

predictions about the future direction of interest rates (and, consequently, the borrower's future obligations); inappropriate representations about the "cash savings" to be realized from nontraditional mortgage products in comparison with amortizing mortgages; statements suggesting that initial minimum payments in a payment option ARM will cover accrued interest (or principal and interest) charges; and misleading claims that interest rates or payment obligations for these products are "fixed."

**Control Systems**—Institutions also should develop and use strong control systems to ensure that actual practices are consistent with their policies and procedures, for loans that the institution originates internally, those that it originates through mortgage brokers and other third parties, and those that it purchases. Institutions should design control systems to address compliance and fair disclosure concerns as well as the safety and soundness considerations discussed above. Lending personnel should be trained so that they are able to convey information to consumers about product terms and risks in a timely, accurate, and balanced manner. Lending personnel should be monitored through, for example, call monitoring or mystery shopping, to determine whether they are conveying appropriate information. Institutions should review consumer complaints to identify potential compliance, reputation, and other risks. Attention also should be paid to appropriate legal review and to using compensation programs that do not improperly encourage originators to direct consumers to particular products.

**Appendix: Terms Used in this Document**

**Interest-only Mortgage Loan**—A nontraditional mortgage on which, for a specified number of years (e.g., three or five years), the borrower is required to pay only the interest due on the loan during which time the rate may fluctuate or may be fixed. After the interest-only period, the rate may be fixed or fluctuate based on the prescribed index and payments include both principal and interest.

**Payment Option ARM**—A nontraditional mortgage that allows the borrower to choose from a number of different payment options. For example, each month, the borrower may choose a minimum payment option based on a "start" or introductory interest rate, an interest-only payment option based on the fully indexed interest rate, or a fully amortizing principal and interest payment option based on either a 15-year or 30-year loan term plus any required escrow payments. The

minimum payment option can be less than the interest accruing on the loan, resulting in negative amortization. The interest-only option avoids negative amortization but does not provide for principal amortization. After a specified number of years, or if the loan reaches a certain negative amortization cap, the required monthly payment amount is recast to require payments that will fully amortize the outstanding balance over the remaining loan term.

**Reduced Documentation**—A loan feature that is commonly referred to as "low doc/no doc," "no income/no asset," "stated income" or "stated assets." For mortgage loans with this feature, an institution sets reduced or minimal documentation standards to substantiate the borrower's income and assets.

**Simultaneous Second-Lien Loan**—A lending arrangement where either a closed-end second-lien or a home equity line of credit (HELOC) is originated simultaneously with the first lien mortgage loan, typically in lieu of a higher down payment.

This concludes the text of the proposed Interagency Guidance on Nontraditional Mortgage Products.

Dated: December 19, 2005.

**John C. Dugan,**

*Comptroller of the Currency.*

By order of the Board of Governors of the Federal Reserve System, December 19, 2005.

**Jennifer J. Johnson,**

*Secretary of the Board.*

Dated at Washington, DC, the 19th day of December, 2005.

By order of the Federal Deposit Insurance Corporation.

**Robert E. Feldman,**

*Executive Secretary.*

Dated: December 19, 2005.

By the Office of Thrift Supervision.

**John M. Reich,**

*Director.*

By the National Credit Union Administration on December 20, 2005.

**Rodney E. Hood,**

*Vice Chairman.*

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## DEPARTMENT OF THE TREASURY

### Fiscal Service

#### **Financial Management Service; Proposed Collection of Information: Resolution Authorizing Execution of Depository, Financial Agency, and Collateral Agreement; and Depository, Financial Agency, and Collateral Agreement**

**AGENCY:** Financial Management Service, Fiscal Service, Treasury.

**ACTION:** Notice and request for comments.

**SUMMARY:** The Financial Management Service, 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 a continuing information collection. By this notice, the Financial Management Service solicits comments concerning forms "Resolution Authorizing Execution of Depository, Financial Agency, and Collateral Agreement; and Depository, Financial Agency, and Collateral Agreement."

**DATES:** Written comments should be received on or before February 27, 2006.

**ADDRESSES:** Direct all written comments to Financial Management Service, 3700 East West Highway, Records and Information Management Program Staff, Room 135, Hyattsville, Maryland 20782.

**FOR FURTHER INFORMATION CONTACT:** Requests for additional information or copies of the form(s) and instructions should be directed to Mary Bailey, Bank Policy and Oversight Division, 401 14th Street, SW., Room 317, Washington, DC 20227, (202) 874-7055.

