

The OTS accounts for debt that has been in-substance defeased in accordance with GAAP. Therefore, when a debtor irrevocably places risk-free monetary assets in a trust solely for satisfying the debt and the possibility that the debtor will be required to make further payments is remote, the debt is considered extinguished. The transfer can result in a gain or loss in the current period.

5. Sales of Assets with Recourse

Banks generally do not report sales of receivables if any risk of loss is retained. Savings associations report sales when the risk of loss can be estimated in accordance with FAS 77.

The Banking Agencies generally allow banks to report transfers of receivables as sales only when the transferring institution: (1) retains no risk of loss from the assets transferred and (2) has no obligation for the payment of principal or interest on the assets transferred. As a result, assets transferred with recourse are reported as financings, not sales.

However, this rule does not apply to the transfer of mortgage loans under certain government programs (GNMA, FNMA, etc.). Transfers of mortgages under one of these programs are automatically treated as sales. Furthermore, private transfers of pools of mortgages are also reported as sales if the transferring institution does not retain more than an insignificant risk of loss on the assets transferred.

The OTS follows GAAP to account for a transfer of all receivables with recourse. A transfer of receivables with recourse is recognized as a sale if: (1) the seller surrenders control of the future economic benefits, (2) the transferor's obligation under the recourse provisions can be reasonably estimated, and (3) the transferee cannot require repurchase of the receivables except pursuant to the recourse provisions.

6. Negative Goodwill

The Banking Agencies require that negative goodwill be reported as a liability, and not netted against the goodwill asset.

The OTS permits negative goodwill to offset the goodwill assets resulting from other acquisitions.

7. Offsetting of Amounts Related to Certain Contracts

Financial Accounting Standards Board Interpretation Number (FIN) 39 became effective in 1994. FIN 39 allows the offsetting of assets and liabilities on the balance sheet (e.g., loans, deposits, etc.), as well as the netting of assets and

liabilities arising from off-balance sheet derivatives instruments, when four conditions are met. These conditions relate to whether a valid right of offset exists. FIN 41, which also became effective in 1994, provides for the netting of repurchase and reverse repurchase agreements when certain conditions are met.

The Banking Agencies have adopted FIN 39 solely for on-balance sheet amounts arising from conditional and exchange contracts (e.g., interest rate swaps, options, etc.). The Banking Agencies have not adopted FIN 41. The Call Report's existing guidance, which generally prohibits netting of assets and liabilities, is currently followed in all other cases. The OTS policy on netting of assets and liabilities is consistent with GAAP.

8. Specific Valuation Allowance for and Charge-offs of Troubled Loans

The Banking Agencies generally consider real estate loans that lack acceptable cash flows or other repayment sources to be "collateral dependent." When the fair value of the collateral of such a loan has declined below book value, the loan is reduced to fair value. This approach is consistent with GAAP applicable to banks and FAS 114.

The OTS requires a specific valuation allowance against or partial charge-off of a loan when its book value exceeds its "value." The "value" is defined as either the present value of the expected future cash flows discounted at the loan's effective interest rate, the observable market price, or the fair value of the collateral. This policy is also consistent with the requirements of FAS 114.

Effective March 31, 1995, the OTS required that losses on collateral dependent loans be measured based on the fair value of the collateral. Accordingly, after March 31, 1995, the OTS policy regarding the recognition of losses on collateral dependent loans became comparable to that of the Bank Agencies.

Dated: May 6, 1997.

Eugene A. Ludwig,

Comptroller of the Currency.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

[EE-113-82]

Proposed Collection; Comment Request for Regulation Project

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning an existing notice of proposed rulemaking, EE-113-82, Required Distributions from Qualified Plans and Individual Retirement Plans (§ 1.403(b)-2).

DATES: Written comments should be received on or before July 14, 1997, to be assured of consideration.

ADDRESSES: Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection should be directed to Carol Savage, (202) 622-3945, Internal Revenue Service, room 5569, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Required Distributions from Qualified Plans and Individual Retirement Plans.

OMB Number: 1545-0996.

Regulation Project Number: EE-113-82.

Abstract: This regulation provides rules regarding the minimum distribution requirements applicable to any annuity contract, custodial account, or retirement income account described in Internal Revenue Code section 403(b). The minimum distribution rules do not apply to benefits accrued before January 1, 1987.

Current Actions: There is no change to this existing regulation.

Type of Review: Extension of OMB approval.

Affected Public: Not-for-profit institutions, and state, local, and tribal governments.

Estimated Number of Respondents: 8,400.

Estimated Time Per Respondent: 1 hour.

Estimated Total Annual Burden Hours: 8,400.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: May 7, 1997.

Garrick R. Shear,

IRS Reports Clearance Officer.

[FR Doc. 97-12520 Filed 5-12-97; 8:45 am]

BILLING CODE 4830-01-U

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[INTL-978-86]

Proposed Collection; Comment Request for Regulation Project

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this

opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)).

Currently, the IRS is soliciting comments concerning an existing notice of proposed rulemaking, INTL-978-86, Information Reporting by Passport and Permanent Residence Applicants (§ 301.6039E-1(c)).

DATES: Written comments should be received on or before July 14, 1997 to be assured of consideration.

ADDRESSES: Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection should be directed to Carol Savage, (202) 622-3945, Internal Revenue Service, room 5569, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Information Reporting by Passport and Permanent Residence Applicants.

OMB Number: 1545-1359.

Regulation Project Number: INTL-978-86.

Abstract: This regulation requires applicants for passports and permanent residence status to report certain tax information on the applications. The regulation is intended to enable the IRS to identify U.S. citizens who have not filed tax returns and permanent residents who have undisclosed sources of foreign income and to notify such persons of their duty to file United States tax returns.

Current Actions: There is no change to this existing regulation.

Type of Review: Extension of OMB approval.

Affected Public: Individuals or households.

Estimated Number of Respondents for Passport Applicants: 5,000,000.

Estimated Time Per Respondent: 6 minutes.

Estimated Total Annual Burden Hours for Passport Applicants: 500,000.

Estimated Number of Respondents for Permanent Residence Applicants: 500,000.

Estimated Time Per Respondent: 30 minutes.

Estimated Total Annual Burden Hours for Permanent Residence Applicants: 250,000.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request For Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: May 7, 1997.

Garrick R. Shear,

IRS Reports Clearance Officer.

[FR Doc. 97-12521 Filed 5-12-97; 8:45 am]

BILLING CODE 4830-01-U

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[PS-79-93]

Proposed Collection; Comment Request for Regulation Project

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning an