physical demonstrations will be included. If physical demonstrations are conducted, sessions may extend into September 22, 2005.

I. Introduction
II. Background Information on the San Angelo Test Facility and Treadwear Test Course
III. FMVSS No. 138 Final Rule Highlights
IV. OVSC Test Procedure TP–138 Content
A. Overview of Suggested Test Equipment and Instrumentation
B. Test Preparation Requirements
C. Test Execution
V. Vehicle Manufacturer Test Specification Form
VI. Issues with Test Procedure TP–138
VII. Questions & Answers
VIII. Simulated and/or Physical Demonstration of a TPMS-Equipped Vehicle Using the Test Procedures

Issued: August 17, 2004.

Claude H. Harris,

Director, Office of Vehicle, Safety Compliance.

Editorial Note: This document was received at the Office of the Federal Register August 17, 2005.

[FR Doc. 05–16631 Filed 8–22–05; 8:45 am]

BILLING CODE 4910–59–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Proposed Agency Information Collection Activities; Comment Request

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Joint notice and request for comment.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the OCC, the Board, and the FDIC (the ''agencies'') may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, has approved the agencies' publication for public comment of proposed revisions to the Consolidated Reports of Condition and Income (Call Report), which are currently approved collections of information. At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the FFIEC and the agencies should modify the proposed revisions prior to giving final approval. The agencies will then submit the revisions to OMB for review and approval.

DATES: Comments must be submitted on or before October 24, 2005.

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC: You may submit comments, identified by [Attention: 1557–0081], by any of the following methods:

• E-mail: *regs.comments@occ.treas.gov.* Include [Attention: 1557–0081] in the subject line of the message.

• Fax: (202) 874–4448.

• Mail: Public Information Room, Office of the Comptroller of the Currency, 250 E Street, SW., Mailstop 1–5, Washington, DC 20219; Attention: 1557–0081.

Public Inspection: You may inspect and photocopy comments at the Public Information Room. You can make an appointment to inspect the comments by calling (202) 874–5043.

Board: You may submit comments, which should refer to ''Consolidated Reports of Condition and Income, 7100–0036,'' by any of the following methods:

• Agency Web site: *http://www.federalreserve.gov*. Follow the instructions for submitting comments on the *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.*

• Federal eRulemaking Portal: *http://www.regulations.gov.* Follow the instructions for submitting comments.

• E-mail: *regs.comments@federalreserve.gov.* Include docket number in the subject line of the message.

• Fax: (202) 452–3819 or (202) 452–3102.

• Mail: Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's Web site at *www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP–500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

FDIC: You may submit comments, which should refer to ''Consolidated Reports of Condition and Income, 3064–0052,'' by any of the following methods:

• *http://www.FDIC.gov/regulations/laws/federal/propose.html.*

• E-mail: *comments@FDIC.gov.* Include ''Consolidated Reports of Condition and Income, 3064–0052'' in the subject line of the message.

• Mail: Steven F. Hanft (202–898–3907), Paperwork Clearance Officer, Room MB–3064, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

• Hand Delivery: Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

Public Inspection: All comments received will be posted without change to *http://www.fdic.gov/regulations/laws/federal/propose.html* including any personal information provided. Comments may be inspected at the FDIC Public Information Center, Room 100, 801 17th Street, NW., between 9 a.m. and 4:30 p.m. on business days.

A copy of the comments may also be submitted to the OMB desk officer for the agencies: Mark Menchik, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, Washington, DC 20503, or electronic mail to *mmenchik@omb.eop.gov.*

FOR FURTHER INFORMATION CONTACT: For further information about the revisions discussed in this notice, please contact any of the agency clearance officers whose names appear below. In addition, copies of Call Report forms can be obtained at the FFIEC's Web site (*http://www.ffiec.gov/ffiec_report_forms.htm*).

OCC: Mary Gottlieb, OCC Clearance Officer, or Camille Dixon, (202) 874–5090, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

Board: Michelle E. Long, Federal Reserve Clearance Officer, (202) 452–3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263–4869.

FDIC: Steven F. Hanft, Paperwork Clearance Officer, (202) 898–3907, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: The agencies are proposing to revise and extend for three years the Call Report, which is currently an approved collection of information for each of the agencies.

Report Title: Consolidated Reports of Condition and Income (Call Report).

Form Number: Call Report: FFIEC 031 (for banks with domestic and foreign offices) and FFIEC 041 (for banks with domestic offices only).

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC:

OMB Number: 1557–0081.

Estimated Number of Respondents: 1,950 national banks.

Estimated Time per Response: 43.80 burden hours (represents a decrease of 4.47 hours associated with testing and enrollment in the Central Data Repository (CDR) and a net increase of 1.81 hours for proposed new items and deletions).

Estimated Total Annual Burden: 341,621 burden hours.

Board:

OMB Number: 7100–0036.

Estimated Number of Respondents: 919 State member banks.

Estimated Time per Response: 50.38 burden hours (represents a decrease of 4.01 hours associated with testing and enrollment in the CDR and a net increase of 2.01 hours for proposed new items and deletions).

Estimated Total Annual Burden: 185,197 burden hours.

FDIC:

OMB Number: 3064–0052.

Estimated Number of Respondents: 5,243 insured state nonmember banks.

Estimated Time per Response: 34.73 burden hours (represents a decrease of 4.16 hours associated with testing and enrollment in the CDR and a net increase of 1.79 hours for proposed new items and deletions).

Estimated Total Annual Burden: 728,274 burden hours.

The estimated time per response for the Call Report is an average that varies by agency because of differences in the composition of the institutions under each agency's supervision (*e.g.*, size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices). The average reporting burden for the Call Report is estimated to range from 16 to 625 hours per quarter, depending on an individual institution's circumstances.

Furthermore, the effect on reporting burden of the proposed revisions to the Call Report requirements will vary from institution to institution depending, in some cases, on the institution's asset size and, in other cases, on its involvement with the types of activities or transactions to which the proposed changes apply. This proposal would add several new data items to the Call Report, revise certain existing items, eliminate a limited number of items, and remove the burden hours associated with testing and enrollment in the new CDR system, which had been added to the Call Report burden estimate in 2004, because these CDR activities will be completed prior to the implementation of the proposed revisions. Since the reduction in burden related to the CDR exceeds the net increase in burden from the proposed revisions to the content of the Call Report, the proposal as a whole would produce a net decrease in reporting burden for banks of all sizes. Nevertheless, the proposed new items and revisions of existing items, taken together, would have an effect on all banks. Therefore, as discussed more fully below in Section I. Overview, the agencies encourage banks and other interested parties to comment on such matters as data availability, data alternatives, and reporting thresholds for each proposal for new or revised data. Such comments will assist the agencies in determining the content of the final set of revisions to the Call Report. For purposes of this proposal, the following burden estimates include the effect of all of the proposed revisions without anticipating any possible modifications resulting from the public comment process that may lessen the impact of the revisions on some or all banks.

