

# Safety and Soundness

Capital  
Adequacy  
(C)

Asset  
Quality  
(A)

Management  
(M)

Earnings  
(E)

Liquidity  
(L)

Sensitivity to  
Market Risk  
(S)

Other  
Activities  
(O)

## Bank Premises and Equipment

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Office of the  
Comptroller of the Currency

Washington, DC 20219

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# Introduction

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The Office of the Comptroller of the Currency's (OCC) *Comptroller's Handbook* booklet, "Bank Premises and Equipment," is prepared for use by OCC examiners in connection with their examination and supervision of national banks and federal savings associations (collectively, banks). Each bank is different and may present specific issues. Accordingly, examiners should apply the information in this booklet consistent with each bank's individual circumstances. When it is necessary to distinguish between them, national banks and federal savings associations (FSA) are referred to separately.

## Overview

A bank traditionally invests in premises and equipment, both of which may be owned or leased, to conduct its business.

A bank's premises include<sup>1</sup>

- real estate that is owned and occupied (or to be occupied if under construction) by a bank, its respective branches, or its consolidated subsidiaries.
- capitalized leases and leasehold improvements, vaults, fixed machinery, and equipment.
- remodeling costs to existing premises.
- real estate acquired and intended, in good faith, for use in future expansion.
- parking facilities that are used by the bank's customers or employees.

Equipment, also referred to as fixed assets, may include furniture, fixtures, computers, printers, and cables necessary for conducting business transactions.

Investments in bank premises and equipment can bolster a bank's competitive position and enhance convenience for customers. Subject to legal limitations and the OCC's non-objection for investments over certain limits, bank management has the discretion to decide how much to invest in bank premises and equipment.<sup>2</sup> While these investments usually are not a large percentage of a bank's total assets, they may involve substantial dollar amounts, which could have a negative effect on capital and earnings.

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<sup>1</sup> Refer to 12 CFR 5.37(c)(1), "Investment in National Bank or Federal Savings Association Premises."

<sup>2</sup> Refer to 12 USC 371d, "Investment in Bank Premises or Stock of Corporation Holding Premises," and other applicable laws.

## Risks Associated With Bank Premises and Equipment

From a supervisory perspective, risk is the potential that events will have an adverse effect on a bank's current or projected financial condition<sup>3</sup> and resilience.<sup>4</sup> The OCC has defined eight categories of risk for bank supervision purposes: credit, interest rate, liquidity, price, operational, compliance, strategic, and reputation. These categories are not mutually exclusive. Any product or service may expose a bank to multiple risks. Risks also may be interdependent and may be positively or negatively correlated. Examiners should be aware of this interdependence and assess the effect in a consistent and inclusive manner. Examiners also should be alert to concentrations that can significantly elevate risk. Concentrations can accumulate within and across products, business lines, geographic areas, countries, and legal entities. Refer to the "Bank Supervision Process" booklet of the *Comptroller's Handbook* for an expanded discussion of banking risks and their definitions.

The risks associated with a bank's premises and equipment are operational, strategic, compliance, reputation, and liquidity.

### Operational Risk

Operational risk is the risk to current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events. Operational risk can arise when a bank fails to address adverse events—such as natural disasters, civil unrest, burglaries, and vandalism—that directly affect the availability or usability of bank premises and equipment. Operational risk can occur if a bank fails to address inefficient, outdated, or unreliable data processing equipment. Operational risk also can occur in the form of fraud, misappropriation, or human errors, resulting from poor internal controls or physical safeguards regarding the acquisition, maintenance, and disposal of bank premises and equipment.

### Strategic Risk

Strategic risk is the risk to current or anticipated earnings, capital, or reputation arising from improper business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the banking industry or operating environment. Strategic risk can arise from the bank's existing and planned investment in bank premises and equipment and the overall impact of these expenses on the bank. Even if the bank's total investment in bank premises and equipment adheres to the "OCC Regulatory Requirements" section of this booklet and the accounting treatment of the bank's investment aligns with current generally accepted accounting principles, the total expenditures for, or investment in, premises and equipment may be inappropriate relative to the bank's earnings, capital, or the nature and volume of its operations. Strategic risk also can arise from insider-related transactions,

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<sup>3</sup> Financial condition includes impacts from diminished capital and liquidity. Capital in this context includes potential impacts from losses, reduced earnings, and market value of equity.

<sup>4</sup> Resilience recognizes the bank's ability to withstand periods of stress.

including sales and purchases of bank premises and equipment with insiders that are not aligned with the bank's business interests, are not at arm's length, lack competitive bidding, or are not on market terms.

## Compliance Risk

Compliance risk is the risk to current and anticipated earnings or capital arising from violations of laws or regulations, or nonconformance with guidance or prescribed practices, policies, or procedures. In the context of bank premises and equipment, compliance risk can arise from a bank's failure to comply with applicable laws and regulations, federal occupational safety and health standards, state and local fire safety requirements, insurance policy contract stipulations, and local zoning and building codes.

