

Part V

Office of Thrift Supervision

A. Overview

OTS enhances our supervision of the thrift industry through risk-focused, efficient and proactive regulation. OTS is moving away from regulations that micromanage thrift operations toward a more streamlined regulatory structure. Our goal is to focus the regulations on safe, sound and prudent operations, and move other helpful guidance to regulatory handbooks.

The purpose of the Regulatory Reinvention Project is to reduce regulatory burden on savings associations, consistent with statutory requirements, safety and soundness and consumer protection. OTS also, whenever possible, tailors regulations to risks posed by particular institutions in order to provide additional flexibility and latitude to well-capitalized and well-managed institutions.

OTS strives to eliminate confusion by rewriting regulations in “plain English” using techniques pioneered by the Department of Interior and promoted by the Vice President as part of the Regulatory Reinvention Initiative. Plain language drafting enhances clarity. This decreases industry frustration, inadvertent violations, the need to seek clarification in correspondence and phone calls, and the amount of time savings associations must devote to understanding the regulations.

B. Overall Status of OTS Regulatory Burden Reduction Initiatives

We reviewed our regulations and written policies in accordance with Section 303 (a) the Riegle Community Development and Regulatory Improvement Act of 1994. We plan to streamline and modify OTS regulations and policies in order to improve efficiency, reduce unnecessary

costs, eliminate unwarranted constraints on credit availability, and remove inconsistent, outmoded and duplicative requirements.

To date we have eliminated or rewritten 150 pages of text in the Code of Federal Regulations (CFR), or 35 percent of all OTS regulations. We propose to eliminate or rewrite an additional 105 pages, or 25 percent of all OTS regulations by the end of 1996. This will represent a total of 255 pages, or 60 percent of all OTS regulations eliminated or rewritten since September 1994.

In addition, we plan to revise our Regulatory Handbooks to complete the shift from specific and detailed regulations to a more flexible, guidance-oriented approach. Thrift regulations traditionally were lengthy and detailed, leaving little room for exercise of judgment by the thrift industry and examiners. We will incorporate the helpful guidance removed from the regulations into Regulatory Handbooks. This helpful guidance consists primarily of policy statements and statements of implied powers that were previously in the CFR. We also plan to incorporate into OTS guidance changes to interagency policy statements that occur as part of the interagency Section 303 review.

C. Methodology

We began our process by conducting a page-by-page review of our regulations, 12 CFR Parts 500-599. A task force of Washington staff reviewed the regulations and policy statements. The reviewers were asked to keep several questions in mind during their review:

- Is the regulation or policy statement current?
- Would elimination of the regulation or policy statement endanger safety and soundness or violate statutory requirements?
- Is the subject matter of the regulation more suitable for a policy statement?

- Is the regulation or policy statement consistent with the other Federal banking agencies' regulations?
- Is the regulation or policy statement clear?
- Is the regulation a "stand alone" regulation without confusing cross references?
- Is the regulation required by statute?
- Is the regulation or policy statement in logical order?

This review included input from the regional offices and front-line regulators who use the regulations on a day-to-day basis in the examination and supervision of thrift institutions. In addition, we solicited input from industry representatives through contacts with trade associations. We also gathered feedback from the OTS's Examination Outreach Program (EOP). This program, created in 1993, provides a vehicle to obtain information from thrift executives after the completion of each scheduled safety and soundness examination. This feedback lets us know how we are doing and if there are any areas we need to improve. We solicited specific comment from thrifts on regulations and policy statements that were candidates for elimination or modification.

Finally, we received input from thrift executives during town meetings held by the Acting Director and Regional Directors of OTS. In these meetings, we specifically asked thrift executives for comments on regulations and policy statements they consider outmoded, duplicative, or confusing.

Many of the projects listed below grew out of recommendations from the sources discussed above. Once we had reviewed all the sources of regulatory burden and solicited views from all interested parties, we divided our regulatory review process into the following five areas.

1. Deletion of Obsolete and Redundant Regulations

2. Substantive Review of Subject Areas
3. Interagency Section 303 Review
4. Legislative Recommendations
5. Non-regulatory Efforts to Reduce Regulatory Burden

D. Significant Accomplishments

1. Deletion of Obsolete and Redundant Regulations and Technical Changes

OTS published a proposed a rule on August 28, 1995 recommending deletion of 53 sections in the CFR in order to improve efficiency, eliminate outmoded and duplicative requirements and remove inconsistencies. OTS asked for comment on several issues:

- Should OTS consolidate safety and soundness provisions that now apply only to state-chartered or Federally chartered institutions, but not both?
- Should OTS consolidate common definitions of general applicability in one Part?
- Should OTS's regulations comprehensively codify thrift powers or should OTS delete regulations that only repeat statutory authority or set forth an implied power?
- Should policy statements remain in the CFR, be deleted entirely, or be placed in the Regulatory Handbooks as guidance?
- Should OTS make an effort to group regulations relating to the same subject more closely together for ease of reference?

OTS issued a final rule December 27, 1995, eliminating 8 percent of all OTS regulations from the CFR. Generally all of the commenters supported this initiative. For example, OTS eliminated Part 533, Electronic Fund Transfers, as it was duplicative of guidance issued by the Federal Reserve Board that applies to all insured institutions. OTS implemented all of the proposed revisions and modifications contained in the proposal, except for the proposed revision to Section our definition of an OECD-based country (12 CFR Section 567.1). This revision will be addressed in a later final rule. OTS also used the public comments submitted to determine additional changes relating to policy statements, definitions and regulatory organization.

2. Substantive Review of Regulatory Subject Areas

As part of the page-by-page review, we identified several areas that would benefit from an in-depth, substantive review. We selected these areas because they:

- Have a significant impact on thrift operations;
- Are not being developed on an interagency basis; and
- Have not been comprehensively reviewed for many years.

We identified the following subject areas for substantive review and reinvention proposals.

- Lending powers and restrictions
- Subsidiaries
- Conflicts of interest and corporate opportunity
- Corporate governance
- Deposits

- Capital
- Definitions

a. Lending Proposal

In a January 17, 1996 notice, OTS proposed to streamline, simplify and reduce the burden of Federal regulations by reinventing 21 CFR pages that contain the OTS's lending regulations, (subsections of 12 CFR Parts 545 and 563). These regulations establish lending authority, investment limitations, and set forth other safety and soundness standards for thrift institutions. One purpose of the lending reinvention was to evaluate any restrictions that apply solely to Federally chartered thrifts to ensure equitable treatment with state-chartered thrifts consistent with safety and soundness concerns. By minimizing inequalities between Federal-and state-chartered associations, thrift lending and investment regulations would be more in line with those of the other Federal banking regulators.

The basic framework of the rule, which we target to become effective in the fourth quarter of 1996, is to restructure the lending and investment regulations by consolidating many of the relevant provisions in a chart for easy reference. This will streamline the regulations and make them more efficient.

