Draft Instructions

for Proposed FR Y-9C Report Revisions

for June 2012

Draft as of January 6, 2012

SCHEDULE HC-N – Past Due and Nonaccrual Loans Leases and Other Assets

Memoranda

Item No. Caption and Instructions

NOTE: Memorandum items 9.a and 9.b are to be completed by all institutions.

9 **Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).** Report in the appropriate subitem and column the outstanding balance and carrying amount of "purchased credit-impaired loans" reported as held for investment in Schedule HC-C, Memorandum items 5.a and 5.b, respectively, that are past due 30 days or more or are in nonaccrual status as of the report date. The carrying amount of such loans will have been included by loan category in items 1 through 7 of Schedule HC-N, above. Purchased credit-impaired loans are accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"). Purchased credit-impaired loans are loans that an institution has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the institution will be unable to collect all contractually required payments receivable. Loans held for investment are those that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff.

9.a **Outstanding balance.** Report in the appropriate column the outstanding balance of all purchased credit-impaired loans reported as held for investment in Schedule HC-C, Memorandum item 5.a, that are past due 30 days or more or are in nonaccrual status as of the report date. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the institution at the report date, whether or not currently due and whether or not any such amounts have been charged off by the institution. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.

9.b **Carrying amount included in Schedule HC-N, items 1 through 7, above.** Report in the appropriate column the carrying amount (before any allowances established after acquisition for decreases in cash flows expected to be collected) of, i.e., the recorded investment in, all purchased credit-impaired loans reported as held for investment in Schedule HC-C, Memorandum item 5.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

Schedule HC-P – 1-4 Family Residential Mortgage Banking Activities

Item No.	Caption and Instructions
7	**Representation and warranty reserves for 1-4 family residential mortgage loans sold.** When an institution sells or securitizes mortgage loans, it typically makes certain representations and warranties to the investors or other purchasers of the loans at the time of the sale and to financial guarantors of the loans sold. The specific representations and warranties may relate to the ownership of the loan, the validity of the lien securing the loan, and the loan's compliance with specified underwriting standards. Under ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies"), an institution is required to accrue loss contingencies relating to the representations and warranties made in connection with their mortgage securitization activities and mortgage loan sales when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Report in the appropriate subitem the amount of representation and warranty reserves included in Schedule HC-G, "Other liabilities," that the institution maintains for 1-4 family residential mortgage loans sold, including those mortgage loans transferred in securitizations accounted for as sales.
7.a	**For representations and warranties made to U.S. Government agencies and Government-sponsored agencies.** Report the amount of reserves that the institution maintains for representations and warranties made to U.S. Government agencies and Government-sponsored agencies in connection with sales of 1-4 family residential mortgage loans, including mortgage loans transferred in securitizations accounted for as sales. U.S. Government agencies and Government-sponsored agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA).
7.b	**For representations and warranties made to other parties.** Report the amount of reserves that the institution maintains for representations and warranties made to parties other than U.S. Government agencies and Government-sponsored agencies in connection with sales of 1-4 family residential mortgage loans, including mortgage loans transferred in securitizations accounted for as sales.