## Reputation Risk

Reputation risk is the risk to current or projected financial condition and resilience arising from negative public opinion. This risk may impair a bank's competitiveness by affecting its ability to establish new relationships or services or continue servicing existing relationships. Reputation risk is inherent in all bank activities. Threats to a bank's reputation also may result from negative publicity regarding such matters as violations of laws or regulations or high-profile litigation. Unsafe bank premises or equipment that pose a danger to employees, customers, or the public can lead to reputation risk and expose the bank to criminal or civil liability from resulting injuries.

## Liquidity Risk

Liquidity risk is the risk to current or projected financial condition and resilience arising from an inability to meet obligations when they come due. Liquidity risk can arise when a bank is unable to liquidate assets, including premises and equipment, quickly and with minimal loss in value when the need arises.

## Risk Management

Each bank should identify, measure, monitor, and control risk by implementing an effective risk management system appropriate for the size and complexity of its operations. When examiners assess the effectiveness of a bank's risk management system, they consider the bank's policies, processes, personnel, and control systems. Refer to the "Bank Supervision Process" booklet of the *Comptroller's Handbook* for an expanded discussion of risk management.

While bank management has the discretion to decide how much to invest in bank premises and equipment (subject to legal limitations and OCC non-objection for investments over certain limits), the board of directors should approve all material bank premises as well as equipment acquisitions and dispositions. The board's meeting minutes should document the

approval and the board's support of management's assertion that all material acquisitions and dispositions fulfill a demonstrated need and are cost-effective.

The bank should establish appropriate policies and procedures addressing the acquisition and disposition of bank premises and equipment.

Bank policies and procedures should

- establish satisfactory controls over the acquisition, maintenance, and disposition of bank premises and equipment, including appropriate approval limits and periodic audits.
- prohibit insider dealing. A bank insider is a director, executive officer, employee, or principal shareholder (owning 10 percent or more of any class of voting stock).
- prevent conflicts of interest and misappropriation of assets.
- ensure appropriate appraisals, accounting treatment, and reporting on Consolidated Reports of Condition and Income (call report).
- appropriately address periodic inventories and adequate insurance coverage on bank premises and equipment.
- prevent violations of the requirements included in the "OCC Regulatory Requirements" section of this booklet and the transaction-with-affiliates rules.

Transactions-with-affiliates rules—sections 23A and 23B of the Federal Reserve Act,<sup>5</sup> section 11 of the Home Owners' Loan Act,<sup>6</sup> and their implementing regulation, Regulation W<sup>7</sup>—restrict the bank's transactions with its affiliates in order to safeguard the bank's interests and prevent abuses by bank affiliates. Transactions between the bank and any company engaged solely in holding bank premises, however, are exempt from the restrictions on transactions with affiliates. Refer to the "Related Organizations" booklet of the *Comptroller's Handbook* for an expanded discussion of transactions with affiliates as well as section 730, "Related Organizations," of the *Office of Thrift Supervision (OTS) Examination Handbook*.

The OCC considers the investment in or the sale, lease, purchase, or exchange of bank premises involving real property to be a real estate related transaction.<sup>8</sup> Unless specifically exempted,<sup>9</sup> the OCC requires a conforming appraisal for such transactions. Refer to OCC Bulletin 2010-42, "Sound Practices for Appraisals and Evaluations: Interagency Appraisal and Evaluation Guidelines," for an expanded discussion of appraisals.

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<sup>5</sup> Refer to 12 USC 371c and 12 USC 371c-1, "Banking Affiliates" and "Restrictions on Transactions With Affiliates."

<sup>6</sup> Refer to 12 USC 1468, "Transactions With Affiliates: Extensions of Credit to Executive Officers, Directors, and Principal Shareholders."

<sup>7</sup> Refer to 12 CFR 223, "Transactions Between Member Banks and Their Affiliates (Regulation W)."

<sup>8</sup> Refer to 12 CFR 34.42(i), "Definitions."

<sup>9</sup> Refer to 12 CFR 34.43(a), "Appraisals Required; Transactions Requiring a State Certified or Licensed Appraiser."

Premises and equipment, whether owned or leased, present a range of accounting issues (e.g., cost reporting, depreciation, and capitalization of interest) that require appropriate oversight to ensure accounting treatment is in accordance with current generally accepted accounting principles. For accounting questions, contact an OCC district accountant or the OCC's Office of the Chief Accountant.

## OCC Regulatory Requirements

### Investment in Real Estate and Equipment

Banks may purchase and hold real estate necessary to transact business.<sup>10</sup> Banks may own or lease buildings larger than the current needs dictate. Banks also may lease excess space on their banking premises.<sup>11</sup>

The types of real estate that a bank may purchase or hold include<sup>12</sup>

- premises that are owned and occupied (or to be occupied, if under construction) by the bank, its respective branches, or consolidated subsidiaries.
- real estate acquired and intended, in good faith, for use in future expansion.
- parking facilities that are used by customers and employees of the bank, its respective branches, or consolidated subsidiaries.
- residential property for the use of bank officers or employees who are
  - located in remote areas where suitable housing at a reasonable price is not readily available or
  - temporarily assigned to a foreign country, including foreign nationals temporarily assigned to the United States.
- property for the use of bank officers, employees, or customers or for the temporary lodging of such persons in areas where suitable commercial lodging is not readily available, if the property's purchase and operation qualify as a deductible business expense for federal tax purposes.

