

Self-Study # 2

The Self-Study Programs (SSPs) are an integral component of the System’s SR 98-2 training program. The SSPs cover various safety and soundness subjects and regulations and provide an introduction to pertinent topics outside the safety and soundness specialty track (i.e., consumer regulations and information technology concepts).

The SSPs encompass three (3) distinct programs with **all assistant examiners in the safety and soundness specialty track hired after February 28, 1998, required to complete all SSPs before being commissioned.**

The SSPs build on the System’s philosophy that learning and development are ongoing processes and shared responsibilities among the System, the Reserve Banks, and the participants. Along these lines, the SSPs are delivered outside of a classroom setting. While this format allows the participant to progress through the various subjects of each SSP at his/her own pace, the participant is responsible for **independently** completing each subject in the respective SSPs and may need to complete all or portions of the SSPs on his/her own time.

The SSPs are designed (optimally) to be completed as depicted in the chart below.

Self-Study Programs – Optimal and/or Required Progression		
<i>Self-Study Program #1 (SSP #1) begins after Base and must be completed in its entirety before FARM.</i>		
<i>Self-Study Program #2 (SSP #2) begins after FARM and must be completed in its entirety before CRAS.</i>		
<i>Self-Study Program #3 (SSP #3) begins after CRAS and must be completed in its entirety before 2nd Proficiency Exam.</i>		

Type of Participant Targeted

Self-Study Program #2 (“SSP #2”) is to be completed by assistant safety and soundness examiners subsequent to attending Financial Analysis and Risk Management (FARM) and prior to attending Credit Risk Analysis School (CRAS).

Typically, the assistant safety and soundness examiner would have 12-18 months of on-the-job experience.

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Prerequisites

- Orientation Program
- Banking and Supervision Elements (BASE)
- Self-Study Program #1
- Financial Analysis and Risk Management (FARM)

SSP #2 Curriculum

Subject – Basic Regulation O, approximate hours – 5
Subject – Real Estate Fundamentals, approximate hours – 4
Subject – Bankruptcy, approximate hours – 4
Subject – Other Real Estate, approximate hours – 4
Subject – Regulations T, U, X, approximate hours – 8
Subject – Troubled Debt Restructuring, approximate hours – 4
Approximate total hours – 29

Individual Module Learning Objectives

After completing each remaining subject of SSP #2, the participant, at a minimum, will be able to demonstrate the following skills:

- **Regulation O**
 - Recognize loan transactions that are subject to the provisions of Regulation O.
 - Analyze these transactions to verify that they are in compliance with the regulation.
 - Identify regulatory reports that Regulation O requires financial institutions to file and/or maintain.
- **Bankruptcy**
 - Distinguish the characteristics of the various bankruptcy petitions.
 - Identify the chronological events of bankruptcy proceedings.
 - Evaluate a bank's exposure to bankruptcies filed by loan customers.
- **Other Real Estate**
 - Define and identify ORE.
 - Evaluate the acquisition, holding, and disposal of ORE for compliance with regulatory and accounting regulations and/or guidelines.
 - Identify risks to the financial institution associated with holding ORE.

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- **Regulations T, U, and X**

- Explain margin requirements.
- Define what makes an equity instrument a “margin stock” and the different types of margin lenders.
- Identify which regulations are applicable to the various types of margin lenders.
- Determine if collateral securing a loan is in compliance with margin requirements.

- **Troubled Debt Restructuring**

- Identify the means of measuring an impaired asset.
- Identify types of troubled debt restructuring.
- Analyze accounting entries for appropriateness as it relates to troubled debt restructuring.

- **D Real Estate Fundamentals**

- Understand real estate lending policies
- Identify and describe collateral documents required for real estate loans
- Understand what information to obtain from credit files to support credit analysis
- Perform steps necessary to review real estate loan files
- Recognize that different types of real estate loans carry different degrees of risk
- Recognize key indicators of unsound real estate loans