

*Current actions:* On January 11, 2007, the Federal Reserve published a notice in the Federal Register (72 FR 1325) requesting public comment for 60 days on the revision, without extension, of the Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations. The comment period expired on March 12, 2007. The Federal Reserve did not receive any comment letters. All reporting changes will be implemented effective with the March 31, 2007, report date.

Recently, the volume of 1–4 family residential mortgage loan products whose terms allow for negative amortization and the number of institutions providing borrowers with such loans has increased significantly. Loans with this feature are structured in a manner that may result in an increase in the loan's principal balance even when the borrower's payments are technically current. When loans with negative amortization are not prudently underwritten and not properly monitored, they raise safety and soundness concerns. Currently the Federal Reserve has no readily available means of identifying the industry's exposure to such loans. Therefore, the Federal Reserve proposed to collect four data items at the nonbank subsidiary level to monitor the extension of negatively amortizing residential mortgage loans in the industry and to parallel the data items being proposed for inclusion on the FR Y–9C.

The Federal Reserve proposed to collect one memorandum item from all nonbank subsidiaries on Schedule BS–A, Loan and Leases Financing Receivables, for the total amount of closed–end loans with negative amortization features secured by 1–4 family residential properties in order to obtain an overall measure of this potentially higher risk lending activity. In addition, the Federal Reserve proposed to collect two memorandum items on Schedule BS–A and one memorandum item on Schedule IS, Income Statement, from nonbank subsidiaries with a significant volume of negatively amortizing 1–4 family residential mortgage loans. The threshold for significant volume would be based on the aggregate carrying amount of negatively amortizing loans in excess of 5 percent of the total loans and leases reported on Schedule BS–A. A nonbank with negatively amortizing loans would determine whether it met the size threshold for reporting the three additional memorandum items based on data reported from the previous year–end FR 2314.

The Federal Reserve also proposed two additional Schedule BS–A

memorandum items to collect (1) the total maximum remaining amount of negative amortization contractually permitted on closed–end loans secured by 1–4 family residential properties and (2) the total amount of negative amortization on closed–end loans secured by 1–4 family residential properties that is included in the carrying amount of these loans. The first memorandum item would provide a measure of the maximum exposure that could be incurred for negative amortization loans in the current 1–4 family residential property loan portfolio. The second memorandum item would then identify what component of 1–4 family mortgage loans is comprised of negative amortization loans. The Schedule IS memorandum item is year–to–date non–cash income on closed–end loans with a negative amortization feature secured by 1–4 family residential properties. This memorandum item would identify the amount and extent of interest revenue accrued and uncollected to ascertain the degree this potentially higher risk lending activity supports the BHC's overall net income. All nonbank subsidiaries with negatively amortizing 1–4 family residential loans in excess of the reporting threshold would report these data items for the entire calendar year following the end of any calendar year when the threshold was exceeded.

The Federal Reserve proposed to add the section Notes to the Financial Statements to allow respondents the opportunity to provide, at their option, any material information included in specific data items on the financial statements that the parent U.S. banking organization wishes to explain. The addition of this section would enable the Federal Reserve to automate information that respondents may want to report as footnotes to various reported data items and provide for release of this information to the public. This section is currently included on the FR Y–11.

Board of Governors of the Federal Reserve System, March 21, 2007.

**Jennifer J. Johnson,**

*Secretary of the Board.*

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## FEDERAL RESERVE SYSTEM

### Change in Bank Control Notices; Acquisition of Shares of Bank or Bank Holding Companies

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and

§ 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. The notices also will be available for inspection at the office of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than April 10, 2007.

**A. Federal Reserve Bank of Kansas City** (Donna J. Ward, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *William Scott Martin Trust and William S. Martin*, Miami Beach, Florida, as trustee; to acquire control of Green Country Bancorporation, Inc., and thereby indirectly acquire control of The First State Bank, both in Ketchum, Oklahoma.

Board of Governors of the Federal Reserve System, March 21, 2007.

**Robert deV. Frierson,**

*Deputy Secretary of the Board.*

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## FEDERAL RESERVE SYSTEM

### Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the