General Description of Reports

These information collections are mandatory: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 (for State member banks), and 12 U.S.C. 1817 (for insured State nonmember commercial and savings banks). Except for selected items, these information collections are not given confidential treatment.

Abstract

Institutions file Call Reports with the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. In addition, Call Reports provide the most current statistical data available for evaluating institutions' corporate applications such as mergers, for identifying areas of focus for both on-site and off-site examinations, and for monetary and other public policy purposes. Call Reports are also used to calculate all institutions' deposit insurance and Financing Corporation assessments and national banks' semiannual assessment fees.

Current Actions

I. Overview

The agencies last revised the form and content of the Call Report in a manner that significantly affected a substantial percentage of banks in March 2002. The revisions that have taken effect since March 2002 (*i.e.*, in March 2003 and June 2005) were narrowly focused on certain specific activities in order to improve the information available to the agencies for those banks engaging in these activities. These focused revisions meant that the new or revised Call Report items pertaining to each of these activities were directly applicable to small percentages of banks rather than to most or all banks.

During this recent period of limited revisions to the Call Report, the FFIEC and the agencies having been working toward the October 1, 2005, implementation of the CDR, the Internet-based system they are developing to modernize and streamline how Call Report data are collected, validated, managed, and distributed. At the same time, the agencies have also been carefully evaluating their information needs. In this regard, the agencies recognize that the Call Report imposes reporting burden, which is a component of the overall regulatory burden that banks face. Another contributor to this overall burden is the examination process, particularly on-site examinations during which bank management and staff spend time and effort responding to inquiries and requests for information that are designed to assist examiners in evaluating the condition and risk profile of the institution. The amount of attention that examiners initially direct to the various risk areas of the bank under examination is, in large part, determined from Call Report data. These data, and analytical reports generated from Call Report data such as the Uniform Bank Performance Report, assist examiners in making their preliminary assessments of risks and in scoping efforts during the planning phase of the examination process.

The more risk-focused the information available to examiners from a bank's Call Report, the better the job examiners can do before the start of their on-site work in making their preliminary assessments as to whether each of the risk areas of the bank presents greater than normal, normal, or less than normal risk. The degree of perceived risk determines the extent of the examination procedures, and the

resultant regulatory burden, that are initially planned for each risk area. If the outcome of these procedures begins to reveal a greater than expected level of risk in a particular risk area, the examination scope and procedures are adjusted accordingly, adding to the regulatory burden imposed on the bank.

Call Report data are also a vital source of information for the agencies' off-site examination and surveillance activities. Among their benefits, these activities aid in determining whether the frequency of a bank's examination cycle should remain at maximum allowed time intervals, thereby lessening overall regulatory burden. More risk-focused Call Report data enhance the agencies' ability 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, the agencies have considered a range of potential information needs, particularly in the areas of credit risk, liquidity, and liabilities, and have identified those additions to the Call Report that are believed to be most critical and relevant to the agencies as they seek to fulfill their supervisory responsibilities. At the same time, the agencies have identified certain existing Call Report data that are no longer sufficiently critical or useful to warrant their continued collection from either all banks or banks that meet certain criteria (*e.g.*, an asset size threshold). On balance, the agencies recognize that the reporting burden that would result from the addition to the Call Report of all 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 Call Report items, thereby resulting in a net increase in reporting burden. Nevertheless, when viewing these proposed revisions to the Call Report within a larger context, they are intended to enhance the agencies' on- and off-site supervision activities, which should help to control the overall regulatory burden on banks.

Thus, the agencies are requesting comment on the following proposed revisions to the Call Report, which would take effect as of March 31, 2006. For each of the proposed revisions of existing items or proposed new items, the agencies are particularly interested in comments from banks on whether the information that is proposed to be collected is readily available from existing bank records. The agencies also invite comment on whether there are particular proposed revisions for which the new data would be of limited relevance for purposes of assessing risks in a specific segment of the banking industry. In such cases, comments are requested on what criteria, *e.g.*, an asset size threshold or some other measure, should be established for identifying the specific segment of the banking industry that should be required to report the proposed new information. Finally, the agencies seek comment on whether, for a particular proposed revision, there is an alternative set of information that could satisfy the agencies' data needs in that area and be less burdensome for banks to report than the new or revised items that the agencies have proposed. The agencies will consider all of the comments they receive as they formulate a final set of revisions to the Call Report for implementation in March 2006.

(1) Burden-reducing revisions:

- Eliminating Schedule RC-O, Memorandum item 2, ''Estimated amount of uninsured deposits,'' for banks with less than $1 billion in assets;
- Collecting only the total amount of a bank's holdings of asset-backed securities in Schedule RC–B from banks that only have domestic offices and are less than $1 billion in assets (but continuing to collect the breakdown by type of asset-backed security from all other banks);
- Eliminating items for reporting the impact on income of derivatives held for purposes other than trading (Schedule RI, Memorandum items 9.a through 9.c); and
- Eliminating items pertaining to bankers acceptances (Schedule RC, items 9 and 18; Schedule RC–H, items 1 and 2; and Schedule RC–L, item 5).

(2) Revisions of existing items and new items:

