

ILLUSTRATIVE PROJECT

A New York City based savings bank asked us to assist them to prepare for its upcoming examination by the Office of Thrift Supervision, the Federal Organization that regulates savings banks. We assembled a team that spent two weeks in the bank organizing the credit files of commercial real estate borrowers. Customers were contacted by phone and email to request updated financial information and tax returns. Lists were prepared of missing or stale-dated documents such as appraisals that were more than one year old and insurance policies that were expired.

Once the examination was complete, we reviewed it with the client and commenced a series of reviews of the Bank's Credit Policy Manual. We commenced a thorough review of the actual regulations that were involved in the examination of the bank. Out of this were developed a series of recommendations for changes to the Bank's credit policy. A substantial amount of research was done with other banks in order to understand what was happening in the market. Areas covered included appraisals, workouts, loan participations, global portfolio analysis, portfolio concentrations, real estate feasibility studies, asset classifications, credit risk ratings, and construction lending.

In each case, we submitted a draft of a policy that would satisfy the client and the regulators. After the client reviewed the draft, we made appropriate changes and the new policy was adopted by the bank.