A bank may acquire and hold real estate by any reasonable and prudent means, including ownership in fee, a leasehold estate, or in an interest in a cooperative. The bank may hold this real estate directly or through one or more subsidiaries. In addition, the bank may organize a banking premises subsidiary as a corporation, partnership, or similar entity, such as a limited

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<sup>10</sup> Refer to 12 CFR 7.1000, "National Bank or Federal Savings Association Ownership of Property." For national banks, also refer to 12 USC 29, "Power to Hold Real Property," and OCC Interpretive Letter #1072, October 2006.

<sup>11</sup> Refer to 12 CFR 7.3001(a)(1), "Sharing National Bank or Federal Savings Association Space and Employees"; OCC Interpretive Letter #1044, December 2005; and OCC Interpretive Letter #1034, July 2005.

<sup>12</sup> Refer to 12 CFR 7.1000(a)(2), "National Bank or Federal Savings Association Ownership of Property."

liability company. Also, an FSA is authorized to acquire and hold banking premises through a service corporation in accordance with 12 CFR 5.59.<sup>13</sup>

A national bank may own, either directly or through its subsidiaries, a noncontrolling interest in a limited liability company to acquire, develop, and manage real property for use as bank premises, provided four standards are met:<sup>14</sup>

- The activity of the entity for enterprise must be limited to activities that are part of, or incidental to, the business of banking.
- The bank must be able to prevent the enterprise from engaging in activities that are impermissible for banks or be able to withdraw its investment.
- The bank's loss exposure must be limited, as a legal and accounting matter, and the bank must not have open-ended liability for the obligations of the enterprise.
- The investment must be convenient or useful to the bank in carrying out its business and not a mere passive investment unrelated to that bank's banking business.

A bank may own fixed assets or equipment necessary for the transaction of its business, such as fixtures, furniture, and data-processing equipment.<sup>15</sup>

A bank may also acquire real estate in satisfaction of debts previously contracted, which is covered in the "Other Real Estate Owned" booklet of the *Comptroller's Handbook*.

An unexercised option to purchase banking premises or stock in a corporation holding banking premises is not an investment in banking premises. If the bank seeks to exercise such an option, it must comply with the requirements of 12 CFR 5.37(d) regarding an application for approval.<sup>16</sup>

## Application Process

Subject to the exception set forth in the "After-the-Fact Notice Process" section of this booklet, a bank must submit an application to the appropriate OCC supervisory office to invest in banking premises, or in the stock, bonds, debentures, or other such obligations of any corporation holding the premises of the bank if, for a national bank or stock FSA, the aggregate of all such investments and loans will exceed the amount of the capital stock<sup>17</sup> of

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<sup>13</sup> Refer to 12 CFR 7.1000(a)(3)(ii), "National Bank or Federal Savings Association Ownership of Property," and 12 CFR 5.59(f)(1), "Service Corporations of Federal Savings Associations."

<sup>14</sup> OCC Conditional Approval Letter #298, January 1999.

<sup>15</sup> Refer to 12 CFR 7.1000(b), "National Bank or Federal Savings Association Ownership of Property."

<sup>16</sup> Refer to 12 CFR 7.1000(c)(3), "National Bank or Federal Savings Association Ownership of Property."

<sup>17</sup> Capital stock is defined in 12 CFR 5.37(c)(2), "Investment in National Bank or Federal Savings Association Premises," as the amount of common stock outstanding and unimpaired plus the amount of perpetual preferred stock outstanding and unimpaired. With respect to a mutual FSA, capital stock means the amount of the association's retained earnings.

the bank, and for a mutual FSA, the aggregate of all such investments will exceed the amount of retained earnings.<sup>18</sup> In determining the aggregate of all investments, all loans to or upon the security of the stock of a corporation holding the premises of the bank and any indebtedness incurred by corporations that are affiliates of the bank are aggregated. There are no specific investment limits for investments in equipment, but the amount of such investments are considered if the bank submits an application to exceed the legal limitations on investment in banking premises.

The bank may submit a request for an investment in bank premises with an application for a business combination,<sup>19</sup> branch or branch relocation,<sup>20</sup> change in main home or office location,<sup>21</sup> or another corporate application filed with the OCC.

## Application

The application must include

- a description of the bank’s present investment in banking premises.
- the investment in banking premises that the bank intends to make, and the business reason for making the investment.
- the amount by which the bank’s aggregate investment will exceed the amount of the bank’s capital stock, or in the case of a mutual FSA, the amount of retained earnings.