- Splitting ''Construction, land development, and other land loans'' (CLD&OL loans) into separate categories for 1–4 family residential CLD&OL loans and all other CLD&OL loans (Schedule RC–C, part I, item 1.a; Schedule RC–N, item 1.a; Schedule RI–B, part I, item 1.a; and Schedule RC–L, item 1.c.1);
- Splitting loans ''Secured by nonfarm nonresidential properties'' (commercial real estate loans) into separate categories for owner-occupied and other commercial real estate (Schedule RC–C, part I, item 1.e; Schedule RC–N, item 1.e; Schedule RI–B, part I, item 1.e);
- Replacing the breakdown of ''Lease financing receivables'' between leases from U.S. and non-U.S. addressees with a breakdown of leases between retail (consumer) leases and commercial leases for banks with foreign offices or with domestic offices only and $300 million or more in total assets (Schedule RC–C, part I, items 10.a and 10.b; Schedule RC–N, items 8.a and 8.b on the FFIEC 031 and Memorandum item 3.d on the FFIEC 041; and Schedule RI–B, part I, items 8.a and 8.b on the FFIEC 031 and Memorandum item 2.d on the FFIEC 041);
- Collecting further information on Federal Home Loan Bank advances, which are currently reported in Schedule RC–M, item 5.a, by adding breakdowns of advances by type and by next repricing date and by splitting the existing item for advances with a remaining maturity of more than three years into two items;
- Adding two items to the past due and nonaccrual assets schedule (Schedule RC–N) for ''Additions to nonaccrual assets during the quarter'' and ''Nonaccrual assets sold during the quarter;''
- Collecting additional information on credit derivatives by adding a breakdown by type of contract to the notional amounts currently reported in Schedule RC–L, item 7, along with new items for the maximum amounts payable and receivable on credit derivatives; adding credit derivatives to the existing maturity distribution of derivatives in Schedule RC–R, Memorandum item 2; adding credit derivatives to the breakdown of trading revenue by type of exposure currently collected in Schedule RI, Memorandum item 8; and adding a new income statement Memorandum item for the effect on earnings of credit derivatives held for purposes other than trading;
- Adding a new Schedule RC–P to collect data pertaining to closed-end 1–4 family residential mortgage banking activities for banks with $1 billion or more in total assets,[1] including quarter-end loans held for sale and quarterly originations, purchases, and sales, segregated between first and junior liens, and noninterest income from these activities;
- Changing the category of noninterest income in which banks report income from certain sales of annuities from ''Income from other insurance activities'' (Schedule RI, item 5.h.(2)) to ''Investment banking, advisory, brokerage, and underwriting fees and commissions'' (Schedule RI, item 5.d);
- Splitting the income statement item for ''Investment banking, advisory, brokerage, and underwriting fees and commissions'' (Schedule RI, item 5.d)

[1] In addition, a smaller bank with significant involvement in these activities, as determined by its primary federal regulator, could be directed by its regulator to report this information.

into separate items for fees and commissions from securities brokerage, fees and commissions from sales of annuities, and other fees and commissions;

• Adding new items for the amounts included in ''Federal funds purchased (in domestic offices)'' (Schedule RC, item 14.b) and ''Other borrowings'' (Schedule RC–M, item 5.b) that are secured;

• Adding an item to Schedule RC–F, ''Other Assets,'' for the carrying value of the bank's life insurance assets, which would replace the item in this schedule for reporting such assets if they exceed 25 percent of ''All other assets'';

• Revising Schedule RI–D, ''Income from International Operations,'' on the FFIEC 031 to focus on activity conducted in foreign offices; and

• Revising the scope of Schedule RC–S, column G, ''All Other Loans and All Leases,'' to cover securitizations and credit-enhanced asset sales involving assets other than loans and leases.

(3) Other matters:

• Clarifying the instructions to Schedule RC–S, Memorandum item 2, to indicate that the servicing of home equity lines should be included in the servicing of ''Other financial assets'' rather than 1–4 family residential mortgages; and

• Revising the officer declaration and director attestation requirements and signatures that apply to the Call Report.

These proposed revisions to the Call Report, which have been approved for publication by the FFIEC for the purpose of soliciting comments from banks and other interested parties, are discussed in more detail below.

Type of Review: Revision and extension of currently approved collections.

As mentioned above, the agencies plan to implement the proposed changes as of the March 31, 2006, report date. Nonetheless, as is customary for Call Report changes, institutions are advised that they may report reasonable estimates for any new or revised item in their reports for March 31, 2006, if the information to be reported is not readily available. In addition, the specific wording of the captions for the new and revised Call Report items discussed in this proposal and the numbering of these items in the report should be regarded as preliminary.

II. Discussion of Proposed Revisions

A. Burden-Reducing Revisions

1. Uninsured Deposits

All banks have been required to report the ''Estimated amount of uninsured deposits'' in Schedule RC–O, Memorandum item 2, since March 2002. To limit reporting burden, the FFIEC and the agencies advised banks that they were not expected to modify their information systems or acquire new systems solely for purposes of making this estimate. Rather, banks were instructed to base their estimates of the uninsured portion of their deposits on data that are readily available from the information systems and other records the bank has in place. Nonetheless, smaller banks continue to indicate that they find this Memorandum item burdensome and, as a consequence, many resort to reporting a simple estimate based on the number and amount of their deposit accounts of more than $100,000, the current limit of deposit insurance.

Because banks already report the number and amount of such deposit accounts in Schedule RC–O, Memorandum item 1, the agencies are able to calculate the same simple estimate of uninsured deposits as these banks have done. A comparison of the amounts banks have reported for their estimated uninsured deposits in Memorandum item 2 with a simple estimate calculated by the agencies from the information reported in Memorandum item 1 revealed insignificant differences between the two figures for banks with less than $1 billion in assets, which currently hold only about 20 percent of banks' total domestic deposits. Only at larger institutions were the differences between banks' reported estimates and the calculated simple estimate significant enough to have a potential effect on the estimate of insured deposits used by the FDIC in the determination of deposit insurance assessment premiums. Accordingly, the agencies are proposing that banks with less than $1 billion in total assets would no longer be required to complete Schedule RC–O, Memorandum item 2. Banks with $1 billion or more in total assets would continue to report the ''Estimated amount of uninsured deposits'' in this Memorandum item.

2. Holdings of Asset-Backed Securities

In Schedule RC–B, ''Securities,'' the agencies collect a six-way breakdown of banks' holdings of asset-backed securities (not held for trading purposes) in items 5.a through 5.f.[2] Because banks with domestic offices only and less than $1 billion in total assets hold only a nominal percentage of the industry's investments in asset-backed securities, the agencies have determined that continuing to request a breakdown by category of these institutions' limited holdings is no longer warranted. Instead, these banks would report only their total holdings of asset-backed securities in Schedule RC–B. However, all banks with foreign offices and other banks with $1 billion or more in total assets would continue to report the existing breakdown of their asset-backed securities in this schedule.

3. Impact of Derivatives on Income

Banks with foreign offices or with $100 million or more in total assets report the effect that their use of derivatives outside the trading account has had on their year-to-date interest income, interest expense, and net noninterest income in income statement (Schedule RI) Memorandum items 9.a through 9.c. The amounts reported in these Memorandum items are aggregates of all nontrading derivative positions and combine derivatives that may have substantially different underlying risk exposures, *e.g.*, interest rate risk, foreign exchange risk, and credit risk. In recognition of the new data on credit derivatives that the agencies are proposing to collect (see Section II.B.6. below), the agencies have identified the three income statement Memorandum items as being of lesser utility and propose to delete them.