**SUPPLEMENTARY INFORMATION:** Pursuant to the Paperwork Reduction Act of 1995, (44 U.S.C. 3506(c)(2)(A)), the Financial Management Service solicits comments on the collection of information described below:

*Title:* Resolution Authorizing Execution of Depository, Financial Agency, and Collateral Agreement; and Depository, Financial Agency, and Collateral Agreement.

*OMB Number:* 1510-0067.

*Form Number:* FMS 5902; FMS 5903.

*Abstract:* These forms are used to give authority to financial institutions to become a depository of the Federal Government. They also execute an agreement from the financial institutions that are authorized to pledge collateral to secure public funds with Federal Reserve Banks or their designees.

*Current Actions:* Extension of currently approved collection.

*Type of Review:* Regular.

*Affected Public:* Business or other for-profit institutions.

*Estimated Number of Respondents:* 15 (2 forms ea.).

*Estimated Time Per Respondent:* 30 minutes (15 minutes ea. form).

*Estimated Total Annual Burden Hours:* 7.

*Comments:* Comments submitted in response to this notice will be summarized and/or included in the request for Office of Management and Budget approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information 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.

**Gary Grippo,**

*Assistant Commissioner, Federal Finance.*

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**BILLING CODE 4810-35-M**

## DEPARTMENT OF THE TREASURY

### Fiscal Service

#### Surety and Reinsuring Companies; Fees

**AGENCY:** Financial Management Service, Fiscal Service, Department of the Treasury.

**ACTION:** Application and Renewal Fees Imposed on Surety Companies and Reinsuring Companies; Increase in Fees Imposed.

**SUMMARY:** Effective December 31, 2005, The Department of the Treasury, Financial Management Service, is increasing the fees it imposes on and collects from surety companies and reinsuring companies.

**FOR FURTHER INFORMATION CONTACT:** Surety Bond Branch at (202) 874-6765.

**SUPPLEMENTARY INFORMATION:** The fees imposed and collected, as referred to in 31 CFR 223.22, cover the costs incurred by the Government for services performed relative to qualifying corporate sureties to write Federal

business. These fees are determined in accordance with the Office of Management and Budget Circular A-25, as amended. The change in fees is the result of a thorough analysis of costs associated with the Surety Bond Branch.

The new fee rate schedule is as follows:

(1) Examination of a company's application for a Certificate of Authority as an acceptable surety as an acceptable reinsuring company on Federal bonds—\$7,500.

(2) Determination of a company's continued qualification for annual renewal of its Certificate of Authority—\$4,400.

(3) Examination of a company's application for recognition as an Admitted Reinsurer (except on excess risks running to the United States)—\$2,650.

(4) Determination of a company's continued qualification for annual renewal of its authority as an Admitted Reinsurer—\$1,875.

Questions concerning this notice should be directed to the Surety Bond Branch, Financial Accounting and Services Division, Financial Management Service Department of the Treasury, 3700 East West Highway, Room 6F01, Hyattsville, MD 20782, Telephone (202) 874-6850.

Dated: December 22, 2005.

**Wanda J. Rogers,**

*Assistant Commissioner Financial Operations, Financial Management Service.*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### Proposed Collection; Comment Request for Revenue Procedure 97-15

**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 Revenue Procedure 97-15, section 103—Remedial Payment Closing Agreement Program.

**DATES:** Written comments should be received on or before February 27, 2006 to be assured of consideration.

**ADDRESSES:** Direct all written comments to Glenn 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 regulations should be directed to Larnice Mack at Internal Revenue Service, room 6512, 1111 Constitution Avenue NW., Washington, DC 20224, or at (202) 622-3179, or through the Internet at ([Larnice.Mack@irs.gov](mailto:Larnice.Mack@irs.gov)).

#### SUPPLEMENTARY INFORMATION:

*Title:* Section 103—Remedial Payment Closing Agreement Program.

*OMB Number:* 1545-1528.

*Revenue Procedure Number:* Revenue Procedure 97-15.

*Abstract:* This information is required by the Internal Revenue Service to verify compliance with sections 57, 103, 142, 144, 145, and 147 of the Internal Revenue Code of 1986, as applicable (including any corresponding provision, if any, of the Internal Revenue Code of 1954). This information will be used by the Service to enter into a closing agreement with the issuer of certain state or local bonds to establish the closing agreement amount.

*Current Actions:* There are no changes being made to the revenue procedure at this time.

*Type of Review:* Extension of a currently approved collection.

*Affected Public:* State, local or tribal government, and not-for-profit institutions.

*Estimated Number of Respondents:* 50.

*Estimated Time Per Respondent:* 1 hour, 30 minutes.

*Estimated Total Annual Burden Hours:* 75.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

#### Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB