



December 14, 2011

Assuming Institution

Re: Assuming Institutions with Non-Single Family/Commercial and Other Asset/
Commercial Shared-Loss Agreements

In an effort to encourage sustainable loan restructurings by Assuming Institutions, the FDIC is modifying the definition of "Permitted Amendments" in future Commercial Shared-Loss Agreements to eliminate the restriction that any modification may not extend the term of a Shared-Loss Loan Commitment or Shared-Loss Loan beyond the end of the final Shared-Loss Quarter or, if later, beyond the term which existed as of the Bank Closing Date. The modified definition of Permitted Amendments will permit Assuming Institutions to make the credit decision to extend the term of a Shared-Loss Loan without losing shared-loss coverage. The change does **not** extend the term of shared-loss coverage for a Shared-Loss Loan Commitment or Shared-Loss Loan beyond the final Shared-Loss Quarter.

As a matter of policy, the FDIC has also decided to extend similar Permitted Amendment treatment to all Assuming Institutions that currently have Non-Single Family/Commercial and Other Asset/Commercial Shared-Loss Agreements. Effective as of the date of this letter, Assuming Institutions with the more restrictive definition of Permitted Amendments may also modify Shared-Loss Loan Commitments and Shared-Loss Loans beyond the stated limits in the definition of Permitted Amendments, without losing shared-loss coverage. This Permitted Amendment policy will only apply to modifications of Shared-Loss Loan Commitments and Shared-Loss Loans made after the date of this letter, and does not extend shared-loss coverage beyond the final Shared-Loss Quarter.

In accordance with the revised policy outlined above, Risk Sharing Asset Management Guidance 2010-009, Section A, paragraph 6b ("Term Extension") is no longer applicable and should be disregarded during the Assuming Institution's review of this guidance.

Should you have any questions or concerns, please contact your FDIC Specialist.

Very truly yours,

Pamela J. Farwig
Deputy Director
Division of Resolutions and Receiverships