

Appendix to “Covered Savings Associations: A New Type of Depository Institution”

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Components of the Qualified Thrift Investment Calculation

Component	Call Report Series
Loans secured by 1–4 family residential property	RCFD1797 + RCFD5367 + RCFD5368
Residential mortgage-backed securities (MBS)	RCFDG300 + RCFDG304 + RCFDg308 + RCFDG312 + RCFDG316 + RCFDG320 + RCFDG303 + RCFDG307 + RCFDG311 + RCFDG315 + RCFDG319 + RCFDG323 or RCONHT54 + RCFDG308 + RCFDG312 + RCFDG316 + RCFDG320 + RCONHT57 + RCFDG311 + RCFDG315 + RCFDG319 + RCFDG323
Loans to small businesses	RCON5565 + RCON5567 + RCON5569 + RCON5571 + RCON5573 + RCON5575 + RCON5579 + RCON5581 + RCON5583 + RCON5585 + RCON5587 + RCON5589
Credit card loans	RCFDB538
Other consumer loans (excluding credit card loans)*	RCFDB539 + RCFDK137 + RCFDK207
Goodwill and intangible assets	RCFD2143
Premises and fixed assets	RCFD2145
Cash	RCFD0081 + RCFD0071
Total assets	RCFD2170

* In our calculations, the other consumer loans (excluding credit card loans) category is capped at 20 percent of total assets.

Portfolio assets = total assets – cash – goodwill and intangible assets – premises and fixed assets

Qualified thrift investments estimate = 100 * (loans secured by 1–4 family residential property + residential MBS + loans to small businesses + credit card loans + other consumer loans) / portfolio assets

QTL test vs. DBLA test

Thrifts operating as qualified thrift lenders (QTL) are required to satisfy either the QTL test or the domestic building and loan association (DBLA) asset test. These tests are similar in that they require certain asset categories to constitute a set percentage of an institution’s assets. For the QTL test, this is 65 percent, while for the DBLA asset test it is 60 percent. In both tests, residential real estate loans and residential MBS count toward the required minimum. The DBLA asset test, however, also counts Treasury securities and state and local government securities. In calculating the ratio, the QTL test uses “portfolio assets” in the denominator, and these exclude intangible assets and certain liquid assets and fixed assets. The DBLA asset test uses total assets in the denominator. In practice, federal savings associations abiding by the DBLA test tend to hold a higher level of securities and lower level of residential real estate loans. For simplicity, in our analysis we only estimated the qualified thrift investments used for the QTL test.