If the investment involves a bank insider, the bank should provide additional information in the application. Examples of insider dealing include

- a direct purchase of real estate from an insider.
- leasing property that is owned, directly or indirectly, by an insider.
- transactions that benefit, or are transferred to, an insider.
- situations in which an insider benefits from the transaction (e.g., an insider owns an adjacent parking facility or provides janitorial or other services to the leased or purchased property). Refer to the “Insider Activities” booklet of the *Comptroller’s Handbook* for an expanded discussion of insider dealings.

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<sup>18</sup> Refer to 12 CFR 5.37(d), “Investment in National Bank or Federal Savings Association Premises.”

<sup>19</sup> 12 CFR 5.33(d)(2), “Business Combinations,” defines business combinations as any merger or consolidation between a national bank or FSA and one or more depository institutions or state trust companies, or a purchase and assumption of any deposit liabilities in which the resulting institution is a national bank or FSA.

<sup>20</sup> 12 CFR 5.30(d)(1), “Establishment, Acquisition, and Relocation of a Branch,” defines branch to include any branch bank, branch office, branch agency, additional office, or any branch place of business established by a national bank in the United States or its territories at which deposits are received, checks paid, or money lent. A branch of an FSA is defined as any office other than the association’s home office, agency office, administrative office, or data processing office, or an electronic means or facility under 12 CFR 155. Refer to 12 CFR 5.31(d)(1), “Establishment, Acquisition, and Relocation of a Branch and Establishment of an Agency Office of a Federal Savings Association,” which incorporates by reference 12 CFR 145.92(a), “Branch Offices.”

<sup>21</sup> Refer to 12 CFR 5.40, “Change in Location of a Main Office of a National Bank or Home Office of a Federal Savings Association.”

If the investment involves a bank insider, the bank also should provide in the application

- the name of the bank insider and his or her relationship to the bank.
- a description of how the bank determined the fairness of the terms of the transaction. This may include providing a copy of an independent appraisal or other evidence of the fairness of the transaction.
- a copy of the board's resolution approving the transaction that reflects the bank insider's abstention from the discussion and voting.
- a copy of the executed lease or purchase agreement (contingent on OCC approval).
- an accounting determination of whether a lease should be capitalized.
- a justification of the expenditure.

When analyzing an application for an excess investment in bank premises, the OCC considers

- consistency with safe and sound banking practices and OCC policy.
- whether any transaction involves bank insiders and, if so, whether the terms are the same as those prevailing at the time for a comparable transaction with independent parties.
- the reasonableness of the amount of bank premises and the annual expenditures required to carry them relative to the bank's capital and the nature and volume of operations.
- the effect of the investment on future earnings.

The OCC considers denying requests for additional investment in bank premises when

- the additional investment would have a material negative effect on the bank's earnings, capital, or liquidity.
- the board and management have not demonstrated a reasonable need for the additional investment.
- the additional investment involves an unsafe or unsound transaction.

An application to invest in banking premises is deemed to be approved as of the 30th day after the OCC receives the filing, unless the OCC notifies the bank before that day that the filing presents a significant supervisory or compliance concern or raises a significant legal or policy issue. An approval for a specified amount remains valid up to that amount until the OCC notifies the bank otherwise.

The OCC may impose special conditions for an approval of an additional bank premises investment if the OCC determines that the conditions are necessary or appropriate to protect the bank's safety and soundness, to prevent conflicts of interest, or to further other supervisory or policy considerations. Such conditions include

- maintenance of adequate capital levels.
- development of specific plans to improve earnings.
- development of specific plans to improve liquidity.

- a statement that the investment in bank premises may not be increased further without prior OCC approval if the resulting total exceeds the bank’s capital stock.
- submission of an appraisal to support the transaction.

The OCC may apply these conditions as “conditions imposed in writing” within the meaning of 12 USC 1818. The conditions remain in effect after the effective date or consummation date of an approved transaction or activity and continue until the OCC removes them.

## **After-the-Fact Notice Process**

An exception to the application process applies if the bank is rated 1 or 2 under the Uniform Financial Institutions Rating System.<sup>22</sup> In this situation, the bank may make an aggregate investment in banking premises up to 150 percent of the bank’s capital and surplus<sup>23</sup>—without the OCC’s prior approval—if the bank is well capitalized, as defined in 12 CFR 6, and will continue to be well capitalized after the investment or loan is made.

Under this exception, the bank must notify the appropriate OCC supervisory office in writing of the investment within 30 days after the investment or loan is made. The after-the-fact written notice must include a description of the bank’s investment or loan.

If an FSA that is otherwise eligible for the after-the-fact notice process proposes to establish or acquire a subsidiary (or any service corporation) to make an investment in banking premises, or if investing in banking premises would be a new activity for such a subsidiary (or service corporation), the FSA cannot utilize the after-the-fact notice process. In these circumstances, the FSA would be required to file an application under 12 CFR 5.59 in the case of a service corporation or 12 CFR 5.38 in the case of an operating subsidiary.<sup>24</sup>

The procedures the OCC uses for processing bank premises applications and after-the-fact notices are in appendix A of this booklet.