4. Bankers Acceptances

The Call Report balance sheet (Schedule RC) has long required banks to separately disclose the amount of their ''Customers'' liability to this bank on acceptances outstanding'' (item 9) and their ''Bank's liability on acceptances executed and outstanding'' (item 18). For banks with foreign offices, corresponding amounts are disclosed for acceptance assets and liabilities in domestic offices (Schedule RC–H, items 1 and 2). In addition, banks with foreign offices or $100 million or more in total assets also report the amount of ''Participations in acceptances conveyed to others by the reporting bank'' (Schedule RC–L, item 5). Over time, the volume of acceptance assets and liabilities as a percentage of industry assets and liabilities has declined substantially to a nominal amount, with only a small number of banks reporting these items. The agencies are proposing to delete these five items and banks would be instructed to include any acceptance assets and liabilities in ''Other assets'' and ''Other liabilities,'' respectively, on the Call Report balance sheet.

[2] In Schedule RC–B, the asset-backed securities reported in items 5.a through 5.f exclude mortgage-backed securities, which are reported separately in items 4.a(1) through 4.b(3) of the schedule.

B. Revisions of Existing Items and New Items

1. Construction Land Development, and Other Land Loans

Construction, land development, and other land lending are highly specialized activities with inherent risks that must be managed and controlled to ensure that these activities remain profitable. Management's ability to identify, measure, monitor, and control the risks from these types of loans through effective underwriting policies, systems, and internal controls is crucial to a sound lending program. In areas of the country that experience high levels of construction activity and an extremely competitive lending environment, these factors often lead to thinner profit margins on CLD&OL loans and looser underwriting standards. Moreover, the risk profiles, including loss rates, of CLD&OL loans vary across loan types because of differences in such factors as underwriting and repayment source. The agencies' real estate lending standards recognize these differences in risk, for example, by setting higher supervisory loan-to-value limits for 1–4 family residential construction loans than for other construction loans.

The agencies have seen substantial growth in the volume of CLD&OL loans in recent years. At commercial banks and state-chartered savings banks, these loans grew more rapidly than loan portfolios as a whole during 2003 and 2004. The faster growth in CLD&OL lending than overall lending occurred each year not only for institutions as a whole, but also for banks with less than $100 million in assets, banks with $100 million to $1 billion in assets, and for banks with more than $1 billion in assets. At year-end 2004, banks' CLD&OL loans totaled more than $300 billion, up nearly 40 percent from their level of $217 billion two years earlier. In addition, at banks with less than $100 million in assets, CLD&OL loans were a higher percentage of total loans and leases at year-end 2004 (7 percent) than at banks with more than $1 billion in assets (less than 5 percent). Nearly 88 percent of all banks reported holding CLD&OL loans at year-end 2004, including almost 79 percent of banks with less than $100 million in assets and more than 91 percent of banks with more than $1 billion in assets.

In the Thrift Financial Report (TFR) (Form 1313, OMB No. 1550–0023) that the Office of Thrift Supervision (OTS) collects from the savings associations under its supervision, these institutions are required to report the amount of construction loans for 1–4 family residential properties separately from other construction loans. Charge-offs and recoveries on 1–4 family residential property construction loans are also reported separately from other construction loan charge-offs and recoveries in the TFR. The National Association of Home Builders (NAHB), in letters submitted to the agencies in January 2003 and May 2005 in response to the agencies' requests for comment on past proposed revisions to the Call Report, has requested that the agencies ''consider itemizing the construction and land development lending data that are currently aggregated'' to distinguish between different types of construction loans. The NAHB noted that their analysis of TFR data on construction loans revealed that residential construction loans ''perform much better than most other real estate loans'' and expressed concern that the ''current lack of credible activity and performance data'' on construction lending in the Call Report ''impedes the Agencies'' ability to accurately evaluate the level of risk associated with such activities.''

The agencies agree with the NAHB that it would be beneficial to improve their ability to monitor the construction lending activities of individual banks and the industry as a whole by obtaining separate data on 1–4 family residential CLD&OL loans and all other CLD&OL loans, particularly in light of the substantial growth in this type of lending by banks. Such information would also enable the agencies to identify institutions that significantly shift from 1–4 family residential construction lending to other construction lending, and vice versa, and to identify when institutions that had been solely 1–4 family residential construction lenders move into other types of construction lending.

Therefore, the agencies are proposing to split the existing item for ''Construction, land development, and other land loans'' in the loan schedule (Schedule RC–C, part I, item 1.a), the past due and nonaccrual schedule (Schedule RC–N, item 1.a), and the charge-offs and recoveries schedule (Schedule RI–B, part I, item 1.a) into separate items for ''1–4 family residential construction, land development, and other land loans'' and ''Other construction, land development, and other land loans.'' In addition, the agencies would similarly split the item for ''Commitments to fund commercial real estate, construction, and land development loans secured by real estate'' in the off-balance sheet items schedule (Schedule RC–L, item 1.c.(1)) into two items.

2. Loans Secured by Nonfarm Nonresidential Properties

Loans secured by nonfarm nonresidential properties (commercial real estate loans) include loans made to the occupants of such properties and loans to non-occupant investors. These two types of commercial real estate loans present different risk profiles. Loans secured by owner-occupied properties perform more like commercial and industrial loans because the success of the occupant's business is the primary source of repayment. To ensure repayment of loans to non-occupant investors, the property must generate sufficient cash flow from the parties who are the occupants.

The volume of commercial real estate loans at banks has also increased significantly in recent years. As with CLD&OL loans, commercial real estate loans grew more rapidly than loan portfolios as a whole at commercial banks and state-chartered savings banks during 2003 and 2004, both for the industry as a whole and for small, medium, and large banks. At year-end 2004, banks' commercial real estate loans stood at nearly $700 billion, a jump of 20 percent from the $584 billion in such loans at year-end 2002. The $700 billion in commercial real estate loans represented almost 14 percent of loans at all commercial banks and state-chartered savings banks at year-end 2004, but such loans were 19 percent of loans at banks with less than $100 million in assets versus 11 percent of loans at banks with more than $1 billion in assets. Almost all banks hold commercial real estate loans, including 96 percent of banks with less than $100 million in assets and 93 percent of banks with more than $1 billion in assets.

Because of the significant and growing level of bank involvement in commercial real estate lending and the different risk characteristics of owner-occupied and other commercial properties, separate reporting of these two categories of commercial real estate would enhance the agencies' monitoring and risk-scoping capabilities. The agencies propose to split the existing item for loans ''Secured by nonfarm nonresidential properties'' in the loan schedule (Schedule RC–C, part I, item 1.e), the past due and nonaccrual schedule (Schedule RC–N, item 1.e), and the charge-offs and recoveries schedule (Schedule RI–B, part I, item 1.e) into separate items for loans secured by owner-occupied nonfarm nonresidential properties and loans

secured by other nonfarm nonresidential properties.

When a commercial property that is partially occupied by the owner and partially occupied (or available to be occupied) by other parties, the property would be considered owner-occupied when the owner occupies more than half of the property's usable space. Properties such as hotels and motels would not be considered owner-occupied. The agencies request comment on the reporting of partially owner-occupied properties and on any other definitional issues that may arise when determining whether to report a loan as secured by owner-occupied property.

