

records may be affiliated with, or subject to the jurisdiction of, including but not limited to disciplinary authorities of state bars or certified public accountancy boards, to meet their responsibilities in connection with the administration and maintenance of standards of conduct and discipline.

**POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:**

**STORAGE:**

Paper and electronic media.

**RETRIEVABILITY:**

By individual's name (including other names used); social security number (when available); enrollment examination candidate number, enrollment application control number, enrollment number, or street address. Non-unique names will be distinguished by addresses.

**SAFEGUARDS:**

Access controls will not be less than those provided for by IRM 25.10.1, Information Technology (IT) Security Policy and Standards, and IRM 1.16, Physical Security Program.

**RETENTION AND DISPOSAL:**

Records are retained and disposed of in accordance with the records control schedules applicable to the records of OPR, IRM 1.15.11.

**SYSTEM MANAGER AND ADDRESS:**

Director, Office of Professional Responsibility, SE:OPR, 1111 Constitution Avenue, NW., Washington, DC 22024.

**NOTIFICATION PROCEDURE:**

This system of records is exempt from the notification provisions of the Privacy Act.

**RECORD ACCESS PROCEDURES:**

This system of records is exempt from the record access provisions of the Privacy Act.

**CONTESTING RECORD PROCEDURES:**

26 U.S.C. 7852(e) prohibits Privacy Act amendment of tax records. For any other records, this system of records is exempt from the record contesting provisions of the Privacy Act.

**RECORD SOURCE CATEGORIES:**

Individuals covered by this system of records; witnesses; Federal or state courts, agencies, bodies, and other licensing authorities; professional organizations and associations; Treasury Department records; and public records.

**EXEMPTIONS CLAIMED FOR THE SYSTEM:**

Pursuant to section (k)(2) of the Privacy Act, 5 U.S.C. 552a(k)(2), the

records contained within this system are exempt from the following sections of the Act: (c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I), and (f). See 31 CFR 1.36.

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## DEPARTMENT OF THE TREASURY

### Office of Thrift Supervision

#### Submission for OMB Review; Comment Request—Thrift Financial Report: Schedules SC, SO, LD, CF, SI, SQ, and HC

**AGENCY:** Office of Thrift Supervision (OTS), Treasury.

**ACTION:** Notice and request for comment.

**SUMMARY:** In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), OTS may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid OMB control number. On July 31, 2006, OTS requested public comment for 60 days (71 FR 43286) on proposed revisions to the Thrift Financial Report (TFR), which is currently an approved collection of information. The notice described regulatory reporting revisions proposed for the TFR, Schedule SC—Consolidated Statement of Condition, Schedule SO—Consolidated Statement of Operations, Schedule LD—Loan Data, Schedule CF—Consolidated Cash Flow Information, Schedule SI—Supplemental Information, Schedule SQ—Consolidated Supplemental Questions, and Schedule HC—Thrift Holding Company. The proposed revisions would eliminate ten line items from the TFR, revise six existing items, add 16 new items, and eliminate confidential treatment of Schedule HC data.

After considering the comments received, OTS has adopted the proposed revisions, with the exception of the proposals to revise the language of the question in line HC840 and to eliminate the confidential treatment of data in Schedule HC. OTS is setting the effective date for the revisions at March 31, 2007. OTS is submitting the adopted revisions to OMB for review and approval.

**DATES:** Submit written comments on or before January 2, 2007. The regulatory reporting revisions described herein take effect March 31, 2007.

**ADDRESSES:** Send comments, referring to the collection by "1550-0023 (TFR Revisions—March 2007)", to OMB and

OTS at these addresses: Office of Information and Regulatory Affairs, Attention: Desk Officer for OTS, U.S. Office of Management and Budget, 725—17th Street, NW., Room 10235, Washington, DC 20503, or by fax to (202) 395-6974; and Information Collection Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, by fax to (202) 906-6518, or by e-mail to [infocollection.comments@ots.treas.gov](mailto:infocollection.comments@ots.treas.gov). OTS will post comments and the related index on the OTS Internet Site at <http://www.ots.treas.gov>. In addition, interested persons may inspect comments at the Public Reading Room, 1700 G Street, NW., Washington, DC, by appointment. To make an appointment, call (202) 906-5922, send an e-mail to [public.info@ots.treas.gov](mailto:public.info@ots.treas.gov), or send a facsimile transmission to (202) 906-7755.