## **Future Bank Expansion**

Banks are encouraged to plan for future needs, and examiners should not arbitrarily classify real estate acquired for future use as other real estate owned. Banks should, however, balance the need to acquire for future expansion with the bank’s current earnings and capital position, and carefully evaluate whether the investment is consistent with safe and sound banking practices. Banks normally should use real estate acquired for future bank expansion within five years. After holding such real estate for one year, the bank shall state, by resolution of its

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<sup>22</sup> Refer to 12 CFR 5.37(d)(3)(i), “Investment in National Bank or Federal Savings Association Premises.”

<sup>23</sup> 12 CFR 5.37(c)(3), “Investment in Bank Premises,” defines capital and surplus as the bank’s tier 1 and tier 2 capital calculated under 12 CFR 3, “Capital Adequacy Standards,” as applicable, as reported in the bank’s call reports. In addition, capital and surplus include the balance of a bank’s allowance for loan and lease losses not included in the bank’s tier 2 capital, for purposes of the calculation of risk-based capital as reported in the bank’s call reports.

<sup>24</sup> Refer to 12 CFR 5.37(d)(3)(ii), “Investment in National Bank or Federal Savings Association Premises.”

board or an appropriately authorized bank official or subcommittee of the board, definitive plans for its use. The resolution or other official action must be available for inspection by OCC examiners.<sup>25</sup> Banks should be aware that if they decide not to use real estate acquired for future banking premises within five years, the investment may be considered other real estate owned and subject to applicable other real estate owned requirements.

A transitional rule applies to FSAs regarding the use of real estate acquired for future use. In accordance with 12 CFR 7.1000(e), if an FSA holds an investment in real estate, fixed assets, banking premises, or other real property that complies with the legal requirements in effect before May 18, 2015, but would violate any provision of 12 CFR 7.1000 or 12 CFR 5.37, the FSA may continue to hold such investment in accordance with the prior legal requirements. An FSA that holds such an investment shall not, however, modify, expand, or improve this investment except for routine maintenance, without the prior approval of the appropriate OCC supervisory office.

## **Sharing Space and Employees**

Banks may lease excess space on bank premises to one or more other businesses (including other financial institutions); share space jointly held with one or more other businesses; or offer their services in space owned or leased to other businesses.<sup>26</sup>

When entering into space-sharing arrangements, banks must comply with all applicable laws and regulations. If the arrangement involves an affiliate or a shareholder, director, officer, or employee of the bank,

- the bank must comply with all applicable statutory and regulatory provisions governing bank transactions with these persons or entities.
- the parties must comply with all applicable fiduciary duties.
- the parties, if they are in competition with each other, must consider limitations, if any, imposed by applicable antitrust laws.

When sharing space with another business, banks may provide, under one or more written agreements between the bank, the other business, and their employees, that

- bank employees may act as agent for the other business.
- an employee of the other business may act as agent for the bank.

When banks enter into space-sharing arrangements, the bank must ensure that

- the other business is conspicuously, accurately, and separately identified.

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<sup>25</sup> Refer to 12 CFR 7.1000(d), “National Bank or Federal Savings Association Ownership of Property.”

<sup>26</sup> Refer to 12 CFR 7.3001, “Sharing National Bank or Federal Savings Association Space and Employees.”

- shared employees clearly and fully disclose the nature of their agency relationship to customers of the bank and the other business so that customers know the identity of the bank or other business providing the product or service.
- the arrangement does not constitute a joint venture or partnership with the other business under applicable state law.
- all aspects of the relationship between the bank and the other business are conducted at arm's length, unless a special arrangement is warranted because the other business is a bank subsidiary.
- security issues arising from the activities of the other business on the premises are addressed.
- the other business's activities do not adversely affect the bank's safety and soundness.
- the shared employees or the entity for which they perform services are duly licensed or meet qualification requirements of applicable statutes and regulations pertaining to agents or employees of the other business.
- the assets and records of both parties are segregated.

If an FSA shares space or employees with another business under an agreement that complies with the legal requirements that were in effect before May 18, 2015, but which would violate any provision of 12 CFR 7.3001, the FSA may continue sharing under such an agreement but it may not amend, renew, or extend the agreement without prior approval of the appropriate OCC supervisory office.

## **Transactions With Insiders**

Pursuant to 12 USC 1828(z), banks are prohibited from purchasing assets from, or selling assets to, executive officers, directors, or principal shareholders, or their related interests, unless the transactions are on market terms. Further, board approval is required in advance if a transaction represents more than 10 percent of a bank's capital stock and surplus. Majority approval must be by directors who do not have an interest in the transaction.

Banks should ensure that purchases of assets from, or sales of assets to, insiders who are outside the scope of 12 USC 1828(z) are consistent with safe and sound banking practices.

