



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-62-2008
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OTHER REAL ESTATE

Guidance on Other Real Estate

Summary: Continued weakness in the housing market and the rapid rise in foreclosures have increased the potential for higher levels of other real estate (ORE) held by FDIC-supervised institutions. This FIL reminds bank management of the importance of developing and implementing policies and procedures for acquiring, holding, and disposing of other real estate (ORE). "Guidance on Other Real Estate" is attached.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
Chief Loan Officer
Chief Financial Officer

Related Topics:

Real Estate Lending
Appraisals
Accounting for Other Real Estate

Attachment:

Guidance on Other Real Estate

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Note:

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Highlights:

The attached "Guidance on Other Real Estate":

- Emphasizes the need to properly maintain ORE.
- Reinforces the importance of and details the expenses associated with maintaining and protecting ORE from further deterioration.
- Addresses the need to comply with requirements for obtaining initial and updated values for ORE.
- Summarizes the accounting and reporting standards for ORE in each phase of ownership: acquisition, holding period, and disposition.