The proposal also outlines the agency's plans to convert several regulations to guidance and place the information in the Thrift Activities Handbook. The regulations being converted to guidance include stringent loan documentation requirements that micromanage thrifts and make it difficult for them to respond to technological advances because they are inflexible.

b. Subsidiaries

This proposed rulemaking, published June 13, 1996, would reinvent sixteen pages of CFR text and seeks to update, clarify, reorganize and substantially streamline OTS regulations and policy statements on subsidiaries and equity investments. The proposal would codify pass-through investment authority that allows thrifts to invest in companies engaged exclusively in activities that the Federal savings associations could conduct directly. Generally, thrifts make these investments through mutual funds or limited partnerships. Because pass-through investments offer important benefits of spreading risk and enhancing liquidity, we believe it is important to clearly outline this authority in our regulations.

The proposal would also update the list of activities that are preapproved for service corporations. We reviewed past applications filed with OTS to identify certain activities OTS routinely approves. If an activity is on the preapproved list, institutions would simply provide a notice rather than a formal application. This should alleviate regulatory burden. The preapproved list is not a comprehensive statement of every conceivable reasonably related activity. Therefore, we reiterate OTS's longstanding position that Federal thrifts may apply for approval to engage in other activities.

Finally, the proposal simplifies the computation of the service corporation investment limit and clarifies what constitutes a "subsidiary" under various regulatory provisions, most notably in the capital area.

c. Conflicts and Corporate Opportunity

This proposed rule, published June 14, 1996, would reinvent six pages of CFR text and reduce eight regulations and policy statements to three clear, concise regulations. These regulations:

- Outline prohibited conflicts of interest.
- Prohibit certain referral fees.

- Place restrictions on certain loan services.
- Prohibit the usurpation of corporate opportunity.
- Require hazard insurance be placed on collateral property.

We based the proposed changes on staff review and industry input. The review considered whether the regulations and policy statements were necessary; and if necessary, whether they could be streamlined or modified to impose the least possible burden on thrifts consistent with safety, soundness and statutory requirements.

The three proposed regulations are risk-focused and devoid of the confusing, lengthy and overlapping restrictions they replace. The OTS and predecessor agencies promulgated the previous eight regulations over a period of 20 years, responding to individual and industry practices, not fundamental risks common to all financial institutions. OTS removed prohibitions and restrictions that duplicated rules implementing the Real Estate Settlement Procedures Act issued by the Department of Housing and Urban Development, interagency guidelines on Real Estate Lending, and statutory anti-tying restrictions. In addition, we removed restrictions on affiliates of thrifts that prevented them from receiving loan procurement fees in light of Section 23B of the Federal Reserve Act. Under this proposed change, affiliates of thrifts that are mortgage brokers will be able to receive an arms-length fee when acting as an agent soliciting loans for affiliated thrifts.

A primary goal of OTS's reinvention effort is to make the regulations more user friendly by condensing and simplifying the existing narrative. This rulemaking will remove ambiguous and imprecise language from the regulations and create three new regulations written in a clear and straightforward manner in plain English.

This reinvention project also moves the OTS approach closer to that of the other Federal banking agencies, promoting interagency uniformity and consistency

d. Corporate Governance

This proposal, published on June 25, 1996, would update, clarify, reorganize and substantially streamline OTS regulations and policy statements on corporate governance. The proposal seeks to provide the maximum corporate governance flexibility for savings associations consistent with safety and soundness. The proposal also clarifies provisions to provide clear regulatory guidance on items that are the subject of frequent questions. The proposal reinvents 35 pages of CFR text and reduces the number of charter and bylaw regulations from 33 to 24 by removing unnecessary, duplicative or outdated regulations affecting the corporate governance of Federal thrift institutions.

In addition, the proposal deletes 14 pages of CFR text by converting the charter and model bylaws to guidance (OTS Application Processing Regulatory Handbook). This eliminates nonessential items from the regulations, making them easier to use and provides more flexibility to update and modernize the charter and model bylaws.

e. Deposit Regulations (not yet proposed)

This regulatory project will seek to reinvent ten pages of CFR text. We plan to expand the statement of general authority to clarify that thrifts may accept any deposits authorized by statute, unless specifically restricted by regulation. This regulatory approach allows OTS to remove many regulations that simply repeat statutory requirements and to move many others to guidance.

We propose to reduce our deposit regulations by eliminating those that duplicate statutes or other applicable regulations that adequately cover the same subjects. We believe it is more efficient to rely in large part on regulations issued by the Federal Reserve Board such as Regulation D (Reserves) and Regulation DD (Truth in Savings). These regulations are applicable to all thrift institutions. This approach not only allows OTS to eliminate several regulations, but also promotes interagency uniformity.

Some helpful information will be converted to guidance and placed in the Thrift Activity Regulatory Handbook. The transfer of deposit regulations to guidance provides thrifts with direction about what the OTS considers to be generally safe and sound practice, and gives them more flexibility in addressing new technology than the regulations currently allow. We also plan to ask for comment on three regulations relating to: Data processing services, remote service units and home banking services.

f. Capital Revisions (not yet proposed)

In a project complementary to the interagency effort to establish uniform capital rules and policies, the OTS is reevaluating its capital standards pursuant to its supervisory mission and statutory mandate. The OTS plans to recommend changes that will clarify and streamline the capital rules and guidelines and eliminate, where appropriate, the remaining differences between the OTS capital standards and those of the other banking agencies.

The OTS will study organizational revisions to render its capital regulations and guidelines more efficient and user friendly. The effort may involve textual editing, a structural overhaul and innovative drafting concepts. In addition, we plan to make substantive revisions aimed at achieving uniformity with the capital rules and policies of the other banking agencies. We plan to review the OTS capital treatment of subsidiaries, equity investments, recourse treatment of purchased subordinated securities, recourse servicing and mortgage-backed securities. The OTS plans to propose these regulatory changes in 1997.

g. Review and Reorganization of Definitions (not yet proposed)

In several of the above proposals we plan to consolidate regulations dealing with certain topics such as lending and deposits for ease of use. In the initial OTS regulatory reinvention proposal, we asked if OTS should reorganize and consolidate regulatory definitions of general applicability. All of the respondents viewed this proposal favorably; therefore, the OTS plans to

consolidate all definitions of general applicability in a new Part in the CFR. During this process we plan to eliminate duplicative definitions and conform, whenever possible, OTS definitions to statutory or interagency terms. This will eliminate many inconsistencies and outmoded definitions as well as streamline the regulations.

3. Interagency Section 303 Projects

Since the passage of FIRREA in 1989, we have sought to conform OTS rules, policies, and procedures to those of the other banking agencies to reduce regulatory burden and maintain parity. The Interagency Section 303 projects, working with the other banking agencies to make uniform all regulations and guidelines implementing common statutory or supervisory policies, are an agency priority for OTS.

