




**TO:** Acquiring Institutions

**FROM:** John Marchant, Manager Field Operations 

**Subject:** **FDIC's unique Asset Level Identification Number required as of 3/31/2011**

**DATE:** April 21, 2011

As of March 31, 2011, Assuming Institutions' (AIs) Certificates must reference a valid and unique FDIC Asset Identification Number (Asset ID) for all loan level detail included in the Certificate and Data Download submissions. A valid FDIC Asset ID must be assigned to every Shared-Loss Asset for Single Family (SF) Certificate Submissions (Schedule 4.15A) and Non Single Family (NSF) Certificate Submissions (Schedule 4.15B) including data downloads.

AIs are required to report per data specifications made available in October of 2010 on the FDIC.gov website. Current data specifications, FDIC Loss Share Data Specifications Version 1.3.1 are as detailed at:

[http://www.fdic.gov/bank/individual/failed/lossshare/lossshare\\_DataSpecs\\_PastReleases.html](http://www.fdic.gov/bank/individual/failed/lossshare/lossshare_DataSpecs_PastReleases.html)

The purpose of this letter is to clarify the following areas of AIs reporting requirements

1. reporting assets fully charged off at bank closing
2. certificate validation for AIs in the 4.15A/B Schedule adjustment process; and
3. treatment for duplicate or unmatched FDIC Asset IDs.

### **Area 1: Fully Charged Off Shared-Loss Assets at bank closing**

FDIC's initial Loss Share Data Specifications Version 1.3 requires AIs to report, when available, assets fully charged off at closing via the NSF and SFR inactive loan files. Additionally, recoveries and expenses for these assets may be reported via the NSF Loss and Recoveries and SFR Recoveries and Expense files.

To help you comply with the FDIC Asset ID requirement, Loss Share Data Specifications have been updated to include a new asset ID assignment methodology.

- o This methodology specifies that the AI must request a FDIC Asset ID assignment at least 15 days prior to the Certificate reporting date.

Due to the fact that this process was recently announced and few Asset ID requests have been received due to this timeline, a temporary assignment process will be established for issues related to failed bank charge offs.

For the 3-31-11 submission only, the FDIC data aggregator will assign FDIC Asset IDs during Certificate review for failed bank charge offs and related recoveries and expenses using the following process:

Inactive Loans Reporting:

- If the AI does not furnish an FDIC Asset ID for fully charged off items on the Inactive loan files, the FDIC Data Aggregator will assign a sequential FDIC Asset ID (per the FDIC assignment methodology) for all records with an Inactivity Reason (field 4) of “CO”.
- If the AI incorrectly reported records as failed bank charge offs, the AI must resubmit the Inactive Loan file with corrected records.

Recovery and Expense Reporting:

- If an AI does not report an FDIC Asset ID in the NSF Loss and Recoveries and SFR Recoveries and Expense, the FDIC data aggregator will assume a recovery missing an FDIC Asset ID is associated with an asset fully charged off at the time of closing. The FDIC data aggregator will then assign an FDIC Asset ID, complete an Assignment Workbook for these records, and post the form to Intralinks for the assigned FDIC Specialist.
- If the AI incorrectly reported the Recovery without the FDIC Asset ID, the AI must resubmit the NSF Loss and Recoveries or SFR Recoveries and Expense file with corrected records.

When such assignments are made, the FDIC Specialist will have 2 weeks to confirm with the AI the FDIC Asset ID assignment. The AI must use the assigned FDIC Asset ID for all future reporting.

It is important to note that once the FDIC Asset ID is assigned, the Certificate review process will continue without triggering an Asset ID error message for these loans.

Charge Off expenses reported without an FDIC Asset ID will NOT go through the same FDIC Asset ID assignment process.

- Such records will result in an error message and the Certificate Submission will not be aggregated.
- In addition, the AI must complete the Asset ID Assignment Workbook for a Type 9 transaction and
- Provide supporting documentation such as a case memorandum or servicing system records verifying the asset was fully charged off at time of closing.

**Area 2: Certificate validation and the Schedules 4.15A/B adjustment process.**

AIs who have not completed the Schedule **4.15A/B** Adjustment process, the valid FDIC Asset ID pool is based on their Initial Schedule **4.15A/B**. Certificate Submissions containing assets not shown on the Initial Schedule 4.15A/B or not reported in the correct Certificate will not be processed (e.g. Schedule 4.15A assets reported in the NSF Certificate filing). The sole exception to this rule is reporting for assets fully charged off at the time of closing as detailed above.

Please note, the final schedule is not considered complete until the AI has returned the signature letter indicating agreement.

Due to reconciliation issues, not all Final Schedules have complete FDIC Asset IDs. As a result, for AIs with a Final Schedule without assigned FDIC Asset IDs the following steps will be taken by the FDIC:

- The Certificate review will verify the submission based on the “Bank Historical Number” listed on the Final Schedule and any mapping tables that have been provided.
- If the FDIC data aggregator cannot tie assets reported in the Certificate submission back to the Final Schedule without an FDIC asset ID, the submission will result in an error.
- However, if the FDIC data aggregator is able to tie all assets back to the Final Schedule, regardless of FDIC Asset ID assignment, the submission will continue through the review process.

### **Area 3: Duplicate or Unmatched FDIC Asset IDs.**

Each Certificate submission is checked for duplicated or unmatched Asset IDs. The FDIC data aggregator will send a report of duplicated or unmatched FDIC Asset IDs to the AI's respective FDIC Specialist and then place the submission on hold. The AI's FDIC Specialist is responsible for reconciling issues with the AI using the Asset ID Assignment Workbook.

Forms and procedures to facilitate such requests are posted on the FDIC website on the Loss Share Data Specification page. The weblink is:

[http://www.fdic.gov/bank/individual/failed/lossshare/lossshare\\_DataSpecs.html](http://www.fdic.gov/bank/individual/failed/lossshare/lossshare_DataSpecs.html)

Thank you, in advance, for your continued cooperation.