3. Retail and Commercial Leases

Banks with foreign offices or with $300 million or more in total assets currently report a breakdown of their lease financing receivables between those from U.S. and non-U.S. addressees in Schedule RC–C, part I, items 10.a and 10.b, and certain related schedules.[3] Because banks lease various types of property to various types of customers, the current addressee breakdown, in which only a limited number of banks report having leases to non-U.S. addressees, does not provide satisfactory risk-related information about this type of financing activity. When reporting information on their loans that are not secured by real estate in the Call Report loan schedule and related schedules, banks distinguish, for example, between consumer (retail) loans and commercial loans. As with retail and commercial loans, there are differences between the underwriting of and repayment sources for retail and commercial leases.

The agencies believe that the different risk characteristics of these two types of leases warrant replacing the existing addressee breakdown of leases with a retail versus commercial lease breakdown in the Call Report schedules for loans and leases, past due and nonaccrual assets, and charge-offs and recoveries. Retail (consumer) leases would be defined in a manner similar to consumer loans, *i.e.*, as leases to individuals for household, family, and other personal expenditures. Commercial leases would encompass all other lease financing receivables. This proposed reporting change would affect only the approximately 500 banks with foreign offices or with $300 million or more in total assets that have lease financing receivables as assets.

[3] Banks with domestic offices only and less than $300 million in total assets are not required to provide this breakdown.

4. Federal Home Loan Bank Advances

The Federal Home Loan Bank (FHLB) System is an increasingly important funding source for banks, particularly community banks, with over 57 percent of all banks reporting borrowings from FHLBs as of December 31, 2004. From year-end 2001 to year-end 2004, the volume of FHLB advances to commercial banks grew more than 25 percent to $250 billion. At the same time, the array of advances offered by the 12 FHLBs has expanded in recent years, with many of the newer advance products containing features that can significantly alter an institution's interest rate risk profile.

The agencies currently collect aggregate information on FHLB advances that is stratified by remaining maturity (Schedule RC–M, items 5.a (1) through 5.a.(3)). This information does not differentiate among types of advance products, which means that the agencies cannot distinguish products with lower repricing risk (putable advances where the bank has the right, but not the obligation, to prepay the FHLB) from products with higher repricing risk (callable advances where the FHLB has the right, but not the obligation, to require the bank to prepay the advance or establish a new advance). Furthermore, the current reporting by remaining maturity is based on the contractual terms of the advances, but this approach does not capture the potential volatility associated with more complex products that have various embedded options.

To address these informational deficiencies, the agencies are proposing to add two additional breakdowns of FHLB advances. The first would collect data on four categories of advances: Fixed rate, variable rate (where the interest rate is tied to an index), callable structured advances (where the FHLB has the option to call the advance), and other structured advances (putable, convertible, or with caps, floors, or other embedded derivatives). In the second breakdown, banks would report their advances based on the amount of time until the next repricing date (one year or less, over one year through three years, over three years through five years, and over five years). The existing data reported on the remaining maturity of FHLB advances would be modified by adding a new remaining maturity period of over five years, with a corresponding modification to the remaining maturity periods used for ''Other borrowings'' in Schedule RC–M, item 5.b. This additional information would help the agencies' assessments of interest rate risk, liquidity, and funds management and, in particular, would assist examiners with their risk-scoping of examinations, which can be performed off-site and thereby reduce on-site examination hours.

Banks currently report standby letters of credit issued by a Federal Home Loan Bank on their behalf in Schedule RC–L, item 9, ''All other off-balance sheet liabilities,'' when these letters of credit exceed 10 percent of the bank's total equity capital. When these letters of credit exceed 25 percent of total equity capital, the amount must also be separately identified and disclosed in Schedule RC–L. Because of the growth in this activity, the agencies would add a preprinted caption to Schedule RC–L, item 9.c, to facilitate the reporting and identification of standby letters of credit issued by a Federal Home Loan Bank when the amount exceeds 25 percent of total equity capital.

5. Nonaccrual Assets

Information on nonaccrual assets is a key indicator of the credit quality of a bank's assets. Effective December 31, 2003, bank holding companies that file the Consolidated Financial Statements for Bank Holding Companies (FR Y–9C) (OMB No. 7100–0128) with the Board began to complete two new items in the report's Schedule HC–N, ''Past Due and Nonaccrual Loans, Leases, and Other Assets': Memorandum item 7, ''Additions to nonaccrual assets during the quarter,'' and Memorandum item 8, ''Nonaccrual assets sold during the quarter.'' The agencies propose to add these same items to the comparable Call Report schedule (Schedule RC–N).

Although the overall quarter-to-quarter change in a bank's nonaccrual assets can be calculated based on the quarter-end totals reported for such assets in Schedule RC–N, the reasons for the change cannot be determined from the information currently reported in Schedule RC–N. Information relating to inflows and outflows of nonaccrual assets would enhance the agencies' ability to track shifts in the credit quality of a bank's assets. Information on additions to nonaccrual assets during the quarter would indicate the extent of erosion or improvement in the quality of a bank's assets. Data on the outflow of nonaccrual assets, such as sale activity, would also provide insight into the approaches taken by a bank's management to the resolution of problem assets. Thus, the proposed new items would assist the agencies in assessing a bank's ability to manage credit risk and deal with credit problems.

For the industry as a whole, information on inflows and outflows

would aid in the evaluation of credit cycle trends. For example, a slowdown in inflows of nonaccrual assets may indicate an approaching peak level of nonperforming assets after the end of a recession. The information on nonaccrual asset sales would increase the agencies' understanding of the evolution of the secondary market for sales of distressed assets, which has only come into existence in recent years.

Because bank holding companies that file the FR Y–9C report (*i.e.*, bank holding companies with total consolidated assets of $150 million or more and certain multibank holding companies) have reported the volume of additions to nonaccrual assets and sales of such assets for the past two years, banks that are subsidiaries of these holding companies should have systems in place for compiling these data. Other banks, however, may not currently track these data, although the agencies believe that sales of nonaccrual assets by small banks are infrequent at present. Thus, the agencies are particularly interested in receiving comments from banks that do not fall within the scope of an FR Y–9C report about their ability to report the amounts of quarterly additions to, and sales of, nonaccrual assets beginning March 31, 2006.