4. Legislative Recommendations

During the Section 303 review, OTS identified and submitted to Congress the following statutory changes which, if enacted, would allow OTS to streamline its regulations and reduce regulatory burden.

a. Updating the Authority for Thrift Community Development Investments

Section 5(c)(3)(B) of the Home Owners' Loan Act currently authorizes Federal savings associations to invest in real estate or loans secured by real estate "located in geographic area[s] or neighborhood[s] receiving concentrated development assistance...under title I of the Housing and Community Development Act of 1974." The aggregate amount of real estate investments made under this provision may not exceed two percent of assets. Moreover, the aggregate real estate investments plus loans made under this provision may not exceed five percent of assets.

The principal program administered by the Department of Housing and Urban Development under title I of the Housing and Community Development Act is

called the Community Development Block Grant (CDBG) program. When Section 5(c)(3)(B) of the Home Owners' Loan Act was enacted in 1978, the CDBG program encouraged localities to target Neighborhood Strategy Areas to receive "concentrated development assistance" under Title I. Federal savings associations could readily determine what areas in their region qualified for Section 5(c)(3)(B) investments by reviewing Neighborhood Strategy Area designations.

Today, however, the CDBG program no longer contains a Neighborhood Strategy Area component. Under the current CDBG program, grants are given to hundreds of CDBG entitlement communities (mostly cities of 50,000 or more), to states for expenditure in a manner consistent with guidelines from the Department of Housing and Urban Development, and to some smaller cities and local jurisdictions. Entitlement communities, states, and small cities are no longer required, or encouraged, to concentrate their Title I funding in particular neighborhoods. Thus, the "concentrated development assistance" standard under Section 5(c)(3)(B) of the Home Owners' Loan Act is obsolete. Investment opportunities that meet the technical requirements of the statute are virtually nonexistent.

OTS recommended statutory language that would replace the obsolete language now in Section 5(c)(3)(B) with the same statutory language that currently defines the types of community development investments that can be made by national banks and state member banks. See 12 U.S.C. Sections 24 and 338a. This language, besides being much simpler and easier to apply would make treatment of the agencies uniform. This change would also reduce regulatory burden on savings associations as they would no longer need to gain detailed familiarity with complex programs and regulations of the Department of Housing and Urban Development to make community development investments.

b. Thrift Investments in Community Development Organizations

Section 5(c)(4)(B) of the Home Owners' Loan Act currently permits a Federal savings association to invest in a first-tier service corporation only if:

- The service corporation is chartered in the association's home state; and
- The service corporation's stock is available for purchase only by savings associations.

Unlike national banks and state member banks, which are specifically authorized to make direct equity investments in community development organizations, there is no specific parallel statutory authority for Federal thrifts. See 12 U.S.C. Sections 24 and 338a. Generally, a Federal savings association that invests in a community development organization must make the investment pursuant to its service corporation investment authority. Due to the geographic and ownership limitations on investments in first-tier service corporations, however, Federal thrifts are usually restricted to making the investments through a second-tier service corporation established through an already existing first-tier service corporation or first-tier service corporation created especially for the investment.

The requirement to make community development equity investments through a second-tier service corporation results in unnecessary expense and burden on Federal thrifts. This expense and burden sometimes discourage thrifts from investing in community development organizations, a result that undermines the purpose of existing statutory provisions that are intended to promote such community development investments.

This change does not create any new investment authority for Federal savings associations; rather, it eliminates technical, nonsubstantive restrictions on Federal thrifts' existing service corporation investment authority, provided the investment was for a community development purpose.

c. Repeal of Thrift Dividend Notice Requirement

OTS recommends that Congress repeal the statutory requirement imposed on savings association subsidiaries of savings and loan holding companies to provide the OTS with 30-days advance notice of the payment of any dividend.

This statutory provision applies only to savings associations owned by holding companies. No similar statutory provision applies to savings associations controlled by individuals or to national banks.

The statutory notice requirement limits the OTS's flexibility in regulating dividends. As part of its ongoing effort to reduce regulatory burden, the OTS proposed to amend its dividend regulations (which applies to all thrifts, not just those owned by holding companies) to exempt adequately capitalized, highly rated savings associations from providing advance notice of dividends under certain circumstances. Unless the statutory notice requirement is repealed, this proposed change to the OTS's dividend regulation will, when promulgated in final form, apply only to savings associations not owned by holding companies.

d. Extension of Statutory Anti-Tying Exemptive Authority to Thrifts

Currently, banks and thrifts are subject to substantially similar anti-tying restrictions. However, the Home Owners' Loan Act does not provide the OTS with the same type of exception authority to override these restrictions on thrifts as the Bank Holding Company Act provides to the Federal Reserve Board for restrictions applicable to banks.

Significantly, the Federal Reserve Board has exercised its exception authority over the last several years to allow banks to provide customers with the same types of special incentives and discounts on packages of financial services as those provided by nonbank financial firms. For example, banks may, under certain conditions, offer discounts on deposit accounts to customers who

maintain specified amounts of assets in securities brokerage and other accounts.

An amendment to the Home Owners' Loan Act that authorizes the OTS to grant exemptions from the anti-tying provisions, consistent with the exemptions that have been authorized by the Federal Reserve Board, would eliminate unnecessary restricts currently imposed on thrifts, level the playing field and allow the agencies to present uniform guidelines.

e. Liquidity

Currently, thrifts are subject to a liquidity requirement that specifies the retention of liquid assets (cash and certain securities with unexpired maturities of one year or less) of between four percent and ten percent of demand deposits and borrowings payable within one year. The OTS Director is authorized to select the applicable percentage within the prescribed range.

There is no similar statutory provision for banks as the liquidity requirement applies only to savings associations. The liquidity of banks is monitored through the examination process pursuant to flexible safety and soundness guidelines developed by the Federal banking agencies. The OTS uses similar safety and soundness guidelines when conducting its examination. In addition, however, savings associations are required to conform to a statutory liquidity provision. The statute reflects a one-size-fits all approach that fails to take into account that liquidity needs vary depending upon business strategy.

The liquidity requirement for thrifts was created as a mechanism to regulate the money supply available for housing. For many years, the liquidity requirement was raised by the Federal Home Loan Bank Board when the supply of money for housing was abundant, and lowered when the supply of money for housing was scarce. The stated purpose of Section 6 is, "to ensure that thrifts hold adequate liquid assets to meet daily business needs" and to "to provide a means for creating effective and flexible liquidity in savings associations which can be increased when mortgage money is plentiful, maintained in easily liquidated instruments, and reduced to add to the flow of

funds to the mortgage market in periods of credit stringency. More flexible liquidity will help support sound mortgage credit and a more stable supply of such credit.”

When this provision was originally enacted in 1950 thrifts were not subject to the same reserve requirements as banks and the secondary mortgage market did not exist. Since 1982, and passage of the Garn St. Germain Act, thrifts have been subject to the same reserve requirements as banks and there is now an active secondary mortgage market that provides systemic liquidity to the housing markets. Also, thrifts no longer dominate the mortgage lending market. These legislative and market changes have rendered the liquidity provision in Section 6 of the Home Owners’ Loan Act obsolete.

f. Thrift Service Corporation Investments

Section 5(c)(4)(B) of the Home Owners’ Loan Act currently permits a Federal savings association to invest up to three percent of its assets in service corporations that are:

- Incorporated in the association’s home state; and
- Owned exclusively by savings associations.

