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**Draft Instructions
for Proposed Call Report Revisions
for March and June 2012**

Draft as of December 29, 2011

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Draft Instructions for Proposed Call Report Revisions for March and June 2012

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NOTE: These draft instructions, which are subject to change, apply to the proposed Call Report revisions for March and June 2012 that are described in the banking agencies' initial Federal Register notice published on November 21, 2011 (http://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_20111121_ifr.pdf). In addition, the proposed Call Report revisions for 2012 are subject to approval by the U.S. Office of Management and Budget.

Questions and comments concerning these draft instructions may be submitted to the FFIEC by going to <http://www.ffiec.gov/contact/default.aspx>, clicking on "Reporting Forms" under the "Reports" caption on the Web page, and completing the Feedback Form.

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Draft Instructions for Proposed Call Report Revisions for March 2012

Schedule RC-M – Memoranda

Item No. **Caption and Instructions**

- 15** **Qualified Thrift Lender (QTL) test.** Items 15.a and 15.b are to be completed by all savings associations and by those state savings banks and cooperative banks that have applied and have been permitted, under Section 10(l) of the Home Owners' Loan Act (HOLA) (12 U.S.C. 1467a(l)), to be deemed a savings association for purposes of holding company regulation.

The QTL test has been in place since it was enacted as part of the Competitive Equality Banking Act of 1987. To be a QTL, a savings association (or a state savings or cooperative bank that has elected to be treated as a QTL) must either meet the HOLA QTL test (12 U.S.C. 1467a(m)) or the Internal Revenue Service (IRS) Domestic Building and Loan Association (DBLA) test (26 CFR 301.7701-13A). Under the HOLA QTL test, an institution must hold "Qualified Thrift Investments" equal to at least 65 percent of its portfolio assets. To be a QTL under the IRS DBLA test, an institution must meet a "business operations test" and a "60 percent of assets test." An institution may use either test to qualify and may switch from one test to the other. However, the institution must meet the time requirements of the respective test, which is nine out of the last 12 months for the HOLA QTL test or the taxable year (which may be either a calendar or fiscal year) for the IRS DBLA test. A savings association (or a state savings or cooperative bank that has elected to be treated as a QTL) that fails to meet the QTL requirements is subject to certain restrictions, including limits on activities, branching, and dividends.

- 15.a** **Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance?** Indicate the test that the reporting institution uses to determine its compliance with the QTL requirements. For the HOLA QTL test, enter the number "1"; for the IRS DBLA test, enter the number "2."

- 15.b** **Has the institution been in compliance with the HOLA QTL test as of each month end during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?** Indicate whether the reporting institution has been in compliance with the HOLA QTL test as of each month end during the quarter ending with the report date or the IRS DBLA test for its most recent taxable year, as applicable. Place an "X" in the box marked "Yes" if the institution has been in compliance with the applicable test for the specified period. Otherwise, place an "X" in the box marked "No."

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments

Memoranda

Item No. **Caption and Instructions**

- 1 Total deposit liabilities of the bank, including related interest accrued and unpaid, less allowable exclusions, including related interest accrued and unpaid.** Memorandum items 1.a.(1) through 1.d.(2) are to be completed each quarter. These Memorandum items should be reported on an unconsolidated single FDIC certificate number basis.

The sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1, "Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations," less item 2, "Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits)." Accordingly, all amounts included in the bank's total deposit liabilities less allowable exclusions, not just those included in its "Deposits in domestic offices" (reported in Schedule RC, item 13.a), should be reported in the appropriate subitem of Memorandum item 1. For example, the interest accrued and unpaid on a deposit account (that is not an allowable exclusion) should be reported together with the deposit account in Memorandum item 1.a.(1), 1.b.(1), 1.c.(1), or 1.d.(1), as appropriate.

The dollar amounts used as the basis for reporting the number and amount of deposit accounts in Memorandum items 1.a.(1) through 1.d.(2) reflect the deposit insurance limits of \$250,000 for "retirement deposit accounts" and \$250,000 for other deposit accounts.

"Retirement deposit accounts" that are eligible for \$250,000 in deposit insurance coverage are deposits made in connection with the following types of retirement plans:

- Individual Retirement Accounts (IRAs), including traditional and Roth IRAs;
- Simplified Employee Pension (SEP) plans;
- "Section 457" deferred compensation plans;
- Self-directed Keogh (HR 10) plans; and
- Self-directed defined contribution plans, which are primarily 401(k) plan accounts.

The term "self-directed" means that the plan participants have the right to direct how their funds are invested, including the ability to direct that the funds be deposited at an FDIC-insured institution.

Retirement deposit accounts exclude Coverdell Education Savings Accounts, formerly known as Education IRAs.

In some cases, brokered certificates of deposit are issued in \$1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds \$250,000. For these so-called "retail brokered deposits," multiple purchases by individual depositors from an individual bank normally do not exceed the applicable deposit insurance limit (\$250,000), but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the bank issuing the deposits. If this information is not readily available to the issuing bank, these brokered certificates of deposit in \$1,000 amounts may be rebuttably presumed to be fully insured and should be reported as "Deposit accounts of \$250,000 or less" in Schedule RC-O, Memorandum item 1.a, below. In addition, when determining the number of deposit accounts of \$250,000 or less to be reported in Schedule RC-O, Memorandum item 1.a.(2), the issuing institution should count each such master certificate of deposit as one account, not as multiple accounts.