**FOR FURTHER INFORMATION CONTACT:** For further information or to obtain a copy of the submission to OMB, please contact Marilyn K. Burton, OTS Clearance Officer, at [marilyn.burton@ots.treas.gov](mailto:marilyn.burton@ots.treas.gov), (202) 906-6467, or facsimile number (202) 906-6518, Litigation Division, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

You can obtain a copy of the March 2007 Thrift Financial Report form from the OTS Web site at <http://www.ots.treas.gov> or you may request it by electronic mail from [tfr.instructions@ots.treas.gov](mailto:tfr.instructions@ots.treas.gov). You can request additional information about this proposed information collection from James Caton, Director, Financial Monitoring and Analysis Division, (202) 906-5680, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

**SUPPLEMENTARY INFORMATION:** The effect of the proposed revisions to the reporting requirements of these information collections will vary from institution to institution, depending on the institution's involvement with the types of activities or transactions to which the proposed changes apply. OTS estimates that implementation of these reporting changes will result in a small increase in the current reporting burden imposed by the TFR. The following burden estimates include the effect of the proposed revisions.

*Title:* Thrift Financial Report.

*OMB Number:* 1550-0023.

*Form Number:* OTS 1313.

*Statutory Requirement:* 12 U.S.C. 1464(v) imposes reporting requirements for savings associations. Except for

selected items, these information collections are not given confidential treatment.

*Type of Review:* Revision of currently approved collections.

*Affected Public:* Savings associations.

*Estimated Number of Respondents and Recordkeepers:* 852.

*Estimated Burden Hours per*

*Respondent:* 36.6 burden hours.

*Estimated Frequency of Response:* Quarterly.

*Estimated Total Annual Burden:*

124,733 burden hours.

*Abstract:*

All OTS-regulated savings associations must comply with the information collections described in this notice. OTS collects this information each calendar quarter, or less frequently if so stated. OTS uses this information to monitor the condition, performance, and risk profile of individual institutions and systemic risk among groups of institutions and the industry as a whole. Except for selected items, these information collections are not given confidential treatment.

## I. Background

OTS last revised the form and content of the TFR in a manner that significantly affected a substantial percentage of institutions in March 2004. Revisions since March 2004 focused on specific activities and were primarily made in response to changes in generally accepted accounting principles (GAAP). These focused revisions meant that the new or revised TFR items were minor or applicable to only a small percentage of institutions.

During the past year OTS has evaluated its ongoing information needs. OTS recognizes that the TFR imposes reporting requirements, which are a component of the regulatory burden facing institutions. Another contributor to this regulatory burden is the examination process, particularly on-site examinations during which institution staff spend time and effort responding to inquiries and requests for information designed to assist examiners in evaluating the condition and risk profile of the institution. The amount of attention that examiners direct to risk areas of the institution under examination is, in large part, determined from TFR data. These data, and analytical reports including the Uniform Thrift Performance Report, assist examiners in scoping and making their preliminary assessments of risks during the planning phase of the examination.

A risk-focused review of the information from an institution's TFR allows examiners to make preliminary

risk assessments prior to onsite work. The degree of perceived risk determines the extent of the examination procedures that examiners initially plan for each risk area. If the outcome of these procedures reveals a higher level of risk in a particular area, the examiner adjusts the examination scope and procedures accordingly.

TFR data are also a vital source of information for the monitoring and regulatory activities of OTS. Among their benefits, these activities aid in determining whether the frequency of an institution's examination cycle should remain at maximum allowed time intervals, thereby lessening overall regulatory burden. More risk-focused TFR data enhance the ability of OTS to assess whether an institution is experiencing changes in its risk profile that warrant immediate follow-up, which may include accelerating the timing of an on-site examination.