By regulation, the OTS restricts service corporations to activities reasonably-related to the business of thrift institutions.

The home-state requirement and the thrift-ownership requirement apply only at the first-tier level, i.e., only to the service corporations in which a savings association invests directly. They do not apply to lower-tier service corporations, i.e., service corporations owned indirectly by savings associations through first-tier service corporations. Thus, for years, Federal savings association have been able to invest, indirectly, in lower-tier service corporations that do not meet the home-state requirement or the thrift-ownership requirement. These lower-tier service corporations are, however,

subject to the same activities restrictions as those that apply to first-tier service corporations.

The home-state requirement and the thrift-ownership requirement serve no safety and soundness or other substantive regulatory purpose. The merely constitute procedural hurdles that Federal thrifts must jump through to make routine investments. For example, many community development corporations are owned at least partially by banks. Because of the thrift-ownership requirement, a Federal savings association that wishes to invest in a community development corporation that has a bank investor can do so only if it first goes to the expense of establishing a first-tier service corporation to serve as a conduit for the community development corporation investment. This results in unnecessary expense and burden on Federal savings associations that sometimes discourages otherwise worthwhile investments.

OTS recommended that Congress remove the home-state requirement and the thrift-ownership requirement from the Home Owners' Loan Act.

5. Non-regulatory Efforts to Reduce Regulatory Burden

OTS has made reduction of regulatory burden an agency goal. In addition to regulatory changes OTS has reduced information requested in the Thrift Financial Report, issued supervisory appeals process guidelines and modified its policy on the inclusion of purchased allowances for loan and lease losses in supplementary capital.

a. Quarterly Thrift Financial Report (TFR)

The major reporting requirement imposed on the thrift industry by OTS is the quarterly TFR. Examiners verify the information submitted on the TFR during examinations. Examiners also use TFR information between on-site examinations to identify weaknesses or deficiencies in associations and to monitor the activities of the association.

The proposal reduces information requested in the TFR by 40 percent, exclusive of Schedule CMR. This effort furthers the OTS goal to bring the regulation of savings associations into greater conformity with the policies and procedures of the other banking agencies. OTS plans to ask for public comment on this information collection reduction and on the issue of whether OTS should adopt the bank call report used by the other banking agencies. The changes to the TFR include the following:

- Conversion to a fully consolidated report, eliminating the separate reporting of the savings association, its subsidiaries, and the consolidated entity.
- Elimination of unnecessary data, retaining only data essential for supervisory purposes and data required by legislative mandate.
- Conversion to an annual, rather than quarterly, collection of the listing of subsidiaries.

OTS published a notice August 24, 1995. The new TFR instructions were effective for the quarter ending June 30, 1996.

b. Supervisory Appeals Process: Guidelines

The guidelines establish an independent appellate process available to review supervisory decisions, examination findings and application decisions. Section 309 of the Riegle Community Development and Regulatory Improvement Act of 1994 require the Federal banking agencies, including the OTS, to establish such a process for the review of material supervisory determinations at insured institutions.

The guidelines also provide for an agency Ombudsman to act as liaison between the OTS and persons dealing with the OTS.

OTS published the final guidelines (Thrift Bulletin 68) on July 15, 1996.

c. Inclusion of Purchased Allowance for Loan and Lease Losses (ALLL) in Supplementary Capital

The OTS modified its current regulatory capital policy to permit the inclusion of purchased allowances for loan and lease losses in supplementary capital for risk-based capital purposes. Purchased ALLL generally arises when institutions acquire loans subject to OTS's ALLL policy from other parties through a business combination accounted for as a purchase or through the purchase of a loan or a package of loans. This policy change makes the OTS policy consistent with the policies of the other banking agencies.

The OTS implemented this revised policy by amending the Thrift Financial Report instructions used by thrifts. Thrifts may now include ALLL in computing supplementary capital regardless of whether it results from negative-bid acquisitions or other purchase transactions.

d. Review of Thrift and Regulatory Bulletins

OTS makes a concerted effort to rescind outdated or superseded guidance in order to reduce the regulatory burden on thrift institutions. In our efforts to streamline and clarify longstanding guidelines provided to thrift institutions and regulatory staff, the OTS incorporates certain existing Regulatory and Thrift Bulletins and R, T, SP, and AB memoranda into the Regulatory Handbook series, or rescinds them after determining that they are no longer applicable for various reasons.

The most recent review of Bulletins and Memoranda, published January 13, 1995, resulted in the rescission of 66 pieces of guidance. Since 1989 OTS rescinded a total of 575 Bulletins and Memoranda.

A comprehensive listing of the disposition of all Thrift and Regulatory Bulletins is maintained so a historical record is available. The list and the intended disposition of the current, outstanding Regulatory and Thrift Bulletins is contained in the Summary and Status of Regulations and Guidelines section of the report.

E. Summary and Status of Regulations and Guidelines

Title: **Applications for a “De Novo” Federal Savings Association Charter 12 CFR Part 543**

Subject Matter: The purpose of the regulation is to set forth policies and procedures that govern the submission, review and action on applications for a new Federal savings association charter. This proposed regulation replaces an OTS policy statement.

The proposal deletes provisions that are obsolete or redundant because of changes in Federal laws and regulations. The remaining de novo provisions contain requirements, not guidance, therefore, the OTS plans to codify them in a regulation. In addition, the rule is being revised to facilitate the application process by simplifying the regulatory scheme, thereby reducing the cost of compliance.

Provisions dealing with capital adequacy, business plans, officer and director qualifications, insider conflicts of interest and transactions with affiliates are being modified or eliminated because other laws or regulations cover these provisions.

Action/Status: OTS published a proposed rule on March 6, 1995. 60 Federal Register 12,103. OTS will submit a final rule for publication in the near future.

Title: **Annual Audit Requirements 12 CFR Part 562**

Subject Matter: The annual independent audit rule reduced regulatory burden by making annual audits optional for savings associations with assets of less than \$500 million and a CAMEL rating of “1” or “2”. Now OTS only requires large savings associations and loan savings and loan holding companies to obtain an annual independent audit of their financial statements. Savings associations must still maintain adequate books and records, but OTS now leaves the decision on how to reach that goal with the board of directors and management of the savings associations.

Action/Status: OTS published the final rule on November 23, 1994. 59 Federal Register 60,300.

Title: Miscellaneous Technical Amendments

Subject Matter: This final rule reduced regulatory burden and furthered the goals of the Credit Availability Program. The four Federal banking agencies expanded to 3-rated institutions eligibility for the agencies' program of not requiring certain loan documentation for a certain number of small-and medium-sized businesses and farms.

This rule also expressly set forth the OTS's authority to waive any non-statutorily required regulation for good cause. This flexibility will allow the OTS to reduce regulatory burden, on a case-by-case basis, for good cause.

