

Defensible OREO Management for the *Regulated Book*.

For banks, vacant REO is not just an economic problem — it is a regulatory one. National banks operate under explicit holding-period limits, fair value adjustment requirements, and examiner scrutiny on the operational management of foreclosed assets. **Banks that manage OREO well aren't just protecting recovery — they're removing examiner findings and MRAs from the supervisory cycle.**

12 USC §29 — The Regulatory Clock. National banks may hold real estate acquired through foreclosure for a period not exceeding **five years**, with a possible extension of up to five additional years upon application to and approval by the OCC. State-chartered banks face parallel limits under FDIC and state-level rules. Beyond these clocks: examiner pressure on fair value, deferred maintenance accrual, and operational management of OREO throughout the hold period.

— WHAT AN UNMANAGED REO ASSET COSTS — PER PROPERTY, PER YEAR OF HOLD

\$8–18K

Direct Carrying Cost

Tax, insurance, preservation, code fines

5–15%

Disposition Discount on Stale-Data Sales

Buyers price for unknown condition risk

\$15–40K

Total Erosion Cost — Order of Magnitude

Per property, per year of hold

— WHERE EXAMINERS FOCUS — AND WHAT B2B DELIVERS

→ Fair Value Defense

Standardized condition reporting on a recurring cycle gives the bank a documented, defensible basis for fair value.

→ Multi-State Coverage

Bank OREO often spans markets without local operating presence. B2B's network delivers consistent reporting across the portfolio.

→ Examiner-Ready Stack

Inspection cadence, photo documentation, audit trail of mitigation, code-compliance status — built around what examiners actually look at.

→ CRA Narrative

Where OREO concentrates in LMI tracts, active stabilization is a defensible CRA story rather than a passive one.

THE CONVERSATION STARTS HERE

Let's Look at *Your OREO Book*.

A 30-minute call walks through your current portfolio position, the regulatory exposure on your hold, and what a structured engagement would deliver to your asset management and OREO committee teams.

Reach Out.

NO OBLIGATION