In developing this proposal, OTS considered a range of potential information needs, particularly in the areas of credit risk, liquidity, and liabilities, and identified those additions to the TFR that are most critical and relevant to OTS in fulfilling its supervisory responsibilities. At the same time, OTS identified certain existing TFR line items that are no longer sufficiently critical or useful to warrant their continued collection. OTS recognizes that the reporting burden that would result from the addition to the TFR of the new items discussed in this proposal would not be fully offset by the proposed elimination of, or establishment of reporting thresholds for, a limited number of other TFR items, thereby resulting in a net increase in reporting burden. Nevertheless, when viewing these proposed revisions to the TFR within a larger context, they help to enhance the on- and off-site supervision capabilities of OTS, which assist with controlling the overall regulatory burden on institutions. After savings associations make any necessary changes to their systems and records, OTS estimated that these reporting changes would produce an average net increase of 0.4 hours per institution per year in the ongoing reporting burden of the TFR. Nevertheless, when viewing these proposed revisions to the TFR within a larger context, they are intended to maintain the effectiveness of the on- and off-site supervision activities of the OTS, which should help to control the overall regulatory burden on institutions.

In addition to the revisions that become effective pursuant to this notice, OTS is joining the Federal Deposit Insurance Corporation (FDIC), the Board

of Governors of the Federal Reserve System (Board), and the Office of the Comptroller of the Currency (OCC), Treasury, in publishing a proposal and request for comments to revise certain deposit information collected in the Call Report and the TFR. These revisions—on Schedule DI for TFR filers—would be proposed to facilitate calculation of the deposit insurance assessment pursuant to the Federal Deposit Insurance Reform Act of 2005 and the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (collectively, the Reform Act), and pursuant to amendments to 12 CFR Part 327 proposed by the FDIC in the **Federal Register**, Vol. 71, No. 96, Thursday, May 18, 2006, page 28790.

## II. Current Actions

OTS received four comment letters on the July 2006 proposal from the National Association of Home Builders (NAHB), a trade group whose members include savings associations, from the Bureau of Economic Analysis (BEA), an agency of the U.S. Department of Commerce, and from two OTS-supervised savings associations. The BEA was supportive of the proposed changes and indicated the changes would allow it to continue certain data and statistical series derived in part from TFR data.

The NAHB supported the proposed changes and encouraged the addition of line items to collect data on the volume and performance of loans for the development of land for 1–4 family dwelling residential housing, and loans for the development of land for multifamily housing. The NAHB believes this additional reporting detail would assist in improving efficiency and competition in the market for residential acquisition and development loans, and would demonstrate different performance characteristics between construction and land development loans. After careful consideration of the NAHB comments, OTS has decided to consider these additional line items in a future revision of the TFR.

Both comments from savings associations focused on the proposal to eliminate confidential treatment of data filed by individual thrift holding companies on Schedule HC. One savings association commenter suggested permitting filers of Schedule HC data to opt to maintain the confidentiality of the individual company's data, citing competitive concerns and privacy issues.

The other savings association commenter requested maintaining the confidentiality of individual companies' Schedule HC data, citing the already

extensive reporting and disclosure requirements of companies with registered securities. This commenter also asserted that much of the consolidated financial information required by Schedule HC is included in the financial statements filed by public savings and loan holding companies with the Securities and Exchange Commission (SEC) pursuant to the Securities Act of 1934. The commenter stated that quarterly parent company only information is not normally available to the public. He noted that parent company only financial data of large bank holding companies collected by the Federal Reserve Board on Form FR Y-9LP may be released by the Board upon request on an individual basis, but that any data released is limited to financial information. He also noted that some of the definitions in Schedule HC are different than similar definitions applied in the SEC reporting context.

OTS presently does not publicly release Schedule HC data filed by holding companies. However, many public requests are received for these data. In addition, some rating agencies have indicated thrift holding company debt ratings suffer due to the lack of publicly available data. After careful consideration of the comments related to Schedule HC, OTS has decided to maintain the confidentiality of individual company Schedule HC data.

OTS has considered these comments and has decided to proceed with the proposed changes to Schedules SC, SO, LD, CF, SI, and SQ, but will not revise the language for question HC840. OTS decided to maintain the existing language of line HC840 after determining that the current wording more accurately captures the foreign operations OTS is most interested in without placing undue burden on the holding company enterprise to identify all foreign operations. Further, OTS will continue to maintain the confidential treatment of Schedule HC. These changes will become effective on March 31, 2007, and are detailed below.