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. Caption and Instructions

1
(cont.) Some brokered deposits are transaction accounts or money market deposit accounts (MMDAs) that are denominated in amounts of \$0.01 and established and maintained by the deposit broker (or its agent) as agent, custodian, or other fiduciary for the broker's customers. An individual depositor's deposits within the brokered transaction account or MMDA normally do not exceed the applicable deposit insurance limit. As with retail brokered deposits, if information on these depositors and their account ownership capacity is not readily available to the bank establishing the transaction account or MMDA, the amounts in the transaction account or MMDA may be rebuttably presumed to be fully insured and should be reported as "Deposit accounts of \$250,000 or less" in Schedule RC-O, Memorandum item 1.a, below. In addition, when determining the number of deposit accounts of \$250,000 or less to be reported in Schedule RC-O, Memorandum item 1.a.(2), the issuing institution should count each such brokered transaction account or MMDA as one account, not as multiple accounts.

Time deposits issued to deposit brokers in the form of large (\$250,000 or more) certificates of deposit that have been participated out by the broker in shares of less than \$250,000 should also be reported as "Deposit accounts of \$250,000 or less" in Schedule RC-O, Memorandum item 1.a, below. In addition, when determining the number of deposit accounts of \$250,000 or less to be reported in Schedule RC-O, Memorandum item 1.a.(2), the issuing institution should count each such brokered certificate of deposit as one account, not as multiple accounts.

When determining the number and size of deposit accounts, each individual certificate, passbook, account, and other evidence of deposit is to be treated as a separate account. For purposes of completing this Memorandum item, multiple accounts of the same depositor should not be aggregated. In situations where a bank assigns a single account number to each depositor so that one account number may represent multiple deposit contracts between the bank and the depositor (e.g., one demand deposit account, one money market deposit account, and three certificates of deposit), each deposit contract is a separate account.

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Schedule RC-R – Regulatory Capital

Item No. Caption and Instructions

22 **Total assets.** For banks, report the bank’s average total assets as reported in Schedule RC-K, item 9. For savings associations, report the association’s total assets from Schedule RC, item 12.

* * * * *

26 **Other additions to (deductions from) assets for leverage capital purposes.** Based on the capital guidelines of the reporting institution’s primary federal supervisory authority, report the amount of any additions to or deductions from total assets for leverage capital purposes that are not included in Schedule RC-R, items 23 through 25, above. If the amount to be reported in this item is a net deduction from assets, enclose the amount in parentheses.

Include as a deduction the amount of any other assets that are deducted in determining Tier 1 capital in accordance with the capital standards issued by the reporting institution’s primary federal supervisory authority. Include the amount of any disallowed credit-enhancing interest-only strips from Schedule RC-R, item 10, above. Also include the adjusted carrying value of any nonfinancial equity investments for which a Tier 1 capital deduction is included in Schedule RC-R, item 10, above.

Savings associations should include in this item the net unrealized gains (losses) on available-for-sale securities reported in Schedule RC-R, item 2. If net unrealized gains are reported in item 2, include the amount of these gains as a deduction from total assets. If net unrealized losses are reported in item 2, include the amount of these losses as an addition to total assets. In addition, savings associations that report a net unrealized loss on available-for-sale equity securities in Schedule RC-R, item 3, should include the amount of this loss as a deduction from total assets in this item. The combined effect of these adjustments is to treat net unrealized gains (losses) on available-for-sale debt securities as a deduction from (addition to) total assets for leverage capital purposes and net unrealized gains on available-for-sale equity securities as a deduction from total assets for leverage capital purposes (because such gains (losses) – which are also reported as a component of Schedule RC, item 26.b, "Accumulated other comprehensive income" – are excluded from Tier 1 capital) while not adjusting total assets for net unrealized losses on available-for-sale equity securities (because such losses are deducted from Tier 1 capital).

Savings associations should include in this item the amount included in total assets for the gains (losses) on derivative instruments with positive fair values (i.e., derivative assets) designated and qualifying as cash flow hedges that is also reflected in Schedule RC-R, item 4, "Accumulated net gains (losses) on cash flow hedges." Do not include any amounts associated with derivative instruments with negative fair values (i.e., derivative liabilities). If the amount included in total assets represents net gains on derivative assets, include this amount as a deduction from total assets. If the amount included in total assets represents net losses on derivative assets, include this amount as an addition to total assets.

Savings associations with includable subsidiaries should include as an addition to total assets the prorated assets of any includable subsidiary in which the association has a minority ownership interest that is not consolidated under generally accepted accounting principles in Schedule RC – Balance Sheet.

Savings associations with nonincludable subsidiaries should include as a deduction from total assets the entire amount of the assets of these subsidiaries that are included in assets on Schedule RC – Balance Sheet, but are deducted from assets for leverage capital purposes.

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Schedule RC-R – Regulatory Capital (cont.)

26 For consolidated subsidiaries, this amount should equal the total assets of the subsidiary less
(cont.) any assets eliminated in consolidation. For subsidiaries accounted for under the equity
method, this amount should equal the association's investment in the subsidiary plus all
advances to the subsidiary.

Banks with financial subsidiaries should exclude from this item adjustments to average total
assets for the deconsolidation of such subsidiaries. Adjustments to average total assets for
financial subsidiaries should be reported in Schedule RC-R, item 30, below.

27 **Total assets for leverage capital purposes.** Report the sum of Schedule RC-R, items 22
and 26, less items 23 through 25.