In addition, OTS removed obsolete or superseded provisions concerning investment limitations and stock ownership, thus streamlining the regulations and reducing regulatory burden by eliminating confusion and facilitating saving association compliance. OTS also made various other clarifying changes to several regulations.

Action/Status: OTS published the final rule on October 25, 1994. 59 Federal Register 53,568.

Title: Capital Distributions 12 CFR § 563.34

Subject Matter: The capital distribution rule provides uniform treatment for all capital distributions including dividends, stock repurchases, and corporate reorganizations. The proposal simplifies the capital distributions regulation in light of the Prompt Corrective Action (PCA) regulation and the improved capital position of the thrift industry. The proposal reduces regulatory burden by deleting certain required filings.

The proposal conforms OTS's capital distributions regulation to the Prompt Corrective Action system established by the Federal Deposit Insurance Corporation Improvement Act of 1991. The proposal also removes the current requirement that well-or adequately capitalized savings associations notify OTS before making a capital distribution. Generally, comment letters support adoption of the proposal.

Action/Status: OTS published this proposed rule December 5, 1994. 59 Federal Register 62,356. OTS plans to issue a final rule on capital distributions in the near future.

Title: **Release of Unpublished Information 12 CFR Part 510**

Subject Matter: This rule describes the procedures that requesters must follow in requesting the release of unpublished information by document or testimony and the criteria on which the OTS will evaluate requests for unpublished information. The records covered include those created or obtained in connection with the OTS's performance of its statutory responsibilities, such as supervision, regulation, examination, and law enforcement duties. This rule reduces regulatory burden by clarifying the standards applicable to such requests. This reduces uncertainty in the industry.

Action/Status: OTS published the final rule May 30, 1995. 60 Federal Register 22, 156.

Title: **RB 1 - Regulatory Bulletin Series**

Subject Matter: Introduces a new series of memoranda being released by the Office of Regulatory Activities that will provide guidance to regulatory staff on matters pertaining to the examination and supervision of the thrift industry.

Action/Status: OTS plans to revise this guidance to update the intended use of bulletins.

Title: **RB 3a-1 - Policy Statement on Growth for Savings Associations**

Subject Matter: Sets forth supervisory policy with respect to growth for undercapitalized or insolvent savings associations; conforms OTS's growth policies with the capital standards required by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and Thrift Bulletin 36, which provides guidelines on FIRREA capital plans, exemptions and exceptions.

Action Status: OTS plans to revise this guidance to comport with statutory growth restrictions.

Title: **RB 4a - Supervisory Review Process**

Subject Matter: Establishes an expeditious administrative review procedure for institutions to appeal adverse supervisory or examination decisions, especially asset classifications, valuation allowances, and composite examination ratings.

Action/Status: The OTS plans to rescind this guidance as it is obsolete. This bulletin was superseded by TB 68.

Title: **RB 7 - Quarterly Statistical Compliance Report for the Bank Secrecy Act**

Subject Matter: Describes the form and content of a quarterly statistical compliance report for the Bank Secrecy Act as required by the U.S. Department of the Treasury.

Action Status: OTS plans to retain this guidance for its regional offices for internal administrative purposes.

Title: **RB 9 - Purpose and Use of "Compliance: A Self-Assessment Guide"**

Subject Matter: Explains "Compliance: A Self-Assessment Guide" and its application to the compliance examination process.

Action Status: OTS will issue new explanatory information to accompany the revised guide.

Title: **RB 11- Protest and Oral Argument Procedures**

Subject Matter: Clarifies OTS application processing regulations and outlines internal OTS procedures and guidelines to conduct a protest and oral argument.

Action Status: OTS plans to incorporate this guidance into the Application Processing Regulatory Handbook.

Title: **RB 15 - Covered Asset Sales**

Subject Matter: Provides guidance for district personnel in evaluating sales of covered assets (assets that receive yield maintenance payments or loss coverage upon disposition) to affiliated persons or members of their immediate families.

Action Status: OTS plans to rescind this guidance in 1998. The policy is needed until no more covered assets remain.

Title: **RB 16 -Timely and Accurate HMDA Statements**

Subject Matter: Advises District Directors to ensure that information concerning late, inaccurate or incomplete HMDA statements is routinely provided to the examination staff, and that the examination staff should ensure that this information is included in the scope of the next examination.

Action Status: OTS plans to incorporate this guidance into the Compliance Activities Regulatory Handbook.

Title: **RB 18 - Issuance of Enforcement Policies**

Subject Matter: Advises of the future issuances of Enforcement Policy statements which are to address the utilization and implementation of OTS's enforcement and supervisory authorities.

Action/Status: OTS plans to retain this guidance as the information is current and provides useful information about the OTS process.

Title: **RB 18-1b - General Enforcement Policy**

Subject Matter: Describes OTS's enforcement powers (including contents of enforcement actions and types of enforcement remedies) and provides guidance on their use to further OTS's mission.

Action/Status: OTS plans to retain this guidance as it provides necessary information to thrift institutions.

Title: **RB 18-3a - Enforcement Policy Statement on Civil Money Penalties**

Subject Matter: Describes OTS civil money assessment powers and policies and factors that OTS will consider in imposing the penalties and determining the amounts. Also provides internal instructions for the use of a civil money penalty assessment form.

Action/Status: OTS plans to incorporate this guidance into both the Thrift and Compliance Activities Regulatory Handbooks.

Title: **RB 19 - Guidelines for Supervisory Objection to Inclusion of Subordinated Debt as Regulatory Capital**

Subject Matter: Provides guidance as to when supervisory objection should be taken to the issuance or inclusion of subordinated debt as a component of capital; advises that the debt is not includable as core capital and may only be included as tier 2 capital, up to one-third of total capital.

Action Status: OTS plans to incorporate this guidance into the Application Processing Regulatory Handbook.

Title: **RB 20 - Proper Investigation of Applicants and Increased Communications Between OTS and the Other Financial Institution Regulatory Authorities**

Subject Matter: Reminds OTS staff of the need to pursue every reasonable source of information in determining the integrity and competence of persons or entities that apply to obtain control of thrift institutions, engage in new activities, or to obtain waiver of regulatory limitations; advises that securities certifications are no longer required and are not to be requested from the applicants.

Action/Status: OTS plans to incorporate this guidance into the Application Processing Regulatory Handbook.

Title: **RB 26 - Capital Requirements on Recourse Arrangements (Interim)**

Subject Matter: Sets forth interim guidance for the determination of capital requirements on certain recourse arrangements. Advises that transactions where an association remains liable for losses do not remove their obligation to hold capital; and that the risk-based capital standard generally requires associations to hold capital against recourse arrangements equal to the capital requirement on the underlying assets.

Action/Status: OTS plans to retain this interim guidance until an interagency regulation is published.

Title: RB 27a - Executive Compensation

Subject Matter: Provides guidance to regulatory personnel for review of compensation provisions; clarifies OTS policy regarding unsafe and unsound executive compensation and employment contract practices and related issues; and reemphasizes OTS policy to defer to healthy thrifts' boards of directors in compensation matters.

Action/Status: OTS plans to incorporate this guidance into the Thrift Activities Regulatory Handbook.

Title: RB 28 - Issuance of Certificates of Corporate Existence

Subject Matter: Informs the public of a change in title and format of a corporate existence form for SAIF-insured financial institutions from "Certificate of Good Standing" to "Certificate of Corporate Existence" and provides guidance for obtaining the form.

Action/Status: OTS plans to retain this guidance as it provides necessary information to thrift institutions.

Title: RB 29 - Conclusive Presumption of Worthlessness of Debts Held by Savings Associations

Subject Matter: Outlines procedures for OTS examination personnel to use when issuing an Express Determination Letter. These letters are issued in connection with an IRS regulation that relate to a savings associations' loan charge-offs made in compliance with regulatory standards.

Action/Status: OTS plans to incorporate this guidance into the Thrift Activities Regulatory Handbook.

Title: RB 33a - FDIC "Pass-Through" Deposit Insurance Coverage Disclosure Rule

Subject Matter: Explains OTS examination procedures for determining compliance with the FDIC's "pass-through" insurance disclosure rule covering employee benefit plan deposits.

Action/Status: OTS plans to incorporate this guidance into both the Thrift and Trust Activities Regulatory Handbooks.

Title: **TB 1 - Thrift Bulletin Series**

Subject Matter: Introduces a new series of memoranda being released by the Office of Regulatory Activities that will notify thrift institutions of regulatory matters of interest to the entire thrift industry.

Action/Status: OTS plans to retain this guidance as it provides needed information to thrift institutions.

Title: **TB 1- 2 - Enforcement of Bulletins**

Subject Matter: Provides guidance to Agency staff and management of thrift institutions on the enforceability of thrift and regulatory bulletins.

Action/Status: OTS plans to retain this guidance as it provides needed information to thrift institutions.

Title: **TB 8-1 - Disclosure of Compliance, CRA, and Trust Ratings**

Subject Matter: Sets forth Office of Regulatory Activities policy regarding the disclosure of Compliance, CRA, and Trust examination ratings; advises that on or after July 1, 1989 the ratings will be disclosed to management and boards of directors.

Action/Status: OTS plans to incorporate this guidance into the Compliance Activities Regulatory Handbook.

Title: **TB 11 - Interagency Supervisory Policy on Large-scale Integrated Financial Software Systems (LSIS)**

Subject Matter: Alerts financial institutions to the risks associated with sophisticated LSIS systems and identifies management responsibilities when acquiring, developing, and using such systems; and advises management to implement controls consistent with guidelines in the bulletin.

Action/Status: As described in Part I of this Report, the agencies will retain this guidance.

Title: **TB 11-1 - Purchased Software Evaluation Guidelines**

Subject Matter: Alerts thrift institutions to potential risks and control issues when purchasing vendor software; and provides general guideline for evaluating vendor software packages.

Action/Status: OTS plans to retain this guidance as it provides helpful information to thrift institutions.

Title: **TB 13 - Responsibilities of the Board of Directors and Management with Regard to Interest Rate Risk**

Subject Matter: Provides guidance to directors and management of financial institutions as to their responsibilities in the area of interest rate risk; and describes the internal policies, practices, and procedures that supervisory staff will expect institutions to utilize to comply with interest rate risk regulations.

Action/Status: OTS plans to incorporate this guidance into the Thrift Activities Regulatory Handbook.

Title: **TB 13-1 - Implementation of Thrift Bulletin 13**

Subject Matter: Advises that institutions may revise their interest rate risk exposure limits periodically without regulatory criticism; and that institutions below \$500 million in assets that are not investing in high risk mortgage derivatives products do not need to purchase asset/liability software or consulting services to comply with TB 13.

Action/Status: OTS plans to incorporate this guidance into the Thrift Activities Regulatory Handbook.

Title: **TB 13-2 - Implementation of Thrift Bulletin 13**

Subject Matter: Among other things, advises that savings associations with assets in excess of \$500 million or with investments in high risk mortgage derivative products should comply with the December 31, 1989 deadline for computing the exposure measures that TB 13 requires.

Action/Status: OTS plans to incorporate this guidance into the Thrift Activities Regulatory Handbook.

Title: TB 16 - Environmental Risk and Liability

Subject Matter: Addresses the potential risks and liabilities that thrifts can incur as a result of adverse environmental factors; and provides guidelines for the development of policies of reasonable due diligence to protect institutions against financial risks created by such factors.

Action/Status: OTS plans to incorporate this guidance into the Thrift and Trust Activities Regulatory Handbooks.

Title: TB 18 - Homeownership Counseling Requirements

Subject Matter: Advises that the Housing and Community Development Act of 1987 requires creditors to notify delinquents homeowners of the availability of homeownership counseling, and provides other information about the law and its requirements.

Action/Status: OTS plans to incorporate this guidance into the Compliance Activities Regulatory Handbook.

Title: TB 18-1 - Homeownership Counseling Requirements

Subject Matter: Advises that the Housing and Community Development Act of 1987 has been extended until September 30, 1990; and transmits updated HUD-issued guidelines for compliance with the Act.

Action/Status: OTS plans to incorporate this guidance into the Compliance Activities Regulatory Handbook.

Title: TB 19 - Revised HUD Fair Housing Regulations

Subject Matter: Advises that HUD published its final rule implementing the Fair Housing Amendments Act of 1988; and that the rule adds two new categories of protected persons, requires display of a revised fair housing poster, increases noncompliance penalties, and revises procedures for filing and adjudicating complaints.

Action/Status: OTS plans to incorporate this guidance into the Compliance Activities Regulatory Handbook.

Title: **TB 22 - Compliance Assistance Series**

Subject Matter: Introduces a series of educational pamphlets designed to provide compliance assistance to thrifts.

Action/Status: OTS plans to rescind this guidance. Any future pamphlets will be accompanied by new introductory information.

Title: **TB 23a - Sales of Securities**

Subject Matter: Clarifies limited exceptions to OTS's general regulatory prohibition on savings associations' or affiliates' sales of securities in savings association offices; and provides guidance on what directors and managers should do to ensure that permitted offers and sales are conducted in a safe and sound manner.

Action/Status: OTS plans to retain this guidance as it provides useful information to thrift institutions.

Title: **TB 23-2 - Interagency Statement on Retail Sales of Nondeposit Investment Products**

Subject Matter: Attaches an interagency statement that provides guidance on the retail sale of nondeposit investment products recommended or sold in insured financial institution offices.

Action/Status: As described in Part I of this Report, the agencies plan to retain this guidance.

Title: **TB 23-3 - Joint Interpretations of the Interagency Statement on Retail Sales of Nondeposit Investment Products**

Subject Matter: Transmits the interagency interpretation to the industry and examiners.

Action/Status: See above.

Title: TB 25 - Disparities in Mortgage Lending

Subject Matter: Re-emphasizes the affirmative obligations of thrift institutions to help meet the credit needs of their communities in a nondiscriminatory manner, and summarizes the FHLBB's program for enforcing nondiscriminatory treatment of loan applicants.

Action/Status: OTS plans to incorporate this guidance into the Compliance Activities Regulatory Handbook.

Title: TB 28, Banks Operating Illegally in the United States

Subject Matter: Provides a listing of entities, identified by the OCC and the FDIC, that may be conducting banking business in the United States illegally or without authorization.

Action/Status: OTS plans to rescind this guidance as it is dated and obsolete.

Title: TB 29 - End-User Computing

Subject Matter: Provides guidance to savings association management for evaluating potential risks and for implementing adequate control practices and responsibilities in end-user computing environments.

Action/Status: OTS plans to retain this guidance as the information presented is of practical use to thrifts.

Title: TB 30 - Interagency Policy on Contingency Planning for Financial Institutions

Subject Matter: Alerts boards of directors and management of the need for electronic data processing contingency planning and provides guidance.

Action/Status: As described in Part I of this Report, the agencies plan to retain this guidance.

Title: **TB 31 - Introduction to Corporate and Securities Division (CASD) Memoranda**

Subject Matter: Advises that the TB 31 series will reproduce corporate and securities memoranda that the CASD periodically issues.

Action/Status: OTS plans to revise this guidance as it is obsolete.

Title: **TB 31-2 - Application of Securities Offering Rule to Materials for Offering of Debt**

Subject Matter: Advises that media advertisements, sales literature, and other types of publicity that institutions offering debt securities use in public offers are subject to the FHLBB's regulatory securities offering restrictions; and discusses the restrictions and provides guidance to issuers on compliance matters.

Action/Status: OTS plans to retain this guidance as it provides timely and helpful guidance that institutions find useful.

Title: **TB 31-3 - Securities Disclosure Obligation Arising as a Result of Regulatory Bulletin 3a**

Subject Matter: Advises that institutions subject to RB 3a growth restrictions may also be subject to various public disclosure obligations; and provides guidance.

Action/Status: OTS plans to rescind this guidance as it is obsolete.

Title: **TB 31-4 - Effect of Rule 19C-4 of the SEC on Anti-Takeover Measures by Converted Institutions**

Subject Matter: Advises that SEC Rule 19C-4 has a potentially significant impact on the ability of institutions that have converted from mutual to stock form to adopt certain anti-takeover measures, including certain types of takeover charter provisions; and provides guidance.

Action/Status: OTS plans to retain this guidance as it is still applicable.

Title: **TB 31-5 - Disclosure of Regulatory Capital by Savings Institutions in Securities Filings Made with the Bank Board**

Subject Matter: Advises that an institution is obligated to make certain disclosures in its securities filings with the Bank Board regarding its regulatory capital, its regulatory capital requirement, and any material difference between its tangible, regulatory, and GAAP capital; and provides guidance.

Action/Status: OTS plans to update this guidance as it is dated.

Title: **TB 31-7 - Overview of FIRREA Changes to Thrift Acquisition Statues**

Subject Matter: Advises that FIRREA repealed the Change in Savings & Loan Control Act, but amended the Change in Bank Control Act to include substantially the same provisions, with some significant changes; and outlines the changes.

Action/Status: OTS plans to rescind this guidance as it is dated.

Title: **TB 36a - Guidelines for FIRREA Capital Plans, Exemptions, and Exceptions**

Subject Matter: Advises that the Director of OTS shall treat as an unsafe and unsound practice any savings association failure to file an acceptable capital plan and to comply with TB 36a guidelines; sets forth capital plan guidelines.

Action/Status: OTS plans to rescind this guidance as FIRREA capital plan guidance was largely superseded by FDICIA standards.

Title: **TB 36-1 - Guidelines on Interest, Prepayment, and Loan Origination Rates**

Subject Matter: Provides guidance on interest rates, prepayment rates, and loan origination rates that savings associations may use in preparing capital plan financial projections.

Action/Status: OTS plans to rescind this guidance as it is no longer applicable.

Title: **TB 38-2a - Capital Adequacy: Guidance on the Status of Capital and Accounting Forbearances and Capital Instruments Held by a Deposit Insurance Fund**

Subject Matter: Advises that the HOLA eliminates previous capital and accounting forbearances; that savings associations may not use the forbearances in determining compliance with the new minimum regulatory capital standards; and that associations that will not comply because of the change must submit a capital plan. Also clarifies the treatment of capital instruments held by a deposit insurance fund or related entity (such as the RTC).

Action/Status: OTS plans to rescind this guidance as it is no longer needed.

Title: **TB 38-3a - Minimum Standards for Voluntary Unassisted Transactions**

Subject Matter: Sets forth OTS minimum capital standards policies that will be applied to significant voluntary unassisted transactions for insured savings associations, including acquisitions of control, mergers, mutual-to-stock conversions, and branch purchases.

Action/Status: OTS plans to retain this guidance because the information is general and applies to many different application types.

Title: **TB 44 - Interagency Statement on EDP Service Contracts**

Subject Matter: Attaches an FFIEC interagency statement on electronic data processing service contracts which alerts financial institutions to potential risks in contracting for EDP services and/or failing to properly account for certain contract provisions.

Action/Status: As described in Part I of this Report, the agencies plan to retain this guidance.

Title: **TB 46 - Contracting for Data Processing Services or Systems**

Subject Matter: Sets forth updated data processing services guidelines; adds a reference to pertinent sections of FIRREA, a recommendation that an institution's legal counsel review electronic data processing contracts prior to ratification, and a provision under which EDP vendors must agree to submit to examination by OTS.

Action/Status: OTS plans to retain this guidance.

Title: **TB 47-2 - Interagency Policy Statement on the Analysis of Geographic Distribution of Lending for CRA**

Subject Matter: Announces that OTS adopted the subject policy statement which sets forth the agencies' views on the need for institutions to analyze the geographic distribution of their lending patterns, indicates what the agencies expect of the institutions they supervise, and gives guidance on how to meet these expectations. Also attaches the statement.

Action/Status: As described in Part I of this Report, the agencies plan to rescind this guidance.

Title: **TB 48 - Guidelines for Implementation of 12 CFR Parts 502 and 563d Pertaining to Assessments**

Subject Matter: Provides guidelines for the assessment of fees to recover agency expenses and the costs of savings association supervision, affiliate examinations, and the processing of applications, filings, notices, and association and other entity requests.

Action/Status: OTS plans to retain this guidance as it provides necessary information to thrift institutions.

Title: **TB 48-9 - Guidelines for Implementation of 12 CFR Part 502 Pertaining to Assessments**

Subject Matter: Attaches revised General Rate and Premium Rate Assessment Fee schedules.

Action/Status: See above.

Title: **TB 48-13a - Office of Thrift Supervision Fees Bulletin**

Subject Matter: Attaches an annual OTS fees schedule which sets forth OTS filing fees, such as those for applications and Securities Exchange Act of 1934 filings, examination fees, and miscellaneous fees. Also clarifies OTS policy on the wavier of filing fees.

Action/Status: OTS plans to retain this guidance and update it periodically as it provides thrifts with timely information on fees.

Title: **TB 49 - Accounting for Income Tax Benefits Associated with Bad Debts**

Subject Matter: Discusses accounting practice for income tax benefits associated with bad debts; and attaches an SEC staff accounting bulletin that provides interim guidance for institutions that make securities filings with OTS.

Action/Status: OTS plans to retain this guidance until it is obsolete.

Title: **TB 50 - Regulatory Review of Certain Third Party Contracts**

Subject Matter: Advises that savings associations with a MACRO rating of 4 or 5 may not enter into third-party contracts outside the normal course of business unless the Regional Director approves the contract; and provides guidelines for regulatory review of the contracts.

Action/Status: OTS plans to retain this guidance.

Title: **TB 51 - Interagency Policy Statement on Prescreening**

Subject Matter: Advises that OTS adopted an interagency policy statement on prescreening by financial institutions and the Fair Credit Report Act; attaches the statement.

Action/Status: As described in Part I of this Report, the agencies plan to retain this guidance.

Title: **TB 52 - Supervisory Statement of Policy on Securities Activities**

Subject Matter: Announces that OTS is to adopt the FFIEC Statement of Policy on Securities Activities; attaches the statement which contains guidance that addresses the selection of securities dealers, requires the establishment of prudent policies and strategies for securities transactions, describes unsuitable securities trading and sales practices, indicates characteristics of loans held for sale or trading, and establishes a framework for identifying when certain mortgage derivative products are high-risk mortgage securities that must be reported in a trading or held-for-sale account.

Action/Status: As described in Part I of this Report, the agencies plan to revise this guidance.

Title: TB 52-1 - "Mismatched" Floating Rate CMOs

Subject Matter: Advises that floating rate CMOs that are indexed to a Treasury bond index, a prime-based lending rate, or to a cost of funds index, such as the 11th District Cost of Funds, are exempt from the average life and average life sensitivity tests described in TB 52.

Action/Status: OTS plans to incorporate this guidance into the Thrift Activities Regulatory Handbook.

Title: TB 55a - Interagency Appraisal and Evaluation Guidelines

Subject Matter: Attaches interagency appraisal and evaluation guidelines. The guidelines address supervisory matter relating to real estate appraisals and evaluations used to support real estate-related financial transactions. They also provide guidance to examining personnel and Federally regulated institutions about prudent appraisal and evaluation policies, procedures, practices, and standards.

Action/Status: As described in Part I of this Report, the agencies plan to retain this guidance.

Title: TB 56 - Regulatory Reporting of Net Deferred Tax Assets

Subject Matter: Advises that savings associations are required to report deferred tax assets in accordance with SFAS No. 109 as of January 1, 1993, or the beginning of their first fiscal year thereafter, if later. Also states that the inclusion of such assets in regulatory capital is in some instances subject to certain limitations.

Action/Status: OTS plans to rescind this guidance as it is dated.

Title: TB 57 - Interagency Policy Statement on Money Laundering

Subject Matter: Announces that OTS adopted an FFIEC policy statement on money laundering activities involving large-value funds transfer systems (e.g., Fedwire, CHIPS, SWIFT); attaches the statement.

Action/Status: As described in Part I of this Report, the agencies plan to rescind this guidance.

Title: TB 58 - Merger Conversion Disclosure

Subject Matter: Sets forth disclosure requirements for merger conversion proxy statements to ensure that account holders receive adequate and accurate disclosure about proposed merger conversion transactions.

Action/Status: OTS plans to incorporate this information into the Application Processing Handbook.

Title: TB 59 - Interagency Supervisory Statement of EFT Switches and Network Services

Subject Matter: Announces that OTS adopted an interagency supervisory statement on electronic funds transfer switches and network services; attaches the statement which alerts financial institutions to risks associated with such retail systems.

Action/Status: The agencies plan to retain this guidance.

Title: TB 62 - Reporting of Loans Secured by Stock of an Insured Depository Institution

Subject Matter: Advises institutions of statutory reporting requirements that may exist when an institution, or its affiliates, extends credit that is secured by the stock of an insured depository institution.

Action/Status: OTS plans to incorporate this information into the Thrift Activities Regulatory Handbook.

Title: TB 63 - Loan Refinancing

Subject Matter: Clarifies OTS policy on refinancing and renegotiating loans where market interest rates have declined, including loans secured by real estate collateral that has declined in value.

Action/Status: OTS plans to incorporate this guidance into the Thrift Activities Regulatory Handbook.

Title: TB 64-1a - Reporting of Loans from Correspondent Banks

Subject Matter: Reminds executive officers and principal shareholders, and their related interests, of the requirement to report to an institution's board of directors indebtedness to correspondent banks.

Action/Status: OTS plans to incorporate this information into the Thrift Activities Regulatory Handbook.

Title: TB 65 - Structured Notes

Subject Matter: Describes structured notes (a relatively new type of investment vehicle) and presents prudential guidelines for savings associations to follow when investing in them.

Action/Status: OTS plans to incorporate this information into the Thrift Activities Regulatory Handbook

Title: TB 66 - Withdrawal from Federal Home Loan Bank Membership/Liquidity Concerns

Subject Matter: Reminds state-chartered savings associations of their liquidity management responsibilities in the event of voluntary FHL Bank membership withdrawal.

Action/Status: OTS plans to incorporate this information into the Thrift Activities Regulatory Handbook.

Title: TB 67 - Modification of the Interest Rate Risk Component of the Risk-Based Capital Requirement

Subject Matter: Advises that a savings association subject to an Interest Rate Risk (IRR) Component, under the risk-based capital rule, may in some circumstances adjust the component; and for purposes of Prompt Corrective Action a well-capitalized association may in some circumstances use its own calculated IRR Component; describes the procedures the association must follow either to obtain an adjustment to an OTS-calculated IRR Component or to obtain authorization to use its IRR model to determine its own calculated IRR Component.

Action/Status: OTS plans to retain this guidance as the information is helpful to thrift institutions.

Title: **Memorandum T 79a - Indirect Investment in Limited Partnerships**

Subject Matter: Provides guidelines regarding Federal savings association authority to invest indirectly in leasing and commercial loans through a nonaffiliated limited partnership.

Action/Status: OTS plans to rescind this guidance when the final rule on subsidiaries is published. See Examples of Regulatory Reinvention Proposals.

Title: **Supervisory Procedures Memorandum 15 - Violations of Part 528 and Section 531.8 of the Bank System Regulations**

Subject Matter: Sets forth general enforcement policy for handling violations of FHLBB nondiscrimination regulations.

Action/Status: OTS plans to retain this guidance until the agencies develop a uniform policy document.
