

SO321: NET PROVISION FOR LOSSES ON INTEREST-BEARING ASSETS

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

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

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

Include:

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

Do not include:

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

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

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

NONINTEREST INCOME

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

SO42: TOTAL

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

SO410: MORTGAGE LOAN SERVICING FEES

Include:

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

Do not include:

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

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

SO411: SERVICING AMORTIZATION AND VALUATION ADJUSTMENTS

To be renamed (in 2008) – “Amortization of and Fair Value Adjustments to Loan Servicing Assets and Loan Servicing Liabilities”

Report the total servicing amortization and valuation adjustments.

Include:

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

SO420: OTHER FEES AND CHARGES

Report all fees and charges not reported on SO410.

Include:

1. Loan servicing fee income on nonmortgage loans, including credit card servicing income.
 2. Trust fee income.
-

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

Do not include:

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

NET INCOME (LOSS) FROM:

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

SO430: Sale of Assets Held for Sale and Available-for-Sale Securities**Include:**

1. Profit or loss from the disposition of assets held for sale.
2. Profit or loss from the disposition of available-for-sale securities pursuant to FASB Statement No. 115.

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.

Because you recognize in income the lower-of-cost-or-market adjustments to assets held for sale as they occur, when you sell the assets, you recognize the difference between the recorded value and the net sales proceeds.

Do not include:

1. Gains or losses on trading assets. Report on SO485.
2. Lower-of-cost-or-market adjustments to assets held for sale. Report these adjustments on SO465.

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: Trading Assets (Realized and Unrealized)

To be renamed (in 2008) – “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 Net loss allocable to minority shareholders.
- 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.
2. Servicing fees for loans acquired on a net yield basis. Deduct the servicing fees from related interest income.

SO560: GOODWILL AND OTHER INTANGIBLES EXPENSE

Report write-downs and expense of SC660, Goodwill and Other Intangible Assets.

Include amortization of:

1. Goodwill, an unidentifiable intangible asset, recorded pursuant to APB No. 16 or FASB Statement No. 141.
2. The unidentifiable intangible asset recorded pursuant to FASB Statement No. 72.
3. Core deposit premium, an identifiable intangible asset.
4. Intangible pension assets recorded pursuant to FASB Statement No. 87.
5. Technology-based intangible assets, such as computer software.
6. Other intangible assets, excluding servicing assets.

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

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

Upon adoption of FASB Statement No. 142 in 2002, goodwill recorded pursuant to APB No. 16 or FASB Statement No. 141 will no longer be amortized. However, this unidentifiable intangible asset will continue to be subject to impairment write-downs. The exact adoption date of FASB Statement No. 142 in 2002 will depend on your fiscal year-end.

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

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

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

Include adjustments to valuation allowances on:

1. Real estate owned.
2. Other assets.

Do not include:

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

SO580: OTHER NONINTEREST EXPENSE

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

Memo: Detail of Other Noninterest Expense

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

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

Combine similar accounts with the same code; that is, do not report a code more than once. However, you should not combine unlike accounts in reporting code 99. You may have more than one code 99 if you cannot find codes describing the items you report.

SO581, 583, and 585: Codes

- 01 Deposit Insurance premiums.
- 02 OTS assessments.
- 03 Interest expense on income taxes.
- 04 Interest expense on Treasury tax and loan accounts administered under the note option.
- 05 Forfeited commitment fees on FHLBank advances not taken down by the association.
- 06 Supervisory examination fees.
- 07 Office supplies, printing, and postage.
- 08 Telephone, including data lines.
- 09 Loan origination expense
Include appraisal reports, credit reports, and other similar expenses; also include, as a negative amount, reversals of origination costs when such costs are capitalized.
- 10 ATM expense.
- 11 Adjustments to prior periods (and other immaterial audit adjustments).
- 12 Acquisition and organization costs, including mergers and branch office acquisitions.
- 13 Miscellaneous taxes other than income taxes and real estate taxes.
- 14 Losses from fraud.
- 15 Foreclosure expenses.
- 16 Web site expenses.
- 17 Charitable Contributions.
- 18 Net income allocable to minority shareholders.
- 99 Other. (Use this code only for an item not identified above.)

SO582, 584, and 586: Amounts

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

SO60: INCOME (LOSS) BEFORE INCOME TAXES

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

INCOME TAXES**SO71: TOTAL**

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

SO710: FEDERAL

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

Include:

1. Deficiency payments, penalties.
2. Immaterial adjustments to correct prior period accruals for which the amendment cycle is no longer open.

