

**AMENDMENT TO THE RULES COMMITTEE PRINT
OF H.R. 3606
OFFERED BY MR. PERLMUTTER OF COLORADO**

Add at the end the following (and conform the table of contents accordingly):

1 **TITLE VII—AMORTIZATION**
2 **AUTHORITY**

3 **SEC. 701. LOAN AMORTIZATION.**

4 (a) IN GENERAL.—For purposes of capital calcula-
5 tion under the Financial Institutions Examination Coun-
6 cil’s Consolidated Reports of Condition and determining
7 a financial institution’s capital category pursuant to sub-
8 sections (b)(1) and (c)(2) of section 38 of the Federal De-
9 posit Insurance Act (12 U.S.C. 1831o), an eligible institu-
10 tion may choose to amortize any loss or write-down, on
11 a quarterly straight-line basis over the 7-year period be-
12 ginning with the month in which such loss or write-down
13 occurs, resulting from—

14 (1) other real estate owned (as defined under
15 section 34.81 of title 12, Code of Federal Regula-
16 tions); or

17 (2) a loan secured by commercial real estate.

1 (b) DISCLOSURE ON CONSOLIDATED REPORTS OF
2 CONDITION.—With respect to an eligible institution choos-
3 ing to make use of the amortization provided for under
4 subsection (a), such eligible institution shall, on the Fi-
5 nancial Institutions Examination Council’s Consolidated
6 Reports of Condition, disclose the difference between the
7 amount of the institution’s capital, when calculated taking
8 into account such amortization, and amount of the institu-
9 tion’s capital when calculated without taking into account
10 such amortization.

11 (c) DEFINITIONS.—For purposes of this section:

12 (1) ELIGIBLE INSTITUTION.—The term “eligi-
13 ble institution” means an issuer—

14 (A) the securities of which are registered
15 under section 12 of the Securities and Ex-
16 change Act of 1934 (15 U.S.C. 78l); and

17 (B) with assets of less than
18 \$10,000,000,000.

19 (2) LOSS OR WRITE-DOWN.—The term “loss or
20 write-down” includes loans charged off as shown on
21 Schedule RI-B of the Financial Institutions Exam-
22 ination Council’s Consolidated Reports of Condition
23 or specifically reserved under the Allowance for Loan
24 and Lease Losses.

1 (d) EFFECTIVE DATE.—The provisions of this sec-
2 tion shall apply to losses and write-downs from loan origi-
3 nations that occurred on or after January 1, 2003, and
4 before January 1, 2008.

5 (e) REPORTING.—An eligible institution that chooses
6 to make use of the amortization provided for under sub-
7 section (a) shall do so by making a one-time adjustment
8 to the institution’s accounting and regulatory reporting
9 documents for losses and write-downs taken prior to the
10 date of enactment of this Act. On and after the date of
11 enactment of this Act, an eligible institution may reflect
12 additional losses incurred subsequent to the date of enact-
13 ment, and the adjusted amortization taken pursuant to
14 subsection (a), for any loss or write-down taken with re-
15 spect to a loan originated on or after January 1, 2003
16 and before January 1, 2008 that occurs after the one-time
17 adjustment, on a quarterly basis on its Consolidated Re-
18 ports of Condition.

