



January 3, 2007

Communications Division
Office of the Comptroller of the Currency
Public Information Room
Mail Stop 1-5, 250 E Street, SW
Washington, DC 20219
Attention: 1557-0081

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

Stephen F. Hanft, Clearance Officer
Room MB-2088
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Attention: Comments

Information Collection Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attention: 1550-0023 (TFR: Schedule DI
Revisions)

Re: Consolidated Reports of Condition and Income and Thrift Financial Report Revisions for
March 31, 2007
71 FR 63848-54 (October 31, 2006)

Dear Sir or Madam:

America's Community Bankers (ACB)¹ is pleased to comment on the banking agencies' joint notice concerning proposed changes to the Consolidated Reports of Condition and Income (Call Report) and Thrift Financial Report (TFR). The changes primarily include line items affected by the Federal Deposit Insurance Corporation's (FDIC) amended deposit insurance regulations, the Financial Accounting Standards Board's (FASB) Fair Value Option project, and the Interagency Guidance on Nontraditional Mortgage Product Risks (Interagency Guidance). The proposed changes will be effective for respondents beginning with the March 31, 2007 reports.

¹ America's Community Bankers is the national trade association committed to shaping the future of banking by being the innovative industry leader strengthening the competitive position of community banks. To learn more about ACB, visit www.AmericasCommunityBankers.com.

ACB Position

ACB supports the majority of changes proposed by the agencies for the Call Report and TFR. We appreciate the efforts to reduce burden when calculating an institution's assessment base for deposit insurance purposes. However, the proposal is in need of revision to take into account changes made to the final FDIC rule on operational procedures governing deposit insurance since its publication. We would caution the agencies in moving forward with changes related to the FASB Fair Value Option project as the statement has not yet been finalized by the Board. Finally, we are concerned that the agencies' proposal to establish a reporting threshold for certain loans with a negative amortization feature sets a de facto concentration limit above which heightened regulatory scrutiny could be implied for such loans. This would be inconsistent with the Interagency Guidance.

Deposit Insurance Assessment Base. ACB supports the proposed changes to the line items used to determine an institution's assessment base as such revisions reduce the overall burden of respondents and promotes greater simplicity in reporting. We also agree with the agencies' decision to offer a year long interim period during which institutions can transition their reporting systems to meet the new requirements. Both the simplified reporting requirements and the transition period will help smooth the inevitable difficulties that arise for financial institutions resulting from any changes to the Call Report or TFR.

Average Daily Balance Threshold. ACB understands that this proposal was published on October 31, 2006 prior to the issuance of the FDIC's final rule on the operational processes governing the deposit insurance assessment system on November 30, 2006. We would like to point out that the threshold for average daily balance reporting requirements in the final FDIC ruling is \$1 billion², which differs from the \$300 million threshold proposed by the FDIC on May 18, 2006³. The \$300 million threshold for average daily balance reporting requirements as proposed by the agencies must be revised to \$1 billion to correspond with the final FDIC rule.

Fair Value Option Reporting. At the time of this letter, FASB has not yet issued its final statement on the Fair Value Option. The proposed information collection indicates that the agencies anticipated a final issuance prior to year end 2006. ACB urges the agencies to proceed cautiously with any major revisions to the Call Report or TFR prior to the official release of the Fair Value Option statement. The statement is anticipated to be released sometime during the first quarter of 2007, however, should additional delay occur, we ask that the agencies also delay all related Call Report and TFR revisions.

Thresholds for Negative Amortization Loans. The Interagency Guidance on Nontraditional Mortgage Product Risks, issued by the agencies on September 29, 2006, underwent an extensive process of public comment and deliberation at the agencies. The final Guidance became effective on October 4, 2007 and it established very specific requirements for sound underwriting

² 71 FR 69273 (November 30, 2006)

³ 71 FR 28793-94 (May 18, 2006)

of alternative mortgages and directed institutions to monitor and manage concentrations in such mortgages. We believe that implementation of the final Guidance should alleviate the Agencies' concerns that loans with negative amortization are not being prudently underwritten or monitored.

Further, the Interagency Guidance specifically states that the agencies did not intend to establish concentration caps for institutions that underwrite covered mortgages. ACB is concerned that the agencies' proposal to establish a reporting threshold for certain loans with a negative amortization feature in the Call Report and TFR sets a de facto concentration limit above which heightened regulatory scrutiny could be implied for such loans. This would be inconsistent with the Interagency Guidance. Therefore, we respectfully suggest that the agencies consider removing the proposed reporting requirement and rely instead on principles established by the Interagency Guidance. Alternatively, if the agencies determine to retain a reporting requirement, we recommend the removal of any dollar amount or percentage thresholds that would trigger reporting and that the proposed changes simply require reporting on all portfolios with negatively amortizing mortgages.

ACB appreciates the invitation to comment on this joint notice. If further information is requested, please do not hesitate to contact the undersigned at (202) 857-3158 or email at jgoff@acbankers.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Jodie G. Goff". The signature is written in a cursive style. To the right of the signature is a vertical red line.

Jodie G. Goff
Manager – Accounting and Financial Management Policy