3. Amortization of prepaid or deferred federal income taxes.
4. Reductions for refunds from prior periods not previously reported.
5. Reductions for NOL carrybacks.

Do not include:

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

SO720: STATE, LOCAL, AND OTHER

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

Include:

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

Do not include:

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

SO81: INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND EFFECTS OF ACCOUNTING CHANGES

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

SO811: EXTRAORDINARY ITEMS, NET OF TAX EFFECT, AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES**To be renamed (in 2008) – “Extraordinary Items, Net of Tax Effect”****Extraordinary Items:**

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

- **Unusual** – To be unusual, an event or transaction must be highly abnormal or clearly unrelated to the ordinary and typical activities of the association. An event or transaction beyond the control of management is not automatically considered unusual.

- **Infrequent** – To be infrequent, an event or transaction should not reasonably be expected to recur in the foreseeable future. Although the past occurrence of an event or transaction provides a basis for estimating the likelihood of its future occurrence, the absence of a past occurrence does not automatically imply that an event or transaction is infrequent.

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

- The excess of fair value over cost of net assets acquired in a purchase business combination (negative goodwill) recognized in earnings at the date of combination;
- Losses that result directly from a major disaster such as an earthquake (except in areas where earthquakes are expected to recur in the foreseeable future);
- Gains or losses from a government expropriation;
- Gains or losses from discontinued operations; or
- Losses from a prohibition under a newly enacted law or regulation.

Do not include:

1. Adjustments to valuation allowances. Report these on SO32, Net Provision for Losses on Interest-Bearing Assets, or SO570, Net Provision for Losses on Noninterest-Bearing Assets, even if the actual loss occurred in a prior period.
2. Audit adjustments for corrections of accruals. For information on correcting prior period errors, see Item 5 in the General Instructions.
3. Adjustments for periods where the cycle is open for amendments to the TFR. Refer to the general instructions for the submission of amended reports.
4. Adjustments related to prior interim periods of your current fiscal year. Report these adjustments currently in the appropriate current income or expense data field.
5. Net income or loss allocable to minority shareholders. Report in SO488, Other Noninterest Income.
6. Gains and losses on extinguishments of debt that do not meet the criteria in APB Opinion No. 30 for classification as an extraordinary item. Generally prepayment penalties should be expensed on SO580, Other Noninterest Expense.

SO91: NET INCOME (LOSS)

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

3. Foreclosed assets that you reported on SC405 through SC430 (Reposessed Assets).
4. Troubled debt restructurings even if you recorded no losses this quarter, but had previous charge-offs.

VA940: Amount this Quarter

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

VA942: Included in Schedule SC in Compliance with Modified Terms

Report the recorded investment reduced by specific valuation allowances of TDRs that remain on the books at the end of the quarter that are not past due or in nonaccrual status, and, therefore, that you do not report in Schedule PD. Report such TDRs regardless of the quarter in which the restructuring took place.

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

This line plus past due and nonaccrual TDRs reported on PD190, PD290, and PD390 should equal your total TDR as of the reporting date.

MORTGAGE LOANS FORECLOSED DURING THE QUARTER

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

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

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

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

Include:

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

Do not include:

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

VA95: Total

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

VA951: Construction

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

Permanent Loans Secured By:**VA952: 1-4 Dwelling Units**

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

VA953: Multifamily (5 or More Dwelling Units)

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

VA954: Nonresidential (Except Land)

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

VA955: Land

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

CLASSIFICATION OF ASSETS

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

End of Quarter Balances:**VA960: Special Mention**

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

VA965: Substandard

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

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.

**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.

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**LD120: 100 or Greater LTV****PAST DUE AND NONACCRUAL BALANCES:**

Report the recorded investment less specific valuation allowances of all past due and nonaccrual mortgages secured by 1-4 family 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 Still Accruing:**30 - 89 Days****LD210: 90 up to 100 LTV****LD220: 100 and Greater LTV****90 Days or More****LD230: 90 up to 100 LTV****LD240: 100 and Greater LTV****Nonaccrual****LD250: 90 up to 100 LTV****LD260: 100 and Greater LTV****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. Include all charge-offs, recoveries and specific valuation allowance activity on high loan-to-value 1-4 family mortgages even if the acquisition and the charge-off took place in the same quarter. Report charge-offs and recoveries if the loan was reported on Schedule LD either in the prior or current quarter.

