



BULLETIN

NO. B-90-5

September 12, 1990

This Bulletin will supersede Bulletin No. B-87-4 issued by the Department on September 2, 1987. Please destroy No. B-87-4.

Effective immediately, state-chartered banks will no longer be required to either immediately charge-off one half of all assets classified "Doubtful" by State Examiners or establish a (specific) special reserve equal to one-half of the dollar amount of all assets classified "Doubtful" during the examination in which these assets are classified. Such action will be left to the discretion of the Commissioner of Financial Institutions. However, it will continue to be the Department's policy to deduct one-half of the dollar amount of all assets classified "Doubtful" against the Bank's capital accounts to arrive at an adjusted capital ratio during the examination.

Regarding those assets classified "Loss", state-chartered banks will continue to be required to remove from the Bank's books one hundred percent (100%) of the dollar amount of all assets identified as such by State Examiners during the examination in which these assets are classified. Examiners shall verify that these classified assets have been removed from the Bank's books before they finalize their report of examination and also shall make an appropriate comment in the report of examination indicating how this verification was made.

A bank may not re-book any asset which has been charged-off upon the recommendation of State Examiners without the prior, written consent of the Commissioner.

Please address any questions to Assistant Commissioner Katie Edge or Program Administrator for Bank Examinations Derek Carrier at (615) 741-6013.

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