#### *A. Burden-Reducing Revisions*

1. Eliminating SC745, Other Mortgage-Collateralized Securities Issued;
2. Eliminating CF340, Mortgage Loans—Cash Repayment of Principal;

3. Eliminating CF350, Mortgage Loans—Debits Less Credits Other Than Repayment of Principal;

4. Eliminating CF420, New Deposits Received Less Deposits Withdrawn;

5. Eliminating CF435, Deposits Acquired, Net of Dispositions in Bulk Transactions;

6. Eliminating consolidated supplemental question SQ100, “Did you acquire any assets through merger with another depository institution?”;

7. Eliminating consolidated supplemental question SQ110, “Did you include in your balance sheet for the first time assets and/or liabilities acquired as a result of a branch or other bulk deposit purchase?”;

8. Eliminating consolidated supplemental question SQ130, “Has there been a change in control?”;

9. Eliminating consolidated supplemental question SQ160, “Has there been a merger accounted for under the purchase method?”; and

10. Eliminating consolidated supplemental question SQ170, “If you restated your balance sheet for the first time this quarter as a result of applying push-down accounting, enter the date of reorganization.”

#### *B. Revisions of Existing Items*

1. Revising the instructions to SC740, Mortgage-Collateralized Securities Issued—CMOs (Including REMICs), to report total mortgage collateralized securities issued;

2. Revising the instructions to SO141, Interest Income on Mortgage Loans, to exclude prepayment penalties, late fees, and assumption fees from the line total;

3. Revising the instructions to SO160, Interest Income on Commercial Loans and Leases, to exclude prepayment penalties, late fees, and assumption fees from the line total;

4. Revising the instructions to SO171, Interest Income on Consumer Loans and Leases, to exclude prepayment penalties, late fees, and assumption fees from the line total;

5. Revising the instructions to SO410, Loan Servicing Fees, to exclude from the reported amount (a) amortization of loan servicing assets or liabilities and valuation adjustments for classes of loan servicing accounted for using the amortization method, and (b) fair value adjustments for classes of servicing carried at fair value; and

#### *C. New Items*

1. Adding a line, SO142, Prepayment Fees, Late Fees, and Assumption Fees for Mortgage Loans;

2. Adding a line, SO162, Prepayment Fees, Late Fees, and Assumption Fees for Commercial Loans;

3. Adding a line, SO172, Prepayment Fees, Late Fees, and Assumption Fees for Consumer Loans;

4. Adding a line, SO411, Servicing Amortization and Valuation Adjustments;

5. Adding a line, LD510, 1–4 Dwelling Units Construction-to-Permanent Loans;

6. Adding a line, LD520, Owner-Occupied Multifamily Permanent Loans;

7. Adding a line, LD530, Owner-Occupied Nonresidential Property (Except Land) Permanent Loans;

8. Adding a line, LD610, 1–4 Dwelling Option ARM Loans;

9. Adding a line, LD620, 1–4 Dwelling ARM Loans with Negative Amortization;

10. Adding a line, LD650, Total Capitalized Negative Amortization;

11. Adding a line, CF226, Mortgage Loans Disbursed—Permanent Loans—Home Equity and Junior Liens;

12. Adding a line, CF281, Loans and Participations Purchased—Secured by 1–4 Dwelling Units—Purchased from Entities Other Than Federally-Insured Depository Institutions or Their Subsidiaries;

13. Adding a line, CF282, Loans and Participations Purchased—Secured by 1–4 Dwelling Units—Home Equity and Junior Liens;

14. Adding a line, CF311, Loans and Participations Sold—Secured by 1–4 Dwelling Units—Home Equity and Junior Liens;

15. Adding a line, SI376, Assets Recorded On Schedule SC Under a Fair Value Option; and

16. Adding a line, SI377, Liabilities Recorded On Schedule SC Under a Fair Value Option.

Dated: November 27, 2006.

**Deborah Dakin,**

*Senior Deputy Chief Counsel, Regulations and Legislation Division.*

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