LD310: 90 up to 100 LTV**LD320: 100 and Greater LTV****PURCHASES**

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

LD410: 90 up to 100 LTV**LD420: 100 and Greater LTV****ORIGINATIONS**

Report the amount disbursed for all high loan-to-value loans secured by 1-4 family 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**LD440: 100 and Greater LTV****SALES**

Report all high loan-to-value loans secured by 1-4 family residential 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**LD460: 100 and Greater LTV****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.

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.

SCHEDULE CF — CONSOLIDATED CASH FLOW INFORMATION

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

GENERAL INSTRUCTIONS

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

MORTGAGE-BACKED SECURITIES

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

PASS-THROUGH:

CF143: Purchases

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

CF145: Sales

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

CF148: Other Balance Changes

Report other balance changes of mortgage pool securities reported on SC210 and SC215. Include cash repayments of principal, adjustments pursuant to FASB Statements 115 and 133, and amortization of

discounts and premiums. Report as negative amounts decreases in the security balance, and as positive amounts, increases in the security balance.

OTHER MORTGAGE-BACKED SECURITIES:

CF153: Purchases

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

CF155: Sales

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

CF158: Other Balance Changes

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

MORTGAGE LOANS

MORTGAGE LOANS DISBURSED:

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

Include:

1. All loans closed in your name. Report all loans closed, even if a third party funds the loans or you immediately transfer the loans to a third party. Include loans whether or not you, an affiliate, or another entity performs the actual closing. Do not report subsequent transfers to you from the closing entity as purchases. This is because you already reported the loans as your originations.
2. Increases in loan balances of existing loans such as the following:
 - a. Disbursement of LIP.
 - b. Disbursement of a previously closed but undisbursed mortgage.
 - c. Negative amortizations.
 - d. Additional disbursements of home equity loans.
 - e. The amount disbursed for refinanced loans.
3. Combination construction-permanent loans both when the construction loan closes and when the loan converts to permanent financing, even if you disburse no new funds.
4. All loans meeting the above definitions, even if you immediately securitize or sell the loans. Also report these loans on CF310 through CF330.

Do not include:

1. Loans closed in the name of an affiliated unconsolidated entity. If you subsequently acquire mortgages closed in the name of an affiliated unconsolidated entity, you should report the acquisition as a purchase on CF280 through CF300.

2. The undisbursed portion of construction and open-end home equity loans. Report as contingencies on Schedule CC.
3. Mortgages closed by brokers under warehouse lines of credit where you closed the loans, but disbursed no money. Report only as you disburse funds as described in item 2 under Include above.

Construction Loans On:

CF190: 1-4 Dwelling Units

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

Do not include:

Construction loans secured by condominium projects. Report on CF200.

CF200: Multifamily (5 or More) Dwelling Units

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

Include:

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

CF210: Nonresidential

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

Permanent Loans On:

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

CF225: 1-4 Dwelling Units

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

CF226: Home Equity and Junior Liens

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

CF245: Multifamily (5 or More) Dwelling Units

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

CF260: Nonresidential (Except Land)

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

CF270: Land

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

Include:

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

Do not include:

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

LOANS AND PARTICIPATIONS PURCHASED, SECURED BY:**Include:**

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

Do not include:

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

CF280: 1-4 Dwelling Units

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

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

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

CF282: Home Equity and Junior Liens

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

CF290: Multifamily (5 or More) Dwelling Units

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

CF300: Nonresidential

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

LOANS AND PARTICIPATIONS SOLD, SECURED BY:**Include:**

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

CF310: 1-4 Dwelling Units

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

CF311: Home Equity and Junior Liens

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

CF320: Multifamily (5 or More) Dwelling Units

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

CF330: Nonresidential

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

CF361: MEMO: REFINANCING LOANS

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

Include:

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

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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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.

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 reported on DI620 and deposits of consolidated subsidiaries eliminated in consolidation and reported on DI640.

DEPOSIT DATA FOR DEPOSIT INSURANCE PREMIUM ASSESSMENTS

GENERAL INSTRUCTIONS

For an interim period covering the March 31, 2007, through December 31, 2007, report dates, each institution must complete either:

- (1) Section I (revised format on an unconsolidated basis);
OR
- (2) Section II (current format).

