



STATE OF ALABAMA  
STATE BANKING DEPARTMENT



**MEMORANDUM**

TO: Chief Executive Officers of All State-Chartered Banks

FROM: Mike Hill, Superintendent of Banks *meh*

SUBJECT: Notice to Rescind Other Real Estate (ORE) Guidance Issued on March 19, 2020 –  
*Further Guidance on COVID-19 – Lending, Operations, Borrowing, and ORE*

DATE: March 1, 2023

As you are aware, SBD Opinion 2015-01- Policy on Booking and Holding Real Property Interests requires ORE properties that are held for five years to be written down to \$1 if the bank has not received written approval of the Superintendent for an extended holding period.

In my Memorandum issued on March 19, 2020, I authorized state-chartered banks to discontinue all required write-downs of ORE properties where this office had approved an extension beyond the initial five-year holding period. Additionally, I authorized “any banks that have already taken such write-downs in 2020 for properties that are unsold and still on their books may reverse the write-downs taken in 2020 (but not in prior years).”

Effective March 1, 2023, banks should resume required write-downs of properties which were paused pursuant to my authorization and that remain on the bank’s books. Accordingly, those previously approved schedules that required annual write-downs so that the book value would be no greater than \$1 by the end of the tenth year, are now extended by three years. For example, if the approved holding period had been extended beyond the initial five-year period to December 31, 2020, the approved holding period would be extended by three years, or December 31, 2023.

Please note that our examiners will continue to review the marketability and valuation status of ORE properties at future Safety and Soundness examinations. Examiners will make an independent assessment and classify the book value appropriately, which may include a Loss classification.

If you have any questions, please contact Division Manager Eric Wilson at (334) 242-3547 or via email at [eric.wilson@banking.alabama.gov](mailto:eric.wilson@banking.alabama.gov).