

**Subject: Other Real Estate Owned**  
**Date: September 13, 2013**

**To: Chief Executive Officers of All National  
Banks and Federal Savings Associations,  
Department and Division Heads, All Examining  
Personnel, and Other Interested Parties**

**Description: Comptroller's Handbook Revisions and Rescissions**

The Office of the Comptroller of the Currency (OCC) issued today the "Other Real Estate Owned" booklet of the *Comptroller's Handbook*. This updated booklet replaces a similarly titled booklet issued in March 1990 (and examination procedures issued in April 1998). The updated booklet also replaces section 251, "Real Estate Owned and Repossessed Assets," issued in December 2010 as part of the Office of Thrift Supervision (OTS) *Examination Handbook* for the examination of federal savings associations.

The OCC's "Other Real Estate Owned" booklet provides updated guidance to examiners and bankers on the acquisition, reporting, management, and disposition of OREO. Major revisions address interagency appraisal and evaluation guidance; managing and renting foreclosed residential properties; third-party service providers; borrower redemption periods after foreclosure; and the exchange of participation interests in OREO.

The booklet discusses similarities and differences in the statutes and regulations unique to national banks and federal savings associations (FSA). Although policies governing OREO for national banks and FSAs are similar in many respects, some differences remain and are addressed in the booklet. In addition, areas governed by policy but not statute or regulation have been made uniform for national banks and FSAs in this booklet. For example, whereas section 251 described OREO hold or sell considerations that an FSA should address, the updated booklet directs FSAs to the general statutory and regulatory standard for national banks for OREO disposition. In another example, FSAs had been expected to use property acquired for future expansion within three years of acquisition or transfer the property to OREO, whereas national banks are expected to use such property within five years; FSAs now are allowed the five-year time frame.

With the issuance of this booklet, the following documents are rescinded:

- OTS *Examination Handbook*, section 251, "Real Estate Owned and Repossessed Assets" (December 2010)
- OCC Bulletin 2011-49, "Foreclosed Properties: Guidance on Potential Issues With Foreclosed Residential Properties" (December 14, 2011)
- OCC Bulletin 2011-10, "Other Real Estate Owned: Exchanging Other Real Estate Owned for Other Assets" (March 24, 2011)

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**Related Link:**

- "Other Real Estate Owned" (PDF)