The revised format will take effect for all institutions on March 31, 2008, at which time the current format will be eliminated. Although the use of the revised format is not required for report dates in 2007, an institution that chooses to begin reporting under the revised format as of any quarter-end report date during the interim period may elect to report, on an unconsolidated basis, quarter-end total deposits and allowable exclusions only (in lines DI510, DI520, and DI530) or quarter-end balances and daily averages for the quarter (in lines DI510, DI520, DI530, DI540, DI550, and DI560). However, once an institution chooses to begin reporting quarter-end total deposits and allowable exclusions under the Section I format in any quarter during the interim period, it must continue to report under the Section I format of Schedule DI each quarter thereafter and may not revert back to the Section II format of Schedule DI. In addition, once an institution begins to report daily averages in any quarter during the interim period, it must continue to report daily averages each quarter thereafter, including in 2008 and subsequent years. The deposit insurance assessment base of an institution that reports daily averages for total deposits and allowable exclusions will be determined using the daily averages rather than the institution's quarter-end balances.

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

For purposes of reporting using the Section II format of Schedule DI and deposit insurance assessments, "time and savings deposits" consists of all transaction accounts other than demand deposits – i.e., NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts – and all nontransaction accounts. However, for all other items in the Thrift Financial Report involving time or savings deposits, a strict distinction, based on Federal Reserve Board Regulation D definitions, is to be maintained between transaction accounts and time and savings accounts.

INSTRUCTIONS FOR SECTION I FORMAT OF SCHEDULE DI

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 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, accrued interest payable on deposits reported in line SC763, and the amounts that would otherwise be reported in lines DI620 through DI730 of Section II (current format) of Schedule DI.

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 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. 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.
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.
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 basis, the total amount of foreign deposits (including International Banking Facility deposits) as of the calendar quarter-end report date included in line DI520.

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 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 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 basis, the total daily average for the quarter of the total amount of foreign deposits (including International Banking Facility deposits) included in line DI550.

SECTION II (IF SECTION I COMPLETED, THIS SECTION NOT REQUIRED)**DI620: OUTSTANDING CHECKS DRAWN AGAINST FHLBANKS AND FEDERAL RESERVE BANKS NOT INCLUDED IN SC710**

Report the amount of outstanding checks drawn on, or payable at or through, Federal Home Loan Banks and Federal Reserve Banks, if you deduct the amount from assets reported on SC110, Cash and Non-interest-earning Deposits, or SC112, Interest-earning Deposits in FHLBs.

Include outstanding checks drawn on non-zero-balance accounts only. Report outstanding checks drawn on zero-balance accounts or accounts not routinely maintained with sufficient balances to cover checks drawn in the normal course of business on SC710, Deposits.

Do not report this amount on DI610, Non-interest-bearing Demand Deposits, because we will add DI620 to DI610 in calculating total demand deposits for purposes of deposit premium assessments.

DEPOSITS OF CONSOLIDATED SUBSIDIARIES:**DI640: Demand Deposits**

Report all demand deposits and demand escrows of subsidiaries held by you that have been eliminated from your assets through consolidation.

The demand deposits and escrows reported here have not been reported in SC710 or SC712, because you eliminated them in consolidation.

If you hold escrows for a consolidated subsidiary and the escrow remains a liability to a third party, you should not eliminate the escrow in consolidation and you should report it on SC712. To avoid double counting these escrows, do not include them on DI640 or DI650. Report only deposits and escrows of subsidiaries that you do not report on either SC710 or SC712.

DI650: Time & Savings Deposits

Report all deposits and escrows of subsidiaries held by you that you have eliminated from your assets through consolidation and have not reported on DI640 as demand deposits. Include the interest accrued and unpaid on such deposits and escrows.

The demand deposits, escrows, and accrued interest reported here have not been reported in SC710, SC712, or SC715, because you eliminated them in consolidation.

If you hold escrows at the thrift level for a consolidated subsidiary, you eliminate the deposit in consolidation, but the escrow remains a liability and you should report it on SC712. To avoid double counting these escrows, do not include them on DI640 or DI650. Report only deposits and escrows that you do not report on either SC710 or SC712.

DI700: ADJUSTMENTS TO DEPOSITS FOR DEPOSITORY INSTITUTION INVESTMENT CONTRACTS AND DEPOSITS IN FOREIGN OFFICES, EDGE AND AGREEMENT SUBSIDIARIES, AND IBFS (INCLUDING ACCRUED INTEREST)

Report the amount of liabilities arising under the following:

1. Investment contracts reported as deposits in Schedule SC, but not treated as insured deposits as defined in Section 11(a)(8) of the Federal Deposit Insurance Act, FDIA. 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.
2. Deposits held either in branches outside of the territories and possessions of the United States or by an Edge or Agreement Subsidiary, or by an International Banking Facility, IBF, including any accrued interest.

Include these contracts and deposits in SC710, Deposits, for reporting purposes. The FDIC will deduct them from deposits on your deposit premium assessment. Also include the related accrued interest that you reported on SC763, Accrued Interest Payable - Deposits.

DI710: ADJUSTMENTS TO DEMAND DEPOSITS FOR RECIPROCAL DEMAND BALANCES WITH COMMERCIAL BANKS AND OTHER SAVINGS ASSOCIATIONS

When reporting deposit liabilities in Schedule SC, you may report reciprocal balances on a net basis when a right of offset exists. However, the Federal Deposit Insurance Act (FDI Act) affects the extent to which you may net reciprocal balances for deposit insurance and FICO assessment purposes. Thus, you may have reported your reciprocal balances, if any, in Schedule SC differently than required for assessment purposes. There are three “reciprocal” situations where you may need to make further adjustment for FDIC and FICO assessment purposes:

1. Those where no right of offset exists.

For each reciprocal demand balance relationship with the domestic offices of U. S. banks and savings associations (and insured branches in Puerto Rico and U. S. territories and possessions) that you reported on a gross basis in Schedule SC (those where no right of offset exists), include the amount by which demand deposits would be reduced if such balances had been reported on a net basis. You cannot include overdrawn balances in this calculation.

2. Those involving cash items in process of collection.

For deposit insurance purposes under the FDI Act, include cash items in process of collection in the net reciprocal calculation. If you did not include cash items in process of collection in the calculation of net reciprocal balances on Schedule SC, include the amount by which demand deposits would be reduced if cash items in process of collection were included in the reporting institution's calculation of net reciprocal demand balances.

3. Those involving foreign banks or offices.

If you reported any reciprocal demand balances with foreign banks and foreign offices of U. S. banks (other than insured branches in Puerto Rico and U. S. territories and possessions) on a net basis on Schedule SC, include as a negative number here the amount by which demand deposits would be increased if these reciprocal demand balances had instead been reported on a gross basis.

OTHER AMOUNTS NECESSARY TO ADJUST DEPOSITS REPORTED ON SC710 (REPORTED IN ACCORDANCE WITH GAAP) TO CONFORM TO THE DEFINITION OF DEPOSITS IN ACCORDANCE WITH THE FEDERAL DEPOSIT INSURANCE ACT:

Generally accepted accounting principles, GAAP, permit savings associations to offset or net assets and liabilities when a right of setoff exists. However, under the FDI Act, you may only net certain specified assets against deposit liabilities for deposit insurance and FICO assessment purposes. Thus, deposits reported on the balance sheet, Schedule SC, and elsewhere in Schedule DI may be different than required for assessment purposes. For example, you may exclude hypothecated demand deposits from the deposit base for premium insurance assessment purposes; and you must include dealer's reserves as deposits under the FDI Act.

Example 1:

A savings association has a \$200,000 asset and a \$500,000 deposit liability for which a right of setoff exists under GAAP. The savings association nets the asset and liability on its balance sheet, Schedule SC, and reports a net \$300,000 deposit liability. The savings association should report \$200,000 on DI720 or DI730, depending on the type of deposit involved in the netting.

Example 2:

A savings association has a \$400,000 asset and a \$250,000 deposit liability for which a right of setoff exists under GAAP. The savings association nets the asset and liability on its balance sheet, Schedule

SC, and reports a net \$150,000 asset. The savings association should report \$250,000 on DI720 or DI730, depending on the type of deposit involved in the netting.

DI720: Adjustment to Demand Deposits (including escrows)

Report all adjustments to demand deposits, as defined in the instructions for DI610, including escrows.

DI730: Adjustment to Time and Savings Deposits (including escrows)

Report all adjustments to deposits not included in DI720.

SCHEDULE SI —SUPPLEMENTAL INFORMATION

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

MISCELLANEOUS:

SI370: NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES

Report the actual number of full-time equivalent employees employed by you and your consolidated subsidiaries. Report the actual whole number; do not round to thousands.

SI375: ASSETS HELD IN TRADING ACCOUNTS

To be renamed (in 2008) – “Financial Assets Held for Trading Purposes”

Financial assets held for trading purposes are defined as securities and other financial assets that are bought and held for the purpose of short term resale or with the intent of benefiting from actual or expected price movements, and carried at fair value with the change in fair value reflected in current earnings. Trading generally reflects active and frequent buying and selling to generate profits in the short-term.