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Glossary

Capital Contributions of Cash and Notes Receivable: An institution may receive cash or a note receivable as a contribution to its equity capital. The transaction may be a sale of capital stock or a contribution to paid-in capital (surplus), both of which are referred to hereafter as capital contributions. The accounting for capital contributions in the form of notes receivable is set forth in ASC Subtopic 505-10, Equity – Overall (formerly EITF Issue No. 85-1, “Classifying Notes Received for Capital Stock”) and SEC Staff Accounting Bulletin No. 107 (Topic 4.E., Receivables from Sale of Stock, in the Codification of Staff Accounting Bulletins). This Glossary entry does not address other forms of capital contributions, for example, nonmonetary contributions to equity capital such as a building.

A capital contribution of cash should be recorded in an institution’s financial statements and Consolidated Reports of Condition and Income when received. Therefore, a capital contribution of cash prior to a quarter-end report date should be reported as an increase in equity capital in the institution’s reports for that quarter (in Schedule RI-A, item 5 or 11, as appropriate). A contribution of cash after quarter-end should not be reflected as an increase in the equity capital of an earlier reporting period.

When an institution receives a note receivable rather than cash as a capital contribution, ASC Subtopic 505-10 states that it is generally not appropriate to report the note as an asset. As a consequence, the predominant practice is to offset the note and the capital contribution in the equity capital section of the balance sheet, i.e., the note receivable is reported as a reduction of equity capital. In this situation, the capital stock issued or the contribution to paid-in capital should be reported in Schedule RC, item 23, 24, or 25, as appropriate, and the note receivable should be reported as a deduction from equity capital in Schedule RC, item 26.c, “Other equity capital components.” No net increase in equity capital should be reported in Schedule RI-A, Changes in Bank Equity Capital. In addition, when a note receivable is offset in the equity capital section of the balance sheet, accrued interest receivable on the note also should be offset in equity (and reported as a deduction from equity capital in Schedule RC, item 26.c), consistent with the guidance in ASC Subtopic 505-10. Because a nonreciprocal transfer from an owner or another party to an institution does not typically result in the recognition of income or expense, the accrual of interest on a note receivable that has been reported as a deduction from equity capital should be reported as additional paid-in capital rather than interest income.

However, ASC Subtopic 505-10 provides that an institution may record a note received as a capital contribution as an asset, rather than a reduction of equity capital, only if the note is collected in cash “before the financial statements are issued.” The note receivable must also satisfy the existence criteria described below. When these conditions are met, the note receivable should be reported separately from an institution’s other loans and receivables in Schedule RC-F, item 6, “All other assets,” and individually itemized and described in accordance with the instructions for item 6, if appropriate.

For purposes of these reports, the financial statements are considered issued at the earliest of the following dates:

- (1) The submission deadline for the Consolidated Reports of Condition and Income (30 calendar days after the quarter-end report date, except for an institution that has more than one foreign office, other than a “shell” branch or an International Banking Facility, for which the deadline is 35 calendar days after quarter-end);
- (2) Any other public financial statement filing deadline to which the institution or its parent holding company is subject; or
- (3) The actual filing date of the institution’s public financial reports, including the filing of its Consolidated Reports of Condition and Income or a public securities filing by the institution or its parent holding company.

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Capital Contributions of Cash and Notes Receivable (cont.):

To be reported as an asset, rather than a reduction of equity capital, as of a quarter-end report date, a note received as a capital contribution (that is collected in cash as described above) must meet the definition of an asset under generally accepted accounting principles by satisfying all of the following existence criteria:

- (1) There must be written documentation providing evidence that the note was contributed to the institution prior to the quarter-end report date by those with authority to make such a capital contribution on behalf of the issuer of the note (e.g., if the contribution is by the institution's parent holding company, those in authority would be the holding company's board of directors or its chief executive officer or chief financial officer);
- (2) The note must be a legally binding obligation of the issuer to fund a fixed and determinable amount by a specified date; and
- (3) The note must be executed and enforceable before quarter-end.

Although an institution's parent holding company may have a general intent to, or may have entered into a capital maintenance agreement with the institution that calls for it to, maintain the institution's capital at a specified level, this general intent or agreement alone would not constitute evidence that a note receivable existed at quarter-end. Furthermore, if a note receivable for a capital contribution obligates the note issuer to pay a variable amount, the institution must offset the note and equity capital. Similarly, an obligor's issuance of several notes having fixed face amounts, taken together, would be considered a single note receivable having a variable payment amount, which would require all the notes to be offset in equity capital as of the quarter-end report date.

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Draft Instructions for Proposed Call Report Revisions for June 2012

Schedule RI-C – Disaggregated Data on the Allowance for Loan and Lease Losses

General Instructions

Schedule RI-C is to be completed by institutions with \$1 billion or more in total assets.

This schedule has six columns for information on the balance in the allowance for loan and lease losses at the end of each quarter disaggregated on the basis of the reporting institution's impairment method and the related recorded investment in loans and, as applicable, leases held for investment (excluding loans that the institution has elected to report at fair value under a fair value option) disaggregated in the same manner: two columns for information on loans individually evaluated for impairment, two columns for information on loans and leases collectively evaluated for impairment, and two columns for purchased credit-impaired loans. For further information on loan impairment methods, see the Glossary entries for "loan impairment" and "purchased impaired loans and debt securities."

Loans and leases held for investment are loans and leases that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff,

Column Instructions

Columns A and B: For each of the specified categories of loans held for investment, report in column A the recorded investment in individually evaluated loans that have been determined to be impaired as defined in ASC Subtopic 310-10, Receivables – Overall (formerly FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan," as amended), including all loans restructured in troubled debt restructurings, and report in column B the balance of the allowance for loan and lease losses attributable to these individually impaired loans measured in accordance with ASC Subtopic 310-10.