6. Information on Credit Derivatives

The volume of credit derivatives, as measured by their notional amount, has increased significantly at banks over the past several years, rising from an aggregate notional amount of $395 billion at year-end 2001 to $3.1 trillion at March 31, 2005. From the end of the fourth quarter of 2004 to the end of the first quarter of 2005 alone, the notional amount of credit derivatives reported by banks increased by $778 billion or 33 percent. However, despite this volume, the number of banks currently participating in the credit derivatives market, almost all of which have in excess of $1 billion in assets, is extremely small: 19 banks act as a guarantor by selling credit protection to other parties (*i.e.*, they are assuming credit risk), while 26 banks are buying credit protection from other parties (*i.e.*, they are hedging credit risk). A number of these banks enter into some credit derivatives as guarantor and other credit derivatives as beneficiaries.

To gain a better understanding of the nature and trends of the credit derivative activities that are concentrated in a small number of large banks, the agencies are proposing to expand the information they collect in several Call Report schedules. First, in Schedule RC–L, item 7, where banks currently report the notional amounts of the credit derivatives on which they are the guarantor and on which they are the beneficiary, these banks would be required to provide a breakdown of these notional amounts by type of credit derivative: credit default swaps, total return swaps, credit options, and other credit derivatives. Banks would also report the maximum amounts they would pay and receive on credit derivatives on which they are the guarantor and on which they are the beneficiary, respectively.

Second, in Schedule RC–R, Memorandum item 2, where banks currently present a maturity distribution of their derivative contracts that are subject to the risk-based capital requirements, credit derivatives would be added as a new category of derivatives with their remaining maturities reported separately for those that are investment grade and those that are subinvestment grade.

Third, in Schedule RI, Memorandum item 8, banks that reported average trading assets of $2 million or more for any quarter of the preceding calendar year currently provide a four-way breakdown of trading revenue by type of risk exposure. When banks that must complete Memorandum item 8 hold credit derivatives for trading purposes, they have to report the revenue from these derivatives in one of the four existing risk exposure categories, none of which is particularly suitable for reporting such revenue. Accordingly, the agencies propose to add a new risk exposure category for credit derivatives. This information would address the current weakness in the reporting of trading revenue, but, more importantly, it would enable the agencies to begin to identify the extent to which credit derivatives held for trading purposes contribute to a bank's trading revenue each period and over time.

Finally, the agencies propose to add a new Memorandum item to Schedule RI, ''Income Statement,'' for the changes in fair value recognized in earnings on credit derivatives that are held for purposes other than trading, *e.g.*, to economically hedge credit exposures arising from nontrading assets (such as available-for-sale securities or loans held for investment[4]) or unused lines of credit. In this regard, the agencies reiterate that credit derivatives held for purposes other than trading should not be reported as trading assets or liabilities in the Call Report and the changes in fair value of such credit derivatives should not be reported as trading revenue. Consistent with the existing guidance in the Glossary entry for ''Derivative contracts'' in the Call Report instructions, credit derivatives held for purposes other than trading with positive and negative fair values should be reported in ''Other assets'' and ''Other liabilities,'' respectively, on the Call Report balance sheet. Changes in fair value of derivatives held for purposes other than trading that are not designated as hedging instruments should be reported consistently as either ''Other noninterest income'' or ''Other noninterest expense'' in the Call Report income statement.

7. 1–4 Family Residential Mortgage Banking Activities

Mortgage banking activities, particularly those involving closed-end 1–4 family residential mortgages, have become an increasingly important line of business for many banks. Mortgage banking revenues are a significant component of earnings for these institutions and have been critical to the recent record earnings achieved by the banking industry as a whole. The growth of the industry's mortgage banking activities also reflects the central role that securitization mechanisms now play in the mortgage market.

However, these activities and the revenues they generate can be quite volatile over the business and interest rate cycle. Furthermore, a bank's mortgage banking operations can raise significant management and supervisory concerns related to credit, liquidity, interest rate, and operational risk. Understanding the importance of mortgage banking activities to an institution's financial condition and risk profile requires information about the transactional flows associated with residential mortgages. In this regard, the OTS has collected a large set of cash flow data on mortgage loan disbursements, purchases, and sales in the TFR for more than a decade.

After considering the OTS's reporting requirements as well as the types of information commonly disclosed by banking organizations with large mortgage banking operations, the agencies are proposing to add a new Schedule RC–P that would contain a series of items that are focused on closed-end 1–4 family residential mortgage loans, with data reported separately for first liens and junior liens. The new items would cover loans originated, purchased, and sold during the quarter, loans held for sale at quarter-end, and the year-to-date noninterest income earned from closed-

[4] Loans held for investment are loans that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.

end 1–4 family residential mortgage banking activities. This income would consist of the portion of a bank's ''Net servicing fees,'' ''Net securitization income,'' and ''Net gains (losses) on sales of loans and leases'' (Schedule RI, items 5.f, 5.g, and 5.i) attributable to closed-end 1–4 family residential mortgage loans.

The proposed new items would be reported by all banks with $1 billion or more in total assets. In addition, banks with less than $1 billion in assets that are significantly involved in mortgage banking activities, as determined by their primary Federal regulator, could be directed by their regulator to report this mortgage banking information.

For loans originated, purchased, and sold during the quarter, banks would report the principal amount of these loans. Originations would include those loans for which the origination and underwriting process was handled by the bank or a consolidated subsidiary of the bank, but would exclude those loans for which the origination and underwriting process was handled by another party, including a correspondent or mortgage broker, even if the loan was closed in the name of the bank or a consolidated subsidiary of the bank. Such loans would be treated as purchases, as would acquisitions of loans closed in the name of another party. Sales of loans would include those transfers of loans that have been accounted for as sales in accordance with generally accepted accounting principles, *i.e.*, where the loans are no longer included in the bank's consolidated total assets. Loans held for sale at quarter-end would be reported at the lower of cost or fair value, consisent with their presentation in the Call Report balance sheet. The agencies request comment on the reporting approach discussed in this paragraph.

8. Income Statement Reclassification of Income From Annuity Sales

In the Call Report income statement (Schedule RI), banks currently report commissions and fees from sales of annuities (fixed, variable, and deferred) and related referral and management fees as a component of item 5.h.(2), ''Income from other insurance activities.'' [5] Because annuities are deemed to be financial investment products rather than insurance, the agencies propose to revise the instructions for item 5.h.(2) and item 5.d, ''Investment banking, advisory, brokerage, and underwriting fees and commissions,'' by moving the references to annuities in the former item to the latter item. This change in the income statement classification for commissions and fees from annuity sales and related income should affect no more than 25 percent of all banks based on the number of banks that currently report ''Income from the sale and servicing of mutual funds and annuities'' in Schedule RI, Memorandum item 2.