Report financial assets held for trading purposes on this line and also on SI376. Financial assets held for trading purposes reported on this line should include any trading securities accounted for under FASB Statement No. 115 where it is management's intent to actively buy and sell such securities to generate profits in the short term.

SI376: ASSETS RECORDED ON SCHEDULE SC UNDER A FAIR VALUE OPTION**To be renamed (in 2008) – “Financial Assets Carried at Fair Value Through Earnings”**

Report the balance of financial assets carried at fair value where the changes in fair value are reflected in current earnings under FASB Statement No. 115 (for trading securities), No. 133 (for derivatives), No. 155 (for hybrid instruments), and No. 159 (for all other financial assets where the fair value option is elected). Such assets are reported on various lines on Schedule SC and, therefore, the total of all assets reported at fair value is included on SC60. For example, derivative assets are included in SC689.

Include financial assets held for trading purposes on this line. Such assets are also reported on SI375.

Available-for-sale securities are financial assets carried at fair value. However for available-for-sale securities, the changes in fair value are not reflected in current earnings, but rather in other comprehensive income net of any deferred tax impact. Accordingly, do not include the balance of available-for-sale securities on this line. Rather, report such amount on SI385.

Under a “fair value option,” servicing assets may be carried at fair value with the changes in fair value reflected in current earnings. However, servicing assets are not financial assets. Accordingly, do not include the balance of any servicing assets on this line.

SI377: LIABILITIES RECORDED ON SCHEDULE SC UNDER A FAIR VALUE OPTION**To be renamed (in 2008) – “Financial Liabilities Carried at Fair Value Through Earnings”**

Report the balance of financial liabilities carried at fair value where the changes in fair value are reflected in current earnings under FASB Statement No. 133 (for derivatives), No. 155 (for hybrid instruments), and No. 159 (for all other financial liabilities where the fair value option is elected). Such liabilities are reported on various lines on Schedule SC, and therefore the total of all net liabilities reported at fair value is included on SC70. For example, derivative liabilities are included in SC796.

SI385: AVAILABLE-FOR-SALE SECURITIES

Report all investments in debt securities including mortgage securities not classified as held-to-maturity or as trading, and all investments in equity securities that have readily determinable fair values that are accounted for pursuant to FASB Statement No. 115 and are not classified as trading. Do not include equity securities whose sale is restricted by governmental or contractual requirement – for example, FHLB stock. Include amounts reported on SC665, Interest-Only Strip Receivables and Certain Other Instruments, that are not classified as trading pursuant to FASB Statement No. 115.

Report available-for-sale securities at fair value. Exclude unrealized gains and losses from current earnings and report, net of taxes, as a separate component of equity on SC860, Unrealized Gains (Losses) on Available-for-Sale Securities, until realized. In addition, report certain nonsecurity financial instruments, CNFIs, classified as available-for-sale pursuant to FASB Statement No. 115.

Transfer securities from the available-for-sale category to held-to-maturity at fair value as of the date of transfer.

SI387: ASSETS HELD FOR SALE

Report all assets held for sale except securities and repossessed assets. Report assets held for sale at the lower of cost or market, LOCOM. Recognize unrealized losses in current earnings on SO465, Net Income (Loss) from LOCOM Adjustments Made to Assets Held for Sale.

Transfer assets from the "for sale" category to an investment account at the lower-of-cost-or-market as of the date of transfer.

Include:

1. Loans and participations originated or purchased by you with the intent to sell.
2. Assets originally held for investment but now held for sale.
3. Assets held for sale, including real estate and branch offices, whether or not there is an outstanding commitment to sell.

Do not include:

1. Securities, report on SI385.
2. Repossessed assets.

SI390: LOANS SERVICED FOR OTHERS

Report the principal balance of mortgage and nonmortgage whole loans and participating interests in loans serviced by you, but owned by others.

Include:

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

Do not include:

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

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.

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)

The EFS software automatically generates this amount from SO91, Net Income.

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 on SI670.

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 SI670.
3. Capital contributed not connected with a stock issue. Report on SI670.

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

Report other comprehensive income for the quarter.

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.

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

SI668: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments for purposes of the TFR include:

1. Changes to a beginning balance of equity capital pursuant to transition requirements under newly adopted FASB Statements such as SFAS No. 154 and SFAS No. 159.
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 an accounting change under FAS159 and FIN48.