Columns C and D: For each of the specified categories of loans and leases held for investment, report in column C the recorded investment in loans and leases that have been collectively evaluated for impairment in accordance with ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies") and report in column D the balance in the allowance for loan and lease losses attributable to these collectively evaluated loans and leases measured in accordance with ASC Subtopic 450-20.

Columns E and F: For each of the specified categories of loans held for investment, report in column E the recorded investment in purchased credit-impaired loans as defined in ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer") and report in column F the balance in the allowance for loan and lease losses attributable to these purchased credit-impaired loans measured in accordance with ASC Subtopic 310-30.

Item Instructions

Item No. Caption and Instructions

1 Loans secured by real estate:

1.a Construction, land development, and other land loans (in domestic offices). Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the

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Schedule RI-C – Disaggregated Data on the Allowance for Loan and Lease Losses (cont.)

<u>Item No.</u>	<u>Caption and Instructions</u>
1.a (cont.)	allowance for loan and lease losses for and the related recorded investment in held-for-investment construction, land development, and other land loans (in domestic offices) (as defined for Schedule RC-C, part I, item 1.a). Exclude loans that the institution has elected to report at fair value under a fair value option.
1.b	<u>Secured by 1-4 family residential properties (in domestic offices).</u> Report in the appropriate subitem and column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.c).
1.b.(1)	<u>Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.</u> Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment credits extended under revolving, open-end lines of credit secured by 1-to-4 family residential properties (as defined for Schedule RC-C, part I, item 1.c.(1)). Exclude loans that the institution has elected to report at fair value under a fair value option.
1.b.(2)	<u>Closed-end loans secured by 1-4 family residential properties.</u> Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment closed-end loans secured by 1-to-4 family residential properties, i.e., closed-end first mortgages and junior liens (as defined for Schedule RC-C, part I, item 1.c.(2)). Exclude loans that the institution has elected to report at fair value under a fair value option.
1.c	<u>Secured by multifamily (5 or more) residential properties (in domestic offices).</u> Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens (as defined for Schedule RC-C, part I, item 1.d). Exclude loans that the institution has elected to report at fair value under a fair value option.
1.d	<u>Secured by nonfarm nonresidential properties (in domestic offices).</u> Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment loans secured by real estate as evidenced by mortgages or other liens on nonfarm nonresidential properties (as defined for Schedule RC-C, part I, item 1.e). Exclude loans that the institution has elected to report at fair value under a fair value option.
2	<u>Commercial and industrial loans.</u> Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment commercial and industrial loans (as defined for Schedule RC-C, part I, item 4). Exclude loans that the institution has elected to report at fair value under a fair value option.
3	<u>Loans to individuals for household, family, and other personal expenditures.</u> Report in the appropriate subitem and column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment credit extended to individuals for household, family, and other personal expenditures that does not meet the definition of a “loan secured by real estate” (as defined for Schedule RC-C, part I, item 6).

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Schedule RI-C – Disaggregated Data on the Allowance for Loan and Lease Losses (cont.)

Item No. Caption and Instructions

- 3.a** **Credit cards.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (as defined for Schedule RC-C, part I, item 6.a). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 3.b** **Other consumer loans.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all other held-for-investment loans to individuals for household, family, and other personal expenditures (other than those that meet the definition of a “loan secured by real estate” and other than those for purchasing or carrying securities) (as defined for Schedule RC-C, part I, items 6.b, 6.c, and 6.d). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 4** **All other loans and all lease financing receivables.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all other held-for-investment loans and all held-for-investment lease financing receivables (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, 9, and 10). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 5** **Unallocated, if any.** Report in column D the amount of any unallocated portion of the allowance for loan and lease losses for loans collectively evaluated for impairment. An institution is not required to have an unallocated portion of the allowance.
- 6** **Total.** For each column, report the sum of items 1 through 5. The sum of the amounts reported in item 6, columns B, D, and F must equal Schedule RC, item 4.c. The amount reported in column F must equal Schedule RI-B, part II, Memorandum item 4. The sum of the amounts reported in item 6, columns A, C, and E plus the amount reported in Schedule RC-Q, item 4, column A, must equal Schedule RC, item 4.b, “Loans and leases, net of unearned income.”

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Schedule RC-N – Past Due and Nonaccrual Loans, Leases, and Other Assets

Memoranda

Item No. Caption and Instructions

NOTE: Memorandum items 9.a and 9.b are to be completed by all institutions.

- 9** **Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).** Report in the appropriate subitem and column the outstanding balance and carrying amount of "purchased credit-impaired loans" reported as held for investment in Schedule RC-C, part I, Memorandum items 7.a and 7.b, respectively, that are past due 30 days or more or are in nonaccrual status as of the report date. The carrying amount of such loans will have been included by loan category in items 1 through 7 of Schedule RC-N, above. Purchased credit-impaired loans are accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"). Purchased credit-impaired loans are loans that an institution has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the institution will be unable to collect all contractually required payments receivable. Loans held for investment are those that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff.
- 9.a** **Outstanding balance.** Report in the appropriate column the outstanding balance of all purchased credit-impaired loans reported as held for investment in Schedule RC-C, part I, Memorandum item 7.a, that are past due 30 days or more or are in nonaccrual status as of the report date. 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 institution at the report date, whether or not currently due and whether or not any such amounts have been charged off by the institution. 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.
- 9.b** **Carrying amount included in Schedule RC-N, items 1 through 7, above.** Report in the appropriate column the carrying amount (before any allowances established after acquisition for decreases in cash flows expected to be collected) of, i.e., the recorded investment in, all purchased credit-impaired loans reported as held for investment in Schedule RC-C, part I, Memorandum item 7.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

