



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

Financial Institution Letter
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***SUPERVISORY INSIGHTS* JOURNAL**

Summer 2007 Issue Now Available

Summary: The Summer 2007 issue of the FDIC journal *Supervisory Insights* includes articles on how banks can manage risks associated with third-party arrangements for products and services, the need for vigilance toward mortgage fraud, challenges in maintaining wind insurance, the electronic exchange of documentation in bank examinations, and recent decisions affecting the accounting for split-dollar life insurance. The publication is available at: <http://www.fdic.gov/regulations/examinations/supervisory/insights/index.html>.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer

Related Topics:

Outsourcing
Nontraditional Mortgage Products
FDICconnect
Third-Party Service Providers
Suspicious Activity Reports
Property Insurance
Bank-owned Life Insurance

Attachment:

None

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Note:

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2007/index.html.

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Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

Highlights:

- Third-party arrangements can assist institutions in attaining key strategic objectives, but they also present risks. In *"Third-Party Arrangements: Elevating Risk Awareness,"* the FDIC shows how failure to manage these risks can expose a financial institution to everything from financial loss to regulatory action and loss of customers.
- Low interest rates in recent years and the emergence of nontraditional mortgage products have spurred housing demand as well as mortgage fraud. *"Staying Alert to Mortgage Fraud"* shares actual examples of mortgage fraud in FDIC-insured institutions and offers tips to protect a mortgage portfolio.
- *"Wind Hazard Insurance: No Longer Just a Technical Exception,"* discusses the rising cost and, in some cases, the lack of availability of this protection for lenders against the loss of collateral value.
- *"From the Examiner's Desk"* takes a look at the impact of the electronic exchange of examination-related information, and *"Accounting News"* addresses the effects of recent decisions of the Financial Accounting Standards Board's Emerging Task Force on the accounting for split-dollar life insurance.