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

Do not include:

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

SI671: OTHER ADJUSTMENTS

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

Include:

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

Do not include:

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

SI680: ENDING EQUITY CAPITAL

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

TRANSACTIONS WITH AFFILIATES:

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

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

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

1. Your parent company.
2. Any company controlled by your parent company that is not a subsidiary of yours (except a bank or thrift subsidiary of yours).
3. Any company that you or another affiliate sponsors or advises.

4. Any company which shares a majority of the same directors with you or your parent company. Information in this section is not made public on an individual institution basis, but is available in the OTS aggregates.

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

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

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

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

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:

SI805: DO YOU SELL PRIVATE-LABEL OR THIRD-PARTY MUTUAL FUNDS AND ANNUITIES?

Respond **Yes** if you, your subsidiaries, affiliates, or an unaffiliated entity sells private label or third party mutual funds or annuities:

1. On your premises;
2. From which you receive income at the time of the sale or over the duration of the account (for example, annual fees, trailer fees, or redemption fees); or

3. Through your trust department in transactions that are **not** executed in a fiduciary capacity (for example, trustee, executor, administrator, or conservator).

Mutual fund is the common name for an open-end investment company whose shares are sold to the investing public.

An **annuity** is an investment product, typically underwritten by an insurance company, that pays either a fixed or variable payment stream over a specified period of time.

Both **proprietary** and **private label** mutual funds and annuities are established for the purpose of marketing primarily to your customers or customers of your affiliates. A **proprietary** product is a product for which the reporting institution or its subsidiary or other affiliate acts as investment adviser and may perform additional support services. In a **private label** product, an unaffiliated entity acts as the investment adviser. The identity of the investment adviser is normally disclosed in the prospectus for a mutual fund or annuity. Mutual funds and annuities that are not proprietary or private label products are considered third party products. For example, third party mutual funds and annuities include products that are widely marketed by numerous parties to the investing public and have investment advisers that are not affiliated with the reporting institution.

SI815: TOTAL ASSETS YOU MANAGE OF PROPRIETARY MUTUAL FUNDS AND ANNUITIES

Report the amount of assets held by mutual funds and annuities as of the report date for which you or your subsidiaries act as investment adviser.

SI860: FEE INCOME FROM THE SALE AND SERVICING OF MUTUAL FUNDS AND ANNUITIES

Report the amount of income that you earned during the quarter from the sale and servicing of mutual funds and annuities.

In general, this income is included in the amount reported on SO420, Other Fees and Charges. Report the income included in this item gross rather than net of expenses incurred by you or your consolidated subsidiary.

Include:

1. Income earned in connection with mutual funds and annuities that are sold on your premises or sold by you, through a subsidiary, or by affiliated or unaffiliated entities from which you receive income. This income may be in the form of fees or sales commissions at the time of the sale or fees, including a share of another entity's fees, that are earned over the duration of the account – for example, annual fees, Rule 12b-1 fees or trailer fees, and redemption fees. Report commissions as income when earned on an accrual basis at the time of the sale. However, you may report income when payment is received if the results would not differ materially from those obtained using an accrual basis.
2. Income from leasing arrangements with affiliated and unaffiliated entities who lease space in your offices for use in selling mutual funds and annuities. Income from leasing arrangements should be reported on an accrual basis, when earned, but may be reported as income when payment is received if the results would not differ materially from those obtained using an accrual basis.
3. Fees for providing investment advisory services for mutual funds and annuities that are sold on your premises or sold, through a subsidiary, or by affiliated or unaffiliated entities from which you receive income.
4. Fees for providing securities custody, transfer agent, and other operational and ancillary services to mutual funds and annuities that are sold on bank premises or sold by you, through a subsidiary, or by affiliated or unaffiliated entities from which you receive income.

Do Not Include:

1. Fees earned for services provided to mutual funds that are not sold by you, through a subsidiary, or by affiliated or unaffiliated entities with whom the savings association has sales relationships.
2. Do not include mutual fund and annuity fee income reported in Schedule FS.

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.

- c. 100 percent of reported amount.
1. For nonmortgage servicing assets and PCCRs, as a separate sub-limit — include in capital the lesser of the following:
 - a. 25 percent of Tier 1 (core) capital.
 - b. 90 percent of fair value.
 - c. 100 percent of reported amount.

Accordingly, on CCR133, include the amount of servicing assets reported on SC642 and SC644 (that are not in a nonincludable subsidiary) and PCCRs included on SC660 that exceed the above limitations.