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Schedule RC-P – 1-4 Family Residential Mortgage Banking Activities

Item No. **Caption and Instructions**

7 **Representation and warranty reserves for 1-4 family residential mortgage loans sold.**

When an institution sells or securitizes mortgage loans, it typically makes certain representations and warranties to the investors or other purchasers of the loans at the time of the sale and to financial guarantors of the loans sold. The specific representations and warranties may relate to the ownership of the loan, the validity of the lien securing the loan, and the loan's compliance with specified underwriting standards. Under ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies"), an institution is required to accrue loss contingencies relating to the representations and warranties made in connection with its mortgage securitization activities and mortgage loan sales when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

Report in the appropriate subitem the amount of representation and warranty reserves included in Schedule RC-G, "All other liabilities," that the institution maintains for 1-4 family residential mortgage loans sold, including those mortgage loans transferred in securitizations accounted for as sales.

7.a **For representations and warranties made to U.S. Government agencies and Government-sponsored agencies.** Report the amount of reserves that the institution maintains for representations and warranties made to U.S. Government agencies and Government-sponsored agencies in connection with sales of 1-4 family residential mortgage loans, including mortgage loans transferred in securitizations accounted for as sales.

U.S. Government agencies and Government-sponsored agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA).

7.b **For representations and warranties made to other parties.** Report the amount of reserves that the institution maintains for representations and warranties made to parties other than U.S. Government agencies and Government-sponsored agencies in connection with sales of 1-4 family residential mortgage loans, including mortgage loans transferred in securitizations accounted for as sales.

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Schedule RC-U – Loan Origination Activity (in Domestic Offices)

NOTE: These draft instructions correct the scope of proposed Schedule RC-U described in the agencies' November 21, 2011, Federal Register notice on the proposed Call Report revisions for 2012. The data to be reported in proposed Schedule RC-U cover origination activity in domestic offices only. Thus, on the FFIEC 031 version of the Call Report for institutions with domestic and foreign offices, Schedule RC-U should not include origination activity in foreign offices.

General Instructions

Schedule RC-U is to be completed by institutions with \$300 million or more in total assets.

For the purposes of reporting loan origination activity in Schedule RC-U, institutions should report the loan amounts reported in Schedule RC-C, part I, as of the quarter-end report date of loans (held in domestic offices) that were originated during the calendar quarter that ended on the report date. On the FFIEC 031, include loan origination activity in domestic offices only.

Column A of Schedule RC-U is to be completed by institutions with \$300 million or more in total assets. Columns B and C of Schedule RC-U are to be completed by institutions with \$1 billion or more in total assets.

Definitions

The term "reporting period" is defined for purposes of Schedule RC-U as the calendar quarter ending on the report date.

A "newly-established commitment" is defined as a commitment for which the terms were finalized and the line first became available for use during the reporting period. For the definition of "commitment," see the instructions for Schedule RC-L, item 1.

Column Instructions

Column A, Amount Reported in Schedule RC-C, Part I, That Was Originated During the Quarter: For the specified loan categories, report the balance-sheet amount of loans held (in domestic offices) on the quarter-end report date – that is, the portion of the amount reported in Schedule RC-C, part I (column B on the FFIEC 031), – that was originated during the reporting period. Loan originations include amounts disbursed during the reporting period under commitments or revolving credit agreements that previously existed or were newly established or revised during the reporting period (including commitments and revolving credit agreements that were renegotiated, refinanced, converted, or renewed) as well as amounts disbursed during the reporting period, but not under a commitment or revolving credit agreement. If a loan was originated under a commitment or revolving credit agreement, but the date of the commitment or revolving credit agreement is not known to the reporting institution, it should use the date as of which the loan was first recognized as an asset by the reporting institution as the date of the commitment or revolving credit agreement.

Include in column A:

- New loan extensions, including those funded under previously existing and newly established commitments and revolving credit agreements, and notes written under previously existing and newly established credit lines. For loans funded under previously existing revolving credit agreements or commitments, report only the amounts that were newly disbursed during the reporting period and remained outstanding and were reported in Schedule RC-C, part I, on the quarter-end report date.
- New loans, including those that were newly renegotiated, refinanced, converted, or renewed during the reporting period. Include outstanding amounts of new loans under revolving, term, or other credit agreements that replace, or roll over, prior loans that have matured, been refinanced, or whose terms

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Schedule RC-U – Loan Origination Activity (in Domestic Offices) (cont.)

Column Instructions (cont.)

have been renegotiated. Include the entire portion of such new loans that remained outstanding and were reported in Schedule RC-C, part I, on the quarter-end report date.

- Loans disbursed during the reporting period that remained outstanding at quarter end and were reported in Schedule RC-C, part I, on the quarter-end report date.
- The bank's portion of drawn loan participations and syndications when such funds were disbursed during the reporting period and remained outstanding and were reported in Schedule RC-C, part I, on the quarter-end report date. See the Glossary entry for "syndications" for the definition of this term.
- The amount reported in Schedule RC-C, part I, on the quarter-end report date for loans purchased during the reporting period if the date of the original extension of credit was during the reporting period or if the date of the original extension of credit is not known to the reporting institution.

