

§ 561.44

12 CFR Ch. V (1-1-99 Edition)

Director of the Office of Thrift Supervision jointly determine to be operating substantially in the same manner as a savings association.

§ 561.44 Security.

The term *security* means any non-withdrawable account, note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, or, in general, any interest or instrument commonly known as a *security*, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing, except that a *security* shall not include an account or deposit insured by the Federal Deposit Insurance Corporation.

§ 561.45 Service corporation.

The term *service corporation* means any corporation, the majority of the capital stock of which is owned by one or more savings associations and which

engages, directly or indirectly, in any activities similar to activities which may be engaged in by a service corporation in which a Federal savings association may invest under part 559 of this chapter.

[54 FR 49545, Nov. 30, 1989, as amended at 62 FR 66262, Dec. 18, 1997]

§ 561.47 Slow consumer credit.

The term *slow consumer credit* means closed-end consumer credit delinquent 90 to 119 days (4 monthly payments) and open-end consumer credit delinquent 90 to 179 days (4-to-6 zero billing cycles). For the purposes of computing delinquency, a payment of 90 percent or more of the contractual payment will be considered as a full payment. If an association can clearly demonstrate that repayment would occur regardless of delinquency status—for example, the loan is well-secured by collateral and is in the process of collection; the loan is supported by a valid guarantee or insurance; or it is a loan where the claims have been filed against a solvent estate—then such loan need not be classified as *slow consumer credit*. The following table illustrates the delinquency computation:

CLOSED-END CONSUMER CREDIT

Due date	Period	Delinquency status	Classification
3/10	3/10-4/09	Not delinquent.	Slow.
4/10	4/10-5/09	30 days or 2 payments.	
5/10	4/10-6/09	60 days or 3 payments.	
6/10	6/10-7/09	90 days or 4 payments	

OPEN-END CONSUMER CREDIT

Statement	Zero billing		Days		Class
	Day	Cycle	Payment record	Delinquent	
1	1	0	Slow. Slow. Slow.
2	30	1	No payment	5	
3	60	2	No payment	30	
4	90	3	No payment	60	
5	120	4	No payment	90	
6	150	5	No payment	120	
7	180	6	No payment	150	

§ 561.48 Slow loans.

With respect to loans on the security of a *home*, as defined in § 541.14 of this chapter, which is owner-occupied, the term *slow loans* means:

- (a) Any loan or land contract less than 1 year old which is the equivalent of 60 days (2 months) or more contractually delinquent; or
- (b) Any loan or land contract that is from 1 year to 7 years old which is the

equivalent of 90 days (3 months) or more contractually delinquent; or

(c) Any loan or land contract more than 7 years old which is the equivalent of 90 days (3 months) or more contractually delinquent unless 10 out of the last 12 contractually required payments have been made; or

(d) Any mortgage loan, deed or trust, or land contract on which taxes on the security are due and unpaid for the equivalent of two or more years; or

(e) Any loan or land contract that has been modified or refinanced within the preceding 12 months, while contractually delinquent, except a mortgage loan or land contract:

(1) More than 2 years old and less than 30 days (1 month) contractually delinquent at the time of the modification or refinancing and not previously modified or refinanced during the past 60 months or the life of the loan, whichever period is shorter, or

(2) Modified or refinanced to provide for payment of real estate taxes, other governmental assessments, hazard insurance premiums, mortgage life insurance or disability insurance premiums where the savings association is the assignee or beneficiary of the insurance, or water or sewer rent or charges, if provision is made for payment of the funds so advanced within the succeeding 12 months.

(f) In computing delinquencies for purposes of this section, any loan as to which the savings association has the benefit of any guaranty by the FDIC as successor to the Federal Savings and Loan Insurance Corporation shall be considered to be current as of the date such guaranty becomes effective with respect to that particular loan and only subsequent delinquencies shall be counted in determining whether the loan is slow.

(g) Any loan or land contract that has been made, extended, or continued beyond the term permitted by applicable lending limitations.

Provided, That any mortgage loan, deed of trust, or land contract on which the total indebtedness is less than 60 percent of the original amount, any loan on which all contractually required payments have been made during the preceding 12 months and any loan on which payments are being deferred pur-

suant to the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, shall not be considered to be a slow loan under this section.

§561.49 [Reserved]

§561.50 State.

The term *State* means a State, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States.

§561.51 Subordinated debt security.

The term *subordinated debt security* means any unsecured note, debenture, or other debt security issued by a savings association and subordinated on liquidation to all claims having the same priority as account holders or any higher priority.

§561.52 Tax and loan account.

The term *tax and loan account* means an account, the balance of which is subject to the right of immediate withdrawal, established for receipt of payments of Federal taxes and certain United States obligations. Such accounts are not savings accounts or savings deposits.

§561.53 United States Treasury General Account.

The term *United States Treasury General Account* means an account maintained in the name of the United States Treasury the balance of which is subject to the right of immediate withdrawal, except in the case of the closure of the member, and in which a zero balance may be maintained. Such accounts are not savings accounts or savings deposits.

§561.54 United States Treasury Time Deposit Open Account.

The term *United States Treasury Time Deposit Open Account* means a non-interest-bearing account maintained in the name of the United States Treasury which may not be withdrawn prior to the expiration of 30 days' written notice from the United States Treasury, or such other period of notice as the Treasury may require. Such accounts are not savings accounts or savings deposits.