For purposes of the 25 percent and 100 percent of Tier 1 (core) capital limitations above, base the deduction on a Tier 1 (core) capital subtotal before the deduction. In addition, in computing the deduction for the 25 percent and 100 percent limitations, you may reduce the amount of servicing assets by any corresponding deferred tax liability.

Disallowed Deferred Tax Assets

If regulatory capital includes disallowed deferred tax assets, include the amount of the disallowed deferred tax assets on this line. To the extent that realizing deferred tax assets depends on your future taxable income (exclusive of reversing temporary differences and carryforwards), or your tax planning strategies, such deferred tax assets are limited for regulatory capital purposes to the lesser of the following:

1. The amount that you can realize within one year.
2. 10 percent of Tier 1 (core) capital.

Accordingly, disallowed deferred tax assets is that amount includable in assets under GAAP, but **not** includable in regulatory capital pursuant to OTS policy. The deferred tax asset subject to the limitation is the net deferred tax asset or liability included on Schedule SC, adjusted for the deferred tax asset or liability added to or subtracted from total assets related to the following:

1. Accumulated gains and losses on certain AFS securities and cash flow hedges on CCR280.
2. Goodwill and other intangible assets on CCR265 and CCR285.
3. Servicing assets on CCR270.

Note: You can generally realize deferred tax assets without limitation from the following sources:

1. Taxes paid in prior carry-back years.
2. Future reversals of existing taxable temporary differences.

For purposes of the 10 percent of Tier 1 (core) capital limitation above, base the deduction on a Tier 1 (Core) capital subtotal before the deduction.

Disallowed Residual Interests

Include on this line that portion of credit-enhancing interest-only strips (as defined) reported on SI402 that must be deducted in computing Tier 1 capital, pursuant to 12 CFR Part 567. With certain exceptions provided for in the regulation, you must deduct from equity capital the amount of any credit-enhancing interest-only strips that exceeds 25% of Tier 1 capital before the deduction. In computing the deduction, you may reduce the amount by any corresponding deferred tax liability.

CCR134: Other

Report other items required to be deducted from Tier 1 Capital not included in CCR105 through CCR133.

Include the accumulated net increase in retained earnings (equity capital) resulting from certain net gains reported on SO485; specifically, those gains, net of losses, on liabilities carried at fair value, net of income taxes, that are attributable to changes in the savings association's own creditworthiness.

Add:**CCR180: Accumulated Losses (Gains) on Certain Available-For-Sale Securities and Cash Flow Hedges, Net of Taxes**

Report on this line:

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

Equity capital on SC80 includes a separate component for accumulated, unrealized gains and losses, net of income taxes, on AFS securities. See SC860, Unrealized Gains (Losses) on Available-for-sale Securities. However, you cannot include most of that separate component of equity capital in regulatory capital, as specified below.

For regulatory capital purposes on Schedule CCR, but not for reporting purposes on Schedule SC:

- Report aggregate AFS **debt** securities at amortized cost, not at fair value.
- Report aggregate AFS **equity** securities at the lower of cost or fair value, not at fair value.

Report on CCR180 the amount on SC860, Unrealized Gains (Losses) on Available-for-Sale Securities, adjusted for losses on certain equity securities, as follows:

- SC860, Unrealized Gains (Losses) on Available-for-Sale Securities
- Plus: As a positive number, any portion of the amount on SC860 that represents unrealized **losses** on **equity** securities (but not debt securities), net of gains and net of income taxes.

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

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

Report the result on CCR180 as follows:

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

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

CCR185: Intangible Assets

Report PCCRs included on SC660 as well as on CCR115.

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

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

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

CCR195: Other

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

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, CCR190, and CCR195.

CALCULATION OF ADJUSTED TOTAL ASSETS**CCR205: Total Assets**

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

Deduct:**CCR260: Assets of "Nonincludable" Subsidiaries**

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

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

CCR265: Goodwill and Certain Other Intangible Assets

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

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

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

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

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

CCR275: Other

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

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

Report on this line:

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

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

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

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

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

Report the result on CCR280 as follows:

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

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

CCR285: Intangible Assets

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

CCR290: Other

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

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;
3. Any other equity instruments reported on CCR134 except preferred stock that is, in effect, collateralized by assets of the reporting savings association; and
4. Minority interest reported on SC800, Minority Interest, in excess of the amount included in Tier 1 (core) capital on CCR190.

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.

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.
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