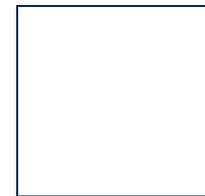


SR Letter 12-5: Rental of Residential OREO

May 31, 2012



THE FEDERAL RESERVE BANK OF RICHMOND

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Emphasizes that:

- Under existing guidance and practice, banks should make good-faith efforts to dispose of OREO properties at the earliest practicable date.
- Current market conditions are “extraordinary”.
- Banks may rent residential OREO properties.

But--

- Suitable policies and procedures must be followed.
- Banks are still required to comply with applicable federal, state and local statutes and regulations.





- Appropriate operational framework
- Compliance with OREO holding-period limitations
- Compliance with landlord-tenant and other associated requirements, including:
 - Landlord-tenant laws
 - Landlord licensing or registration
 - Property maintenance standards
 - Eviction protections
 - Servicemembers Civil Relief Act
 - Anti-discrimination laws
- Classification of rental properties





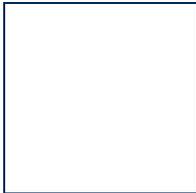
- “Large” defined as rental inventories of 50 or more properties.
- All issues listed on previous slide.
- Policies and procedures for OREO rental activities and a documented operational framework
- Plans for rental of OREO properties
- Policies and procedures addressing all risk management issues that might arise in renting residential OREO properties.





<http://www.federalreserve.gov/bankinfo/reg/srletters/sr1205.htm>





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