

Sheshunoff™

Dear Subscribers to *Credit Union Manager's Desk Reference*,

In the current economic situation, credit unions are having to meet challenges on three major fronts: ALLL compliance, handling commercial and residential foreclosures, and then accounting for foreclosures and other real estate owned.

This update to *Credit Union Manager's Desk Reference* includes three new chapters that reflect the severe impact of the ongoing 2008/2009 recession on credit union loan portfolios:

- Credit unions need to ensure that their allowance for loan and lease losses estimates meet generally accepted accounting principles (GAAP) while conforming to regulatory requirements to provide a cushion for losses inherent in the loan portfolio. New chapter 17B provides important guidance on this topic.
- During this recession, credit unions have had to work with mortgage borrowers to help them to stay in their homes despite reductions in income and job layoffs. The 2008 credit crisis has resulted in an unprecedented number of foreclosures for both residential and commercial properties. Many institutions that have not previously had to deal with the complexities of the foreclosure process are now facing unfamiliar regulatory and accounting issues related to other real estate owned (OREO). New chapter 17C discusses how to account for these troubled debt restructuring (TDR) situations.
- When all TDR opportunities have been exhausted, new chapter 17D discusses how to properly account for foreclosures and other real estate owned (OREO). The 2008 credit crisis has resulted in an unprecedented number of foreclosures for both residential and commercial properties. Again, many institutions are now facing unfamiliar regulatory and accounting issues related to other real estate owned (OREO) for the first time. To assist institutions with issue, this chapter defines Other Real Estate Owned (OREO) and discusses the laws and regulations, policies and procedures and accounting guidelines that pertain to managing and accounting for OREO properties.

If you have any questions about this update, or suggestions for topics to include in future updates, please feel free to contact me by email or by telephone. If you would like information about other products, visit our web site at www.sheshunoff.com, or call us at 1-800-456-2340.

Sincerely,

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