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Commercial Real Estate and Construction Lending
Handbook Published by OCC

WASHINGTON, DC -- The Office of the Comptroller of the Currency today released a new section of the Comptroller's Handbook -- Commercial Real Estate and Construction Lending. The booklet provides guidance to OCC examiners as they review the commercial real estate and construction lending portfolios of all national banks. The new booklet consolidates and replaces sections 213 and 214 of the Comptroller's Handbook for National Bank Examiners. Copies of the new booklet have been sent to all national banks and examiners.

The handbook includes a discussion of five banking risks associated with commercial real estate and construction lending: credit risk, interest rate risk, liquidity risk, transaction risk, and compliance risk. The handbook also includes examination procedures and a detailed internal control questionnaire. Interagency policy guidelines and statements are included in appendices.

A primary focus of the handbook is the analysis of project financing. Project financing is repayable primarily from income currently being produced (or anticipated) from existing or future improvements to real estate.

A separate handbook section scheduled to be published later this year will cover residential real estate and home equity loans.

To obtain copies of Commercial Real Estate and Construction Lending, send a written request along with a check for \$15 per booklet to the Office of the Comptroller of the Currency, P.O. Box 70004, Chicago, IL 60673-0004.

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The OCC charters, regulates and examines approximately 3,000 national banks and 70 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure the safety and soundness of the national banking system.