Exclude from column A:

- Loan amounts held in foreign offices of the reporting institution.
- Loan amounts outstanding at quarter end that were not disbursed during the reporting period. For example, exclude amounts outstanding at quarter end under previously existing revolving credit agreements or commitments that were not disbursed during the reporting period.
- Loan amounts disbursed during the reporting period that were not outstanding at quarter end. For example, exclude amounts extended during the reporting period under previously existing or newly established revolving credit agreements or commitments that were repaid in full before the quarter end report date.
- Loans that were repriced under existing terms during the reporting period when no additional funds were disbursed during the reporting period. For example, a previously outstanding loan advance that has an interest rate tied to the prime rate should not be included in column A when the prime rate changes and the loan is repriced during the reporting period. Similarly, a previously outstanding loan that is repriced during the reporting period in accordance with a lending grid (for example, a loan rate tied to a borrower's financial ratios or bond rating) should not be included when it is repriced during the reporting period. In either case, only any additional funds that were disbursed under such standing agreements during the reporting period and remained outstanding at quarter end and were reported in Schedule RC-C, part I, should be included in column A.

Column B, Amount Reported in Column A That Was Originated Under a Newly-Established

Commitment: For the specified loan categories, report the balance-sheet amount of loans originated during the reporting period and held (in domestic offices) on the quarter-end report date – that is, the portion of the amount reported in Schedule RC-U, column A – that was originated under a newly-established commitment or revolving credit agreement. For purposes of reporting in Schedule RC-U, include commitments and revolving credit agreements that were renewed during the reporting period as newly-established.

Column C, Amount Reported in Column A That Was Not Originated Under a Commitment: For the specified loan categories, report the balance-sheet amount of loans originated during the reporting period and held (in domestic offices) on the quarter-end report date – that is, the portion of the amount reported in Schedule RC-U, column A – that was not originated under a commitment or revolving credit agreement, either newly-established or previously-existing. For example, include in column C a one-time extension of a term loan to a new customer.

For institutions with \$1 billion or more in total assets, the sum of the amounts reported in columns B and C of Schedule RC-U must be less than or equal to the amount reported in column A. The difference between the sum of the amounts reported in columns B and C and the amount reported in column A represents the balance-sheet amount of loans originated during the reporting period and held (in domestic offices) on the quarter-end report date – that is, the portion of the amount reported in

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Schedule RC-U – Loan Origination Activity (in Domestic Offices) (cont.)

Column Instructions (cont.)

Schedule RC-U, column A – that was originated under a previously-existing commitment or revolving credit agreement.

The following are examples of the application of the preceding column instructions. In each example, the loan is held in a domestic office. References to reporting in columns B and C of Schedule RC-U in these examples apply only to institutions with \$1 billion or more in total assets.

- (1) An institution originated a loan for \$1.2 million in January. The loan was not made under a commitment. At the end of March, the loan had been paid down and its balance-sheet amount was \$1 million. In its March Call Report, the institution should report \$1 million, the balance-sheet amount on the quarter-end report date that had been disbursed during the reporting period, both in Schedule RC-C, part I, and in Schedule RC-U, columns A and C. During the second quarter, no additional funds were disbursed under this loan agreement. At the end of June, the loan had been paid down further and its balance-sheet amount was \$800,000. In its June Call Report, the institution should report \$800,000, the balance-sheet amount of this loan on the quarter-end report date, in Schedule RC-C, part I, and, because no additional funds were disbursed during the second quarter, should include \$0 of this loan in Schedule RC-U.
- (2) An institution is holding a revolving loan with a balance-sheet amount of \$2 million. During the third quarter, the loan is converted to a term loan with a balance-sheet amount that remains \$2 million on the quarter-end report date. In its September Call Report, the institution should report the \$2 million balance-sheet amount that remained outstanding on the report date and had been disbursed during the quarter under the newly renegotiated loan terms, both in Schedule RC-C, part I, and in Schedule RC-U, columns A and C.
- (3) An institution originates a loan to a new customer on January 1 for \$1 million, which is its balance-sheet amount. The loan matured in one week, but it was subsequently rolled over each week for 13 weeks and remained outstanding in full on March 31. In its March Call Report, the institution should report the \$1 million balance-sheet amount that was outstanding on the quarter-end report date and had been disbursed during the first quarter, both in Schedule RC-C, part I, and in Schedule RC-U, columns A and C.
- (4) During the first quarter, an institution purchases a participation in a loan syndication, the balance-sheet amount of which is \$1 million, that the institution knows had closed on December 31 of the previous year. Because the institution knows that the loan syndication, which was not originated under a commitment, closed on December 31 of the previous year, the institution should report \$0 in Schedule RC-U in its March Call Report even though it reports the \$1 million balance-sheet amount in Schedule RC-C, part I. However, if the institution did not know the date that the syndication had closed, it should report the \$1 million balance-sheet amount in Schedule RC-C, part I, and in Schedule RC-U, columns A and C, in its March Call Report.
- (5) An institution originated a \$1 million loan and then transferred it during the same quarter in a transaction that qualified for sale accounting. The institution should not report the amount in either Schedule RC-C, part I, or Schedule RC-U, because the loan was not an on-balance-sheet asset of the reporting institution at quarter-end.
- (6) During the third quarter, an institution established a new credit line to a customer for \$5 million. In December, the customer draws \$500,000 of this credit line, which is the balance-sheet amount of the draw, and does not make any principal payments until the next year. In its September Call Report, the institution should report \$0 in Schedule RC-C, part I, and in Schedule RC-U because the loan amount outstanding (and balance-sheet amount) was \$0 at the end of the third quarter; no funds had

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Schedule RC-U – Loan Origination Activity (in Domestic Offices) (cont.)