9. Investment Banking, Advisory, Brokerage, and Underwriting Income

As the caption for Schedule RI, item 5.d, ''Investment banking, advisory, brokerage, and underwriting fees and commissions,'' indicates, this income statement item commingles noninterest income from a variety of activities. At present, approximately 25 percent of all banks report that they earn income from these activities. However, the percentage of institutions reporting such income varies significantly as a function of bank size, ranging from less than 12 percent of banks with less than $100 million in assets to more than 60 percent of banks with $1 billion or more in assets. The smaller banks that report income in Schedule RI, item 5.d, generally are not involved in investment banking and securities underwriting activities, but generate fees and commissions from sales of one or more types of investment products to customers. (In addition, as discussed in the preceding section, some banks generate commissions and fees from sales of annuities and the agencies are proposing to include such income in Schedule RI, item 5.d.)

In order to better understand the sources of banks' noninterest income, the agencies are proposing to distinguish between banks' investment banking (dealer) activities and their sales (brokerage) activities by splitting item 5.d (after moving commissions and fees from annuity sales and related income into this income statement category from item 5.h.(2) as discussed in the preceding section) into three separate items. As revised, item 5.d would be subdivided into items for ''Fees and commissions from securities brokerage,'' ''Fees and commissions from annuity sales,'' and ''Investment banking, advisory, and underwriting fees and commissions.'' Securities brokerage income would include fees and commissions from sales of mutual funds and from purchases and sales of other securities and money market instruments for customers (including other banks) where the bank is acting as agent.

10. Certain Secured Borrowings

When banks raise funds from sources other than deposit liabilities, they may do so on a secured or unsecured basis. ''Securities sold under agreements to repurchase'' (Schedule RC, item 14.b) and ''Federal Home Loan Bank advances'' (Schedule RC–M, item 5.a) always represent secured borrowings, whereas ''Subordinated notes and debentures'' (Schedule RC, item 19) must be unsecured. However, amounts included in ''Federal funds purchased (in domestic offices)'' (Schedule RC, item 14.a) and ''Other borrowings'' (Schedule RC–M, item 5.b) can be secured or unsecured, but this cannot be determined at present from the Call Report. This uncertainty adversely affects the agencies' assessment of banks' liquidity positions. Moreover, as a bank's condition deteriorates, it usually encounters increasing difficulty in rolling over existing unsecured debt or borrowing additional funds on an unsecured basis. When an institution fails, the relative volume of secured and unsecured borrowings directly influences the loss to the FDIC-administered deposit insurance fund.

Thus, to better understand the structure of banks' nondeposit liabilities and the effect of these liabilities on liquidity, the agencies are proposing to add two items to Schedule RC–M in which banks would report the secured portion of their ''Federal funds purchased'' and their ''Other borrowings.'' At present, only about one fifth of all banks have purchased federal funds and the same percentage of institutions have other borrowings. The use of these funding sources increases in relation to bank size, with 15 percent of banks with less than $100 million in assets reporting federal funds purchased and about 11 percent of such banks reporting other borrowings. The respective percentages for these two types of liabilities increase to nearly 53 and 64 percent for banks with $1 billion or more in assets.

11. Life Insurance Assets

Banks include their holdings of life insurance assets (*i.e.*, the cash surrender value reported to the bank by the insurance carrier, less any applicable surrender charges not reflected by the carrier in this reported value) in Schedule RC–F, item 5, ''All other assets.'' If the carrying amount of a bank's life insurance assets included in item 5 is greater than $25,000 and exceeds 25 percent of its ''All other

[5] However, commissions and fees from sales of annuities by a bank's trust department (or a consolidated trust company subsidiary) that are executed in a fiduciary capacity are to be reported in ''Income from fiduciary activities'' in Schedule RI, item 5.a, and income from sales of annuities to bank customers by a bank's securities brokerage subsidiary are reported in ''Investment banking, advisory, brokerage, and underwriting fees and commissions'' in Schedule RI, item 5.d.

assets,'' the bank must disclose this carrying amount in item 5.b.

In December 2004, the agencies issued an Interagency Statement on the Purchase and Risk Management of Life Insurance to provide guidance to institutions to help ensure that their risk management processes for bank-owned life insurance (BOLI) are consistent with safe and sound banking practices. Given the risks associated with BOLI, the Interagency Statement advises institutions that it is generally not prudent for an institution to hold BOLI with an aggregate cash surrender value that exceeds 25 percent of the institution's capital as measured in accordance with its primary Federal regulator's concentration guidelines. Although more than 40 percent of all banks report the amount of their life insurance assets in item 5.b under the current 25 percent of ''All other assets'' disclosure threshold, this reporting mechanism does not ensure that the agencies are able to monitor whether all banks holding life insurance assets are approaching or have exceeded the 25 percent of capital concentration threshold. As a consequence, the agencies are proposing to revise Call Report Schedule RC–F by adding a new item 5 in which all banks would report their holdings of life insurance assets and by renumbering existing item 5, ''All other assets,'' as item 6. The agencies note that all savings associations are currently required to report the amount of their life insurance assets in the TFR (Schedule SC, lines SC615 and SC625).

12. Income From International Operations

In the FFIEC 031 version of the Call Report, banks with foreign offices whose international operations account for more than 10 percent of total revenues, total assets, or net income must complete Schedule RI–D, ''Income from International Operations.'' Banks that must complete this schedule, of which there are less than 40, are directed to report estimates of the amounts of their income and expense attributable to international operations after eliminating intrabank accounts. These estimates should reflect all appropriate internal allocations of income and expense, whether or not recorded in that manner in the bank's formal accounting records. The agencies have found that the term ''international operations'' is subject to varying interpretations and has led to differences between what some banks report as international income in their internal management reports compared to the income reported in Schedule RI–D.

In order to obtain better income data about banks' foreign operations in a less burdensome manner, the agencies are proposing to revise the approach taken in Schedule RI–D. Instead of collecting income from ''international operations,'' the agencies would begin to capture income from foreign offices as that term is currently defined for Call Report purposes. This revised approach should improve the usefulness of the Schedule RI–D data in assessing the significance of foreign office net income to banks' overall net income. The threshold for completing revised Schedule RI–D would continue to be based on a 10 percent test, but the total revenues, total assets, and net income used for this test would be based on foreign office revenues, assets, and net income, which should present a clearer standard than at present.

The data items in proposed revised Schedule RI–D, ''Income from Foreign Offices,'' would for the most part mirror categories of income and expense reported in Schedule RI. The categories that would be used for foreign offices would include total interest income; total interest expense; provision for loan and lease losses; trading revenue; investment banking, advisory, brokerage, and underwriting fees and commissions; net securitization income; all other noninterest income; realized gains (losses) on held-to-maturity and available-for-sale securities; total noninterest expense; applicable income taxes; and extraordinary items and other adjustments, net of income taxes. The amounts reported in the preceding income and expense categories would be reported gross, *i.e.*, before eliminating the effects of transactions with domestic offices, which would be a change from the current Schedule RI–D approach under which amounts are reported net of intrabank transactions. Banks would also report the amount of any adjustments to pretax income for internal allocations to foreign offices for the effects of equity capital on overall bank funding costs before arriving at net income attributable to foreign offices before internal allocations of income and expense. To complete the remainder of revised Schedule RI–D, banks would next report the amount of internal allocations of income and expense applicable to foreign offices, followed by the amount of eliminations arising from the consolidation of foreign offices with domestic offices. Finally, banks would then report their consolidated net income attributable to foreign offices.

