

send a facsimile transmission to (202)906-7755. Appointments will be scheduled on business days between 10 AM and 4 PM.

FOR FURTHER INFORMATION: You can access sample copies of the proposed March 2004 TFR form on OTS's web site, www.ots.treas.gov, or you may request them by electronic mail from tfr.instructions@ots.treas.gov; from Trudy Reeves, Senior Financial Reporting Analyst, National Systems, (202) 906-7317, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552; or from Marilyn K. Burton, OTS Paperwork Clearance Officer, (202) 906-6467, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, by electronic mail at marilyn.burton@ots.treas.gov.

SUPPLEMENTARY INFORMATION:

Title: Thrift Financial Report.

OMB Number: 1550-0023.

Form Number: OTS 1313.

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 needs this information to monitor the condition, performance, and risk profile of the savings association industry.

Current Actions: After reviewing its current supervisory and examination needs, OTS proposes a number of revisions to the Thrift Financial Report (TFR), effective with the March 31, 2004 report. The proposed revisions will enhance the usefulness of the TFR from a supervisory prospective and will complement the federal banking agencies' emphasis on risk-focused supervision.

OTS had proposed in August 2000 to collect most of the data being proposed today beginning with the first quarter of 2001. However, OTS decided to postpone certain changes to the TFR until March 2004. The original proposal can be accessed on the OTS web site at <http://www.ots.treas.gov/docs/86233.pdf>.

This proposal also addresses certain aspects of sections 307(b) and (c) of the Riegle Community Development and Regulatory Improvement Act of 1994 (the Riegle Act). These sections direct the federal banking agencies to work jointly toward more uniform reporting, review the information that institutions currently report, and eliminate existing reporting requirements that are not warranted for safety and soundness or other public policy purposes.

Several reporting changes being proposed would introduce more uniformity for savings associations,

banks, and bank holding companies to certain aspects of regulatory reporting. In this regard, over the past several years, the federal banking regulators have sought greater consistency among the reporting requirements imposed on savings associations, banks, and bank holding companies.

Increasing the uniformity of reporting requirements, among the different types of institutions supervised by the federal financial institution regulators, is a necessary step toward achieving the goal of a single set of reporting requirements for the filing of core information that is set forth in section 307(b) of the Riegle Act.

1. Definition of Mortgage Loans

We propose redefining mortgages for TFR reporting to encompass all real estate loans subject to 12 CFR 560.100-101 (real estate lending standards) and OTS Thrift Bulletin 72a. This revised definition would include all loans predicated upon a security interest in real property. All revolving home equity loans and second mortgages would be reported as mortgages, not as consumer loans. The only loans that would be reported as nonmortgage loans are unsecured loans and those that are otherwise substantially secured by collateral other than real estate, where a mortgage was taken as an abundance of caution (for example, an auto loan with an incidental lien on a residence), and where the terms as a consequence have not been made more favorable than they would have been in the absence of the lien. If a loan can be placed under more than one classification (for example, when a loan to finance a small business is primarily secured by a single-family residence), the institution may classify the loan as either single-family or commercial for purposes of HOLA percent-of-assets limitations and for purposes of the TFR. However, even if the institution places such a loan in a non-real-estate category, it is subject to § 560.100-101.

The current criteria for classification as a mortgage—that a loan is fully secured by the property and that an appraisal or other evaluation has been performed—would no longer apply. If this change in mortgage loan definition is adopted, mortgage loan classification in the TFR would be more consistent with the mortgage loan classification by commercial banks on the Call Report. Increasing uniformity between the TFR and the Call Report is a step toward achieving the goal of a single set of reporting requirements for the filing of core information that is set forth in section 307(b) of the Riegle Act.

2. Mortgage Backed Securities

We propose combining mortgage-backed pass-through securities and mortgage derivatives into one section in the balance sheet (Schedule SC); breaking out insured or guaranteed pass-through securities into two lines:

- (1) Guaranteed by GNMA; and
- (2) Issued by FNMA and FHLMC.

We propose breaking out mortgage derivative securities into three lines:

- (1) Those issued or guaranteed by FNMA, FHLMC, or GNMA;
- (2) Those collateralized by securities issued or guaranteed by FNMA, FHLMC, or GNMA; and
- (3) All others.

This would provide consistent information with the commercial bank Call Report, would be more consistent with the presentation of mortgage-backed securities in financial statements included with filings under the Securities and Exchange Act of 1934, and would provide information on the degree of risk of the derivative investment. Consistent with the commercial bank Call Report, mortgage-backed bonds would be reported with other investment securities on SC185.

3. Asset-backed Securities

OTS proposes to add a line under "Investment Securities" on the balance sheet (Schedule SC) to collect securities collateralized by nonmortgage loans (asset-backed securities), including securities backed by credit cards, other consumer loans, and commercial loans. Asset-backed securities are currently reported with other types of investment securities on SC185. The addition of this line item would provide important information concerning the holdings of these securities.

4. Junior Liens

OTS proposes to separately collect first liens and junior liens under "Permanent Mortgages" on 1-4 dwelling units in the balance sheet (Schedule SC) to better monitor the riskier junior lien market. Currently, the TFR does not collect data on single-family residential junior liens. This change would make the TFR mortgage loan breakdown consistent with the commercial bank Call Report. This change would also be made to the breakdown of residential mortgages in the charge-off and recovery data on Schedule VA and past-due data in Schedule PD.

5. Multifamily Mortgages

OTS proposes to rename "5 or More Dwelling Units" to "Multifamily (5 or more) Residential Properties" throughout the TFR. The use of