# Examination Procedures

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This booklet contains expanded procedures for examining specialized activities or specific products or services that warrant extra attention beyond the core assessment contained in the “Community Bank Supervision,” “Large Bank Supervision,” and “Federal Branches and Agencies Supervision” booklets of the *Comptroller’s Handbook*. Examiners determine which expanded procedures should be used, if any, during examination planning or after drawing preliminary conclusions during the core assessment.

## Scope

These procedures are designed to help examiners tailor the examination to each bank and determine the scope of the examination for bank premises and equipment. This determination should consider work performed by internal and external auditors and other independent risk control functions and by other examiners on related areas. Examiners need to perform only those objectives and steps that are relevant to the scope of the examination as determined by the following objective. Seldom will every objective or step of the expanded procedures be necessary.

**Objective:** To determine the scope of the examination of bank premises and equipment and identify examination objectives that will meet the supervisory strategy for the bank.

1. Review the following sources of information and note any previously identified problems related to bank premises and equipment that require follow-up:
  - Examiner-in-charge’s (EIC) scope memorandum
  - Previous reports of examination (ROE) and work papers
  - OCC correspondence with the bank involving bank premises or equipment
  - Supervisory strategy
  - Bank management’s responses to previous ROEs and audit reports
  - Customer complaints and pending or threatened litigation
2. Review the bank’s Uniform Bank Performance Reports and OCC quarterly monitoring reports.
3. Obtain and review any significant exceptions or issues related to bank premises and equipment in recent internal or external audit, compliance, or risk management reports. Determine if management has taken appropriate corrections or other actions.
4. Obtain and review reports that management uses to supervise bank premises and equipment. Some examples include the following:
  - Asset and depreciation ledger(s)
  - Insurance policy valuations and inventories

- Listing of any nonperforming (idle, abandoned, or useless) bank premises and fixed assets, and any missing fixed assets
  - Listing of all fixed assets including furniture, fixtures, computers, printers, cables, and other equipment necessary for, or incidental to, the transaction of the bank's business (indicate approximate useful life left)
5. Obtain and review recent board minutes that relate to the acquisition or disposition of material banking premises or fixed assets.
  6. In discussions with management, determine whether there have been any significant changes in policies, procedures, controls, or personnel related to bank premises and equipment.
  7. Determine the objective(s) and scope of the bank premises and equipment examination based on the completion of these procedures and discussions with the EIC.

## Quantity of Risk

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**Conclusion:** The quantity of each associated risk is (low, moderate, or high).

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**Objective:** To determine the quantity of risk associated with the bank's present and planned investment in bank premises and equipment.

1. Analyze the reasonableness of the bank's investment in premises and equipment and the annual expenditures required to maintain them. Consider the bank's investment relative to
  - capital.
  - current and projected earnings.
2. Analyze the bank's strategic plans for acquisitions of bank premises and equipment. Consider whether strategic plans
  - adequately consider future needs.
  - indicate that investment amounts are reasonable in relation to capital and earnings projections.
  - balance future needs with the bank's current financial condition and nature and volume of operations.
3. For bank premises and equipment transactions involving insiders or affiliates, determine if the transactions
  - violate insider dealing rules.
  - present a conflict of interest.
  - violate transaction-with-affiliate rules.
4. Determine whether there is sufficient insurance coverage for all bank premises and equipment.
5. For bank premises that are leased (bank as lessee) with an initial lease period of more than one year, obtain from the bank
  - name of the lessor.
  - lease expiration date.
  - payment schedule including amounts and due dates.
  - current status.
  - expiration and renewal option provisions.
  - major responsibilities of both the lessor and the lessee.

6. For bank premises that are leased (bank as lessor), determine
  - if the bank relies on the rental income and if that income is material.
  - if the rental payments are current.
  - if the lessee is an affiliate or insider.
7. If the rental income is material, analyze the bank's potential exposure to
  - concentrations among lessees.
  - the impending expiration of major lease(s).
  - a lack of creditworthiness of lessee(s).
  - noncompliance with lease terms.
8. Using an appropriate sampling technique, select a sample of property acquisitions, sales, and other disposals since the last examination and review the following to test the accuracy of the bank premises account since the last examination:
  - Invoices
  - Disbursement checks
  - Title data
  - Asset file
9. For each material banking premises acquisition, sale, or disposal, determine if the board minutes contain evidence of proper approval and documentation supporting an assertion that the acquisition fulfills a demonstrated need and is cost effective.
10. Test the propriety of material bank premises and equipment acquisitions by
  - comparing acquisition cost with that of similar assets.
  - reviewing the method used to select a vendor or buyer.
  - physical inspection of the asset.
11. Test the propriety of the sale price of material bank premises and equipment by
  - comparing the sale price with that of similar assets.
  - reviewing the method used to establish the sale price.

**Objective:** To determine the level of strategic risk associated with the bank's present and planned investment in premises and equipment.

1. Through discussion with the EIC, determine whether strategies for managing bank premises and equipment needs are reasonable and compatible with the bank's overall strategic goals.

