Federal Deposit Insurance Corporation

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provided (except with respect to loans), that:
(1) The obligations are rated in one of the four highest grades as shown by the most recently published rating made of such obligations by a nationally recognized rating service; or
(2) The obligations, if not rated, are approved by the FDIC. The aggregate outstanding direct investment in obligations under paragraph (b) of this section shall not exceed the amount of the State savings association’s total capital.

(c) Each state housing corporation in which a State savings association invests under the authority of paragraph (b) of this section shall agree, before accepting any such investment (including any loan or loan commitment), to make available at any time to the FDIC such information as the FDIC may consider to be necessary to ensure that investments are properly made under this section.

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Records for lending transactions.

In establishing and maintaining its records pursuant to §390.350, each State savings association should establish and maintain loan documentation practices that:
(a) Ensure that the institution can make an informed lending decision and can assess risk on an ongoing basis;
(b) Identify the purpose and all sources of repayment for each loan, and assess the ability of the borrower(s) and any guarantor(s) to repay the indebtedness in a timely manner;
(c) Ensure that any claims against a borrower, guarantor, security holders, and collateral are legally enforceable;
(d) Demonstrate appropriate administration and monitoring of its loans; and
(e) Take into account the size and complexity of its loans.

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Re-evaluation of real estate owned.

A State savings association shall appraise each parcel of real estate owned at the earlier of in-substance foreclosure or at the time of the State savings association’s acquisition of such property, and at such times thereafter as dictated by prudent management policy; such appraisals shall be consistent with the requirements of subpart X of this part. The appropriate regional director or his or her designee may require subsequent appraisals if, in his or her discretion, such subsequent appraisal is necessary under the particular circumstances. The foregoing requirement shall not apply to any parcel of real estate that is sold and reacquired less than 12 months subsequent to the most recent appraisal made pursuant to this subpart. A dated, signed copy of each report of appraisal made pursuant to any provisions of this subpart shall be retained in the State savings association’s records.