

MEMORANDUM

To: Subscribers to *Lending Operations Policies and Procedures*

From: Sheshunoff Information Services

Subject: Highlights

Enclosed is your latest update to *Lending Operations Policies and Procedures*. This update contains new or revised information on the following topics:

- **Stress Tests.** We added a new policy that addresses stress testing. This policy focuses on specific regulatory concerns pertaining to analysis of areas of higher stress in lending portfolio and ascertaining the potential impact if a series of events occurs. The policy provides insights on considerations and specific methodology to consider.
- **Other Real Estate Owned (OREO).** We enhanced the OREO policy with the additions of specific materials to help bank management teams track properties from date of acquisition through the date of disposition. Unfortunately due to the economic problematic credit markets, financial institutions are becoming the holders of numerous OREO properties; these exhibits will provide further guidance and assistance.
- **CRA Governance.** We revised the checklist for CRA intermediate small institution policy. With these revisions, we placed greater emphasis on the governance issues and considerations for institutions falling into this category.
- **Loan Review Outsourcing.** We also expanded the loan review procedures to include new information on outsourcing concerns. Specific insights are offered from reviewing considerations for contractors to propose and reviewing their submitted contracts.

If you have questions or would like information on another Sheshunoff product, please call client services at 1-800-456-2340. You also may visit our Web site at www.sheshunoff.com.