13. Scope of Securitizations To Be Included in Schedule RC–S

In column G of Schedule RC–S, ''Servicing, Securitization, and Asset Sale Activities,'' banks report information on securitizations and on asset sales with recourse or other seller-provided credit enhancements involving loans and leases other than those covered in columns A through F. Although the scope of Schedule RC–S was intended to cover all of a bank's securitizations and credit-enhanced asset sales, as currently structured column G does not capture transactions involving assets other than loans and leases. As a result, securitization transactions involving such assets as securities, for example, have not been reported in Schedule RC–S. Therefore, the agencies propose to revise the scope of column G to encompass ''All Other Loans, All Leases, and All Other Assets'' to ensure that they can identify and monitor the full range of banks' involvement in and credit exposure to securitizations and asset sales. With fewer than 30 banks reporting data on securitizations in column G of Schedule RC–S at present, the proposed change in the scope of column G is expected to affect only a nominal number of banks.

C. Other Matters

1. Instructional Clarification for Servicing of Home Equity Lines

Banks report the outstanding principal balance of assets serviced for others in Schedule RC–S, Memorandum item 2. In Memorandum items 2.a and 2.b, the amounts of 1–4 family residential mortgages serviced with recourse and without recourse, respectively, are reported. Memorandum item 2.c covers all other financial assets serviced for others, but banks are required to report the amount of such servicing only if the servicing volume is more than $10 million. The instructions for Memorandum items 2.a and 2.b do not explicitly define ''1–4 family residential mortgages.'' However, the caption for column A of the body of Schedule RC–S is ''1–4 family residential loans,'' which the instructions for column A describe as closed-end loans secured by first or junior liens on 1–4 family residential properties as defined for Schedule RC–C, part I, items 1.c.(2)(a) and (b).

Some banks have asked whether Memorandum items 2.a and 2.b should include servicing of home equity lines of credit because such lines are also secured by 1–4 family residential properties. Information on securitizations and asset sales involving home equity lines is reported in column

B of the body of Schedule RC–S. To resolve the questions about the scope of Memorandum items 2.a and 2.b, the agencies are proposing to clarify the instructions by stating that these two items should include servicing of closed-end loans secured by first or junior liens on 1–4 family residential properties only. Servicing of home equity lines would be included in Memorandum item 2.c.

2. Officer Declaration and Director Attestation Requirements and Signatures

The Call Report must be signed by an authorized officer of the bank and attested to by not less than two directors (trustees) for state nonmember banks and three directors for national and State member banks. As required by statute, the officer declaration and director attestation address the correctness of the information reported in the Call Report. The statute also recognizes that banks are responsible for maintaining procedures to ensure the accuracy of this information.

Given the importance placed upon the quality of the information reported in the Call Report, the agencies believe that the chief executive officer and chief financial officer are the most appropriate officers within a bank to sign a declaration concerning the preparation of the report. Similarly, because of the duties normally carried out by the audit committee of the board of directors, audit committee members are the most appropriate directors to attest to the correctness of the report. The agencies recognize, however, that some banks may not have audit committees and that, at some banks, the same individual may perform the functions of both the chief executive officer and the chief financial officer.

The agencies plan to revise the existing officer declaration to require that the Call Report be signed by each bank's chief executive officer (or the person performing similar functions) and chief financial officer (or the person performing similar functions), who may be the same person. The revised declaration would also state that these officers are responsible for establishing and maintaining adequate internal control over financial reporting, including controls over regulatory reports. The director attestation would be revised to require that the directors who sign be members of the bank's audit committee. If the bank has no audit committee or if the committee has less than the two or three directors required to attest to the Call Report, other directors would sign the attestation. The revised director attestation would also indicate that the directors signing the attestation have reviewed the bank's Call Report.

III. Request for Comment

Public comment is requested on all aspects of this joint notice. As previously mentioned, the agencies particularly wish to encourage banks and other interested parties to comment on such matters as data availability, data alternatives, and reporting thresholds for each proposal for new or revised data. In addition, comments are invited on:

(a) Whether the proposed revisions to the Call Report collections of information are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;

(b) The accuracy of the agencies' estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of information collections 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.

Comments submitted in response to this joint notice will be shared among the agencies and will be summarized or included in the agencies' requests for OMB approval. All comments will become a matter of public record. Written comments should address the accuracy of the burden estimates and ways to minimize burden as well as other relevant aspects of the information collection request.

Dated: August 16, 2005.

Stuart E. Feldstein,

Assistant Director, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency.

Board of Governors of the Federal Reserve System, August 18, 2005.

Jennifer J. Johnson,

Secretary of the Board.

Dated at Washington, DC, this 17th day of August, 2005.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

[FR Doc. 05–16680 Filed 8–22–05; 8:45 am]

BILLING CODE 4810–33–P; 6210–01–P; 6714–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for Form 13013C

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 Form 13013C, Taxpayer Advocacy Panel (TAP) Membership Application.

DATES: Written comments should be received on or before October 24, 2005 to be assured of consideration.

ADDRESSES: Direct all written comments to Glenn P. Kirkland, Internal Revenue Service, room 6516, 1111 Constitution Avenue, NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the form should be directed to R. Joseph Durbala, (202) 622–3634, Internal Revenue Service, room 6516, 1111 Constitution Avenue, NW., Washington, DC 20224, or through the internet at *RJoseph.Durbala@irs.gov.*

SUPPLEMENTARY INFORMATION:

Title: Taxpayer Advocacy Panel (TAP) Membership Application.

OMB Number: 1545–1788.

Form Number: 13013C.

Abstract: Form 13013C is an application to volunteer to serve on the Taxpayer Advocacy Panel (TAP), as an advisory panel to the Internal Revenue Service. The TAP application is necessary for the purpose of recruiting perspective members to voluntarily participate on the Taxpayer Advocacy Panel for the Internal Revenue Service. It is necessary to gather information to rank applicants as well as to balance the panels demographically.

Current Actions: There are no changes being made to the form at this time.

Type of Review: Extension of a currently approved collection.

Affected Public: Individuals, and business or other for-profit organizations.

Estimated Number of Respondents: 1,200.

Estimated Time per Respondent: 1 hour, 30 minutes.