

2004 (67 FR 78467). The comment period for the Board's proposal ended on February 24, 2003. Because the filing period part of the Call Report proposal remains under study, the agencies are deferring the date when any shortening of the filing period would take effect until a report date after June 30, 2003. However, as long as the current 45-day filing period remains in effect, the FDIC would be authorized to contact not more than 20 banks with one or more foreign offices on or about each May 1 and November 1 if their March 31 and September 30 Call Reports have not been received in order to obtain certain deposit data needed to estimate insured deposits.

In addition, in November 2002, the American Institute of Certified Public Accountants disclosed that it was rescinding its Statement of Position (SOP) No. 92-3, *Accounting for Foreclosed Assets*, because of the issuance by the Financial Accounting Standards Board of Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (FAS 144). Under SOP 92-3, it is rebuttably presumed that foreclosed assets are held for sale. After foreclosure, foreclosed assets held for sale are carried at the lower of fair value less estimated costs to sell or cost, with any deficiency recognized as a valuation allowance, and this determination is made on an individual asset basis. These provisions of SOP 92-3 are not present in FAS 144, but the application of these provisions represents prevalent practice in the banking industry and is consistent with safe and sound banking practices and the accounting objectives set forth in section 37(a) of the Federal Deposit Insurance Act (12 U.S.C. 1831n(a)). Accordingly, the agencies are retaining these provisions of SOP 92-3 as part of the Call Report instructions and will expect banks to continue to follow these provisions when accounting for foreclosed real estate.

In order to carry out the provisions of section 314(a) of the USA PATRIOT Act of 2001, "Cooperative efforts to deter money laundering," the agencies will collect contact information for the persons who are in charge of each bank's section 314(a) anti-money laundering searches and who could be contacted by federal law enforcement officers for additional information related to anti-terrorist financing and anti-money laundering. This USA PATRIOT Act contact information, which the agencies will begin to collect with the March 31, 2003, Call Reports, is for the confidential use of the agencies and will not be released to the public.

Finally, on July 12, 2002, the agencies jointly published a notice soliciting comments for 60 days on a proposed new Call Report schedule that would collect data on subprime consumer lending programs beginning March 31, 2003 (67 FR 46250). After the comments received on the proposal from 36 banking organizations, bankers' associations, and community and consumer groups, the FFIEC and the agencies decided not to proceed with the proposal.

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

#### **Comments Received on the Agencies' Proposal**

In response to their November 8, 2002, notice, the agencies received 13 comment letters, eight from banks and banking organizations, three from bankers' associations, one from a governmental entity, and one from a trade group outside the banking industry. The FFIEC and the agencies have considered the comments received from these 13 respondents.

#### *Accrued Fees and Finance Charges on Credit Card Accounts*

Three commenters addressed the proposed new items that would provide data related to accrued fees and finance charges on credit card accounts. Two of these three responded to the agencies' question asking whether these new items should be added to four different Call Report schedules, as had been proposed, or instead placed together in a single separate schedule. Both of these commenters preferred keeping the new items in the four different schedules, which the agencies will continue to do. The other commenter noted that the banks with which it had discussed this proposal stated that they would need until the second quarter 2003 report to complete the systems changes necessary to provide the new information and, therefore, would report good faith estimates in the first quarter 2003 report. As stated in the agencies' proposal, banks will be permitted to provide reasonable estimates for any new item in the first quarter 2003 report, including the new items related to credit card fees and finance charges. This commenter also recommended that the new items permit banks to net "nonprincipal" recoveries from the "nonprincipal" balances charged off within the quarter. Because the new items are intended to provide the agencies and other Call Report users with more complete information on credit card fees and finance charges that are written off as uncollectible, the

agencies decided not to adopt the suggested netting option.

#### *Income from Insurance Activities*

One commenter submitted an extensive number of recommendations concerning the reporting of income from insurance activities and other matters relating to the insurance activities of banking organizations. In this regard, the commenter favored the agencies' proposal to separate the current Call Report income statement item for income from insurance activities into separate items for insurance underwriting income and income from other insurance activities. This commenter also questioned the agencies' instructional language pertaining to underwriting income, noting that it calls for reporting of premium revenue partially on the basis of generally accepted accounting principles (GAAP) and partially on a statutory reporting basis. The agencies' intent has been for premium revenue to be reported in accordance with GAAP. Therefore, the agencies are revising this instructional language.

In addition, the commenter provided other instructional suggestions. These included providing more explicit detail in the instructions concerning items to be included in and excluded from the two separate insurance income items and having the instructions for other assets and other liabilities specifically refer to certain insurance-related assets and liabilities. The agencies are incorporating several of these suggested details into the Call Report instructions.

#### *Allocated Transfer Risk Reserves*

The agencies proposed to change where banks report any provisions for allocated transfer risk in the Call Report income statement. As proposed, these provisions would be included in the provision for loan and lease losses rather than in other noninterest expense, with the amount of any provision for allocated transfer risk included in the provision for loan and lease losses separately disclosed. One commenter supported this change in income statement presentation as being more consistent with GAAP, but recommended that the agencies also change the way in which banks report allocated transfer risk reserves (ATRRs) on the Call Report balance sheet so that they are also presented in the same manner as on institutions' financial statements prepared in accordance with GAAP.

The agencies agreed with this recommendation and are revising the Call Report instructions to instruct banks to include any ATRRs related to