

RESCINDED

OCC BULLETIN 2008-31

Subject: Regulation
on Fannie Mae and
Date: October 24, 2008

Outdated - See OCC 2015-38

Officers of All National
and Division Heads, All
el, and Other Interested
Parties

Description: Interagency Statement

The guidance attached to this bulletin continues to apply to federal savings associations.

The federal banking and thrift regulatory agencies have issued the attached interagency statement (statement) to notify banks, bank holding companies, and thrifts (collectively, "banking organizations") that the agencies will allow banking organizations to recognize the effect of the tax change enacted in Section 301 of the Emergency Economic Stabilization Act of 2008 (EESA) in their third-quarter 2008 regulatory capital calculations. The appendices to the interagency statement provide guidance on how to reflect this effect in the regulatory capital schedule for their September 30, 2008, regulatory reports.

Background

Section 301 of EESA provides tax relief to banking organizations that have suffered losses on certain holdings of Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) preferred stock by changing the character of these losses from capital to ordinary for federal income tax purposes. However, because the EESA was not enacted until October 3, 2008, banking organizations will not be able to recognize the tax effects of the ordinary losses resulting from Section 301 of EESA in financial statements prepared in accordance with generally accepted accounting principles until the fourth quarter of 2008. As explained in the statement, the agencies will allow banking organizations to recognize the economic benefits of the change in the tax treatment of losses on Fannie Mae and Freddie Mac preferred stock under Section 301 of the EESA in the third quarter of 2008 for regulatory capital purposes.

Further Information

You may direct questions or comments to David Elkes, Risk Expert, Capital Policy Division, at (202) 874-3846; or Ron Shimabukuro, Special Counsel, at (202) 874-4705.

Timothy W. Long
Senior Deputy Comptroller for Bank Supervision Policy and Chief National Bank Examiner

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