Column Instructions (cont.)

yet been disbursed. In its December Call Report, the institution should report \$500,000 in Schedule RC-C, part I, and in Schedule RC-U, column A, because this is the balance-sheet amount of the loan that is outstanding on the December report date and it was also originated during that quarter. The institution should report \$0 in Schedule RC-U, column B, because the commitment under which with the funds were drawn was not newly established in the quarter in which the funds were drawn, and it should report \$0 in Schedule RC-U, column C, because the loan was originated under a commitment.

- (7) During the third quarter, an institution establishes a new credit line to a customer for \$5 million. In September, the customer draws \$100,000, which is the balance-sheet amount of the draw, and does not make any principal payments until the fourth quarter. In its September Call Report, the institution should report \$100,000 in Schedule RC-C, part I, and in Schedule RC-U, columns A and B, because this is the balance-sheet amount of the loan that is outstanding at the end of the third quarter and the funds had been disbursed during that quarter under a newly-established commitment.

During the fourth quarter, the customer draws \$200,000 more each month, and makes principal payments that total \$300,000. At the end of December, the outstanding loan balance and its balance-sheet amount is \$400,000. In its December Call Report, the institution should report \$400,000 in Schedule RC-C, part I, because this is the balance-sheet amount of the loan that is outstanding on the report date. The institution should also report \$400,000 in Schedule RC-U, column A, because the \$400,000 amount reported in Schedule RC-C, part I, had been disbursed during the fourth quarter, that is, with principal payments applied first to the oldest draws on the credit line, only \$400,000 of the \$600,000 that had been disbursed during the reporting period remained outstanding at quarter-end. The institution should report \$0 in Schedule RC-U, column B, in its December Call Report because the commitment under which the funds were drawn in the fourth quarter was not newly established during that quarter, and it should also report \$0 in Schedule RC-U, column C, that quarter because the loan was originated under commitment.

- (8) At the beginning of the third quarter, an institution has an existing credit line to a customer with a balance-sheet amount of \$250,000 outstanding. In September, the customer draws \$100,000, increasing the balance-sheet amount of the loan to \$350,000, and does not make any principal payments until the fourth quarter. In its September Call Report, the institution should report the \$350,000 balance-sheet amount of the outstanding loan in Schedule RC-C, part I, and should report \$100,000 in Schedule RC-U, column A, which is the portion of the amount reported in Schedule RC-C, part I, that represents funds disbursed during that quarter that were outstanding at quarter-end. The institution should report \$0 in Schedule RC-U, column B, in its September Call Report because the commitment under which the funds were drawn in the third quarter was not newly established that quarter, and it should also report \$0 in Schedule RC-U, column C, that quarter because the loan was originated under a commitment.

During the fourth quarter, the customer draws \$200,000 more each month, and makes principal payments that total \$300,000. At the end of December, the outstanding loan balance and its balance-sheet amount is \$650,000. In its December Call Report, the institution should report the \$650,000 balance-sheet amount of the outstanding loan in Schedule RC-C, part I. The institution should report in Schedule RC-U, column A, in its December Call Report the \$600,000 portion of the \$650,000 amount reported in Schedule RC-C, part I, that had been disbursed during that quarter, that is, with principal payments applied first to the oldest draws on the credit line, all of the \$600,000 that had been disbursed during the fourth quarter remained outstanding at quarter-end. In its December Call Report, the institution should report \$0 in Schedule RC-U, columns B and C, because the funds were disbursed under a previously existing commitment.

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Schedule RC-U – Loan Origination Activity (in Domestic Offices) (cont.)

Item Instructions

Item No. Caption and Instructions

- 1** **Loans secured by real estate:**
- 1.a** **Construction, land development, and other land loans.** Report in the appropriate subitem the amount of construction, land development, and other land loans (as defined for Schedule RC-C, part I, item 1.a) that was originated during the calendar quarter ending on the report date.
- 1.a.(1)** **1-4 family residential construction loans.** Report in the appropriate column the amount of 1-to-4 family residential construction loans, i.e., loans for the purpose of constructing 1-to-4 family residential properties, which will secure the loan (as defined for and reported in Schedule RC-C, part I, item 1.a.(1), column B) that was originated during the calendar quarter ending on the report date.
- 1.a.(2)** **Other construction loans and all land development and other land loans.** Report in the appropriate column the amount of all construction loans for purposes other than constructing 1-to-4 family residential properties, all land development loans, and all other land loans (as defined for and reported in Schedule RC-C, part I, item 1.a.(2), column B) that was originated during the calendar quarter ending on the report date.
- 1.b** Not applicable.
- 1.c** **Secured by 1-4 family residential properties.** Report in the appropriate subitem the amount of open-end and closed-end loans secured by 1-to-4 family residential properties (as defined for Schedule RC-C, part I, item 1.c) that was originated during the calendar quarter ending on the report date.
- 1.c.(1)** **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount outstanding under revolving, open-end lines of credit secured by 1-to-4 family residential properties (as defined for and reported in Schedule RC-C, part I, item 1.c.(1), column B) that was originated during the calendar quarter ending on the report date.
- 1.c.(2)** **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the amount of all closed-end loans secured by 1-to-4 family residential properties, i.e., closed-end first mortgages and junior liens (as defined for Schedule RC-C, part I, item 1.c.(2)) that was originated during the calendar quarter ending on the report date.
- 1.c.(2)(a)** **Secured by first liens.** Report in the appropriate column the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties (as defined for and reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) that was originated during the calendar quarter ending on the report date.
- 1.c.(2)(b)** **Secured by junior liens.** Report in the appropriate column the amount of all closed-end loans secured by junior (i.e., other than first) liens on 1-to-4 family residential properties (as defined for and reported in Schedule RC-C, part I, item 1.c.(2)(b), column B) that was originated during the calendar quarter ending on the report date.

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Schedule RC-U – Loan Origination Activity (in Domestic Offices) (cont.)

<u>Item No.</u>	<u>Caption and Instructions</u>
1.d	<u>Secured by multifamily (5 or more) residential properties.</u> Report in the appropriate column the amount of all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens (as defined for and reported in Schedule RC-C, part I, item 1.d, column B) that was originated during the calendar quarter ending on the report date.
1.e	<u>Secured by nonfarm nonresidential properties.</u> Report in the appropriate column the amount of loans secured by real estate as evidenced by mortgages or other liens on nonfarm nonresidential properties (as defined for and reported in Schedule RC-C, part I, items 1.e.(1) and (2), column B) that was originated during the calendar quarter ending on the report date.
2	<u>Loans to depository institutions and acceptances of other banks.</u> Report in the appropriate subitem the amount of all loans (other than those that meet the definition of a “loan secured by real estate”), including overdrafts, to banks, other depository institutions, and other associations, companies, and financial intermediaries whose primary business is to accept deposits and to extend credit for business or personal expenditure purposes (as defined for Schedule RC-C, part I, item 2) that was originated during the calendar quarter ending on the report date.
2.a	<u>To commercial banks and other depository institutions in the U.S.</u> Report in the appropriate column the amount of all loans to and acceptances of commercial banks and other depository institutions in the U.S. (as defined for and reported Schedule RC-C, part I, items 2.a and 2.b, column B on the FFIEC 031, column A on the FFIEC 041) that was originated during the calendar quarter ending on the report date.
2.b	<u>To banks in foreign countries.</u> Report in the appropriate column the amount of all loans to and acceptances of banks and their branches domiciled outside the U.S. (as defined for Schedule RC-C, part I, item 2.c, column B on the FFIEC 031, column A on the FFIEC 041) that was originated during the calendar quarter ending on the report date.
3	<u>Loans to finance agricultural production and other loans to farmers.</u> Report in the appropriate column the amount of loans extended for the purpose of financing agricultural production (as defined for and reported in Schedule RC-C, part I, item 3, column B) that was originated during the calendar quarter ending on the report date.
4	<u>Commercial and industrial loans to U.S. addressees (domicile).</u> Report in the appropriate subitem the amount of all commercial and industrial loans to U.S. addressees (as defined for Schedule RC-C, part I, item 4.a, column B on the FFIEC 031, column A on the FFIEC 041) that was originated during the calendar quarter ending on the report date.
4.a	<u>With original amounts of \$1,000,000 or less.</u> ¹ Report in the appropriate column the amount of all “Commercial and industrial loans to U.S. addressees (domicile)” (as defined for and reported in Schedule RC-C, part I, item 4.a., column B on the FFIEC 031, column A on the FFIEC 041) with original amounts of \$1,000,000 or less that was originated during the calendar quarter ending on the report date.
4.b	<u>With original amounts of more than \$1,000,000.</u> ¹ Report in the appropriate column the amount of all “Commercial and industrial loans to U.S. addressees (domicile)” (as defined for

¹ See the General Instructions for Schedule RC-C, Part II, Loans to Small Businesses and Small Farms, for guidelines for determining the “original amount” of a loan.

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Schedule RC-U – Loan Origination Activity (in Domestic Offices) (cont.)

<u>Item No.</u>	<u>Caption and Instructions</u>
4.b (cont.)	and reported in Schedule RC-C, part I, item 4.a., column B on the FFIEC 031, column A on the FFIEC 041) with original amounts of more than \$1,000,000 that was originated during the calendar quarter ending on the report date.
5	Not applicable.
6	<u>Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans).</u> Report in the appropriate subitem the amount of all credit extended to individuals for household, family, and other personal expenditures that does not meet the definition of a “loan secured by real estate” (as defined for Schedule RC-C, part I, item 6) that was originated during the calendar quarter ending on the report date.
6.a	<u>Credit cards.</u> Report in the appropriate column the amount of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (as defined for and reported in Schedule RC-C, part I, item 6.a, column B) that was originated during the calendar quarter ending on the report date.
6.b	<u>Automobile loans.</u> Report in the appropriate column the amount of all consumer loans extended for the purpose of purchasing new and used passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (as defined for and reported in Schedule RC-C, part I, item 6.c, column B) that was originated during the calendar quarter ending on the report date.
6.c	<u>Other consumer loans.</u> Report in the appropriate column the amount of all other loans to individuals for household, family, and other personal expenditures (other than those that meet the definition of a “loan secured by real estate” and other than those for purchasing or carrying securities) (as defined for and reported in Schedule RC-C, part I, items 6.b and 6.d, column B) that was originated during the calendar quarter ending on the report date.
7 - 8	Not applicable.
9	<u>Loans to nondepository financial institutions.</u> Report in the appropriate column the amount of all loans to nondepository financial institutions (as defined for and reported in Schedule RC-C, part I, item 9.a, column B) that was originated during the calendar quarter ending on the report date.