2. Determine whether management has considered the following in its strategic and contingency planning process:
  - External factors that could affect bank premises and equipment
  - Potential obsolescence of bank premises and equipment
  - Underutilization or overutilization of existing bank premises and equipment
  - Reasonableness of projected purchases of bank premises and equipment in relation to current and anticipated earnings, capital, and scope of operations

**Objective:** To determine the quantity of compliance risk arising from violations of or nonconformance with OCC regulatory requirements.

1. Test compliance with OCC regulatory requirements. Ensure that
  - bank premises are the types of real estate permitted in accordance with 12 CFR 7.1000.
  - bank premises are held in a manner that is permitted in 12 CFR 7.1000.
  - the bank obtained prior OCC approval or provided timely after-the-fact notice to the OCC, if applicable.
  - bank premises held for future use meet the requirements of 12 CFR 7.1000.
  - bank premises involving shared space and employees meet the requirements of 12 CFR 7.3001.
  - sales of assets to any executive officer, director, or principal shareholder complied with 12 USC 1828(z).
  - there is compliance with 12 USC 371d, “Investment in Bank Premises or Stock of Corporation Holding Premises.”

## Quality of Risk Management

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**Conclusion:** The quality of risk management is (strong, satisfactory, insufficient, or weak).

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The conclusion on risk management considers all risks associated with bank premises and equipment.

### Policies

Policies are statements of actions adopted by a bank to pursue certain objectives. Policies guide decisions, often set standards (on risk limits, for example), and should be consistent with the bank's underlying mission, risk appetite, and core values. Policies should be reviewed periodically for effectiveness and approved by the board of directors or designated board committee.

**Objective:** To determine whether the board has adopted effective policies governing bank premises and equipment that are consistent with safe and sound banking practices and appropriate for the size, nature, and scope of the bank's operations.

1. Determine the adequacy of the bank's policies regarding bank premises and equipment. Consider if the policies and processes
  - establish satisfactory controls over the acquisition, maintenance, and disposition of bank premises and equipment.
  - establish responsibilities and accountability.
  - establish actions to be taken in the acquisition or disposition of bank premises and equipment.
  - appropriately address valuation, appropriate selection of vendors or buyers, and prohibitions against insider dealing and conflicts of interest.
  - establish risk limits and outline actions to be taken if limits are breached.
  - include the requirement that the board must approve all material banking premises and equipment acquisitions and dispositions.
  - appropriately address appraisals, accounting treatment, and reporting on call reports.
  - prevent violations of OCC regulatory requirements or transaction-with-affiliates rules.
  - appropriately address periodic inventories and audit coverage of bank premises and equipment.
  - appropriately address maintenance of adequate insurance coverage on bank premises and equipment.
2. Determine if policies are appropriately communicated to persons with supervisory responsibility or oversight of bank premises and equipment.

3. Verify that the board or designated board committee periodically reviews and approves the bank premises and equipment policies and processes.

## Processes

Processes are the procedures, programs, and practices that impose order on a bank's pursuit of its objectives. Processes define how activities are carried out and help manage risk. Effective processes are consistent with the underlying policies and are governed by appropriate checks and balances (such as internal controls).

**Objective:** To determine whether the bank has processes in place to define how bank premises and equipment decisions are carried out.

1. Evaluate how management determines bank premises and equipment needs in the strategic planning process.
2. Review the bank's contingency planning process for bank premises and equipment and determine the adequacy of management's plans for dealing with the possibility that bank premises or equipment may become unusable.

## Personnel

Personnel are the bank staff and managers who execute or oversee processes. Personnel should be qualified and competent, have clearly defined responsibilities, and be held accountable for their actions. They should understand the bank's mission, risk appetite, core values, policies, and processes. Banks should design compensation programs to attract and retain personnel, align with strategy, and appropriately balance risk-taking and reward.

**Objective:** To determine management's ability to supervise bank premises and equipment in a safe and sound manner.

1. Given the size, nature, and scope of the bank's premises and equipment, assess the management structure and staffing involved in managing bank premises and equipment. Consider the following:
  - The expertise, training, and number of staff members
  - Whether reporting lines encourage open communication and limit the chances of insider dealing or conflicts of interest
  - The level of staff turnover
  - The use of outsourcing arrangements
  - Responsiveness to regulatory, accounting, industry, and technological changes
2. Assess management's technical knowledge and ability to manage bank premises and equipment based on conclusions developed while performing these procedures.

## Control Systems

Control systems are the functions (such as internal and external audits, and quality assurance) and information systems that bank managers use to measure performance, make decisions about risk, and assess the effectiveness of processes and personnel. Control functions should have clear reporting lines, sufficient resources, and appropriate access and authority. Management information systems should provide timely, accurate, and relevant feedback.

**Objective:** To determine whether the bank has systems in place to provide accurate and timely assessments of the risks associated with bank premises and equipment.

1. Evaluate the effectiveness of monitoring systems to identify, measure, and track exceptions to policies and established risk limits.
2. Determine whether management information systems provide timely, accurate, and useful information to evaluate risk levels and trends in bank premises and equipment.
3. Assess the effectiveness of risk functions overseeing bank premises and equipment.

**Objective:** To determine that effective control systems are in place to monitor compliance with established policies and processes.

1. Determine the effectiveness of the audit function in connection with bank premises and equipment. Consider
  - scope and coverage of review(s).
  - frequency of review(s).
  - qualifications of audit personnel.
  - comprehensiveness and accuracy of findings and recommendations.
  - adequacy and timeliness of follow-up.
2. Evaluate the effectiveness of the compliance function in identifying and managing compliance risk in connection with bank premises and equipment. Consider
  - scope and coverage. Is there testing for compliance with the following?
    - Bank premises are the types of real estate permitted in accordance with 12 CFR 7.1000.
    - Bank premises are held in a manner that is permitted in 12 CFR 7.1000.
    - Bank obtained prior OCC approval or provided timely notice to the OCC, if applicable.
    - Bank premises held for future use meet the requirements of 12 CFR 7.1000.
    - Bank premises involving shared space and employees meet the requirements of 12 CFR 7.3001.
    - Compliance with 12 USC 371d, “Investment in Bank Premises or Stock of Corporation Holding Premises.”

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- whether violations and exceptions are noted.
- adequacy and timeliness of follow-up or corrective action.

## Conclusions

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**Conclusion:** The aggregate level of each associated risk is  
(low, moderate, or high).

The direction of each associated risk is  
(increasing, stable, or decreasing).

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**Objective:** To determine, document, and communicate overall findings and conclusions regarding the examination of bank premises and equipment.

1. Consider the examination findings and make and discuss preliminary conclusions with the EIC, including
  - bank size.
  - existing bank premises and equipment.
  - the bank’s anticipated growth potential.
  - bank policies and procedures to maintain assets at their most useful capacity.
  - adequacy of bank’s policies, procedures, and controls.
  - whether the bank conforms to established policies and procedures.
  - significant internal control deficiencies in relation to bank premises and equipment.
  - recommended corrective actions to fix deficiencies.
  - quantity of associated risks.
  - quality of risk management.
  - aggregate level and direction of associated risks.
  - overall risk in bank premises and equipment.
  - violations and other concerns.

Summary of Risks Associated With Bank Premises and Equipment				
Risk category	Quantity of risk	Quality of risk management	Aggregate level of risk	Direction of risk
	(Low, moderate, high)	(Weak, insufficient, satisfactory, strong)	(Low, moderate, high)	(Increasing, stable, decreasing)
Operational				
Strategic				
Compliance				
Reputation				
Liquidity				

2. Determine, in consultation with the EIC, if the risks identified are significant enough to merit bringing them to the board’s attention in the ROE. If so, prepare item for inclusion.

3. If substantive safety and soundness concerns remain unresolved that may have a material adverse effect on the bank, further expand the scope of the examination by completing verification procedures.
4. Discuss examination findings with bank management, including violations, recommendations, and conclusions about risks and risk management practices. If necessary, obtain commitments for corrective action.
5. Compose conclusion comments, highlighting any issues that should be included in the ROE.
6. Update the OCC's information system and any applicable ROE schedules or tables.
7. Write a memorandum specifically setting out what the OCC should do in the future to effectively supervise bank premises and equipment, including time periods, staffing, and workdays required.
8. Update, organize, and reference work papers in accordance with OCC policy.
9. Ensure any paper or electronic media that contain sensitive bank or customer information are appropriately disposed of or secured.
10. Determine the aggregate level and direction of risk for applicable risks identified by performing the above procedures. For more guidance, refer to the "Bank Supervision Process," "Community Bank Supervision," "Federal Branches and Agencies Supervision," or "Large Bank Supervision" booklets of the *Comptroller's Handbook*.

## Internal Control Questionnaire

An internal control questionnaire (ICQ) helps an examiner assess a bank's internal controls for an area. ICQs typically address standard controls that provide day-to-day protection of bank assets and financial records. The examiner decides the extent to which it is necessary to complete or update ICQs during examination planning or after reviewing the findings and conclusions of the core assessment.

### Custody of Property

1. Do the bank's procedures preclude persons who have access to property from having "sole custody of property," in that
  - any unauthorized disposal would be readily apparent?
  - inventory control methods sufficiently limit accessibility?

### Acquisitions, Sales, and Disposals

1. Does an officer who does not also control the related disbursement or receipt of funds give signed approval of the acquisition, sale, or disposal of property?
2. Is board approval required for all material acquisitions, sales, or disposals of property? (If so, indicate the amount that constitutes a material acquisition, sale, or disposal.)
3. Do persons who do not also have sole custody of property perform the preparation and posting of property acquisition, sale, or disposal records?
4. Do persons who do not also have sole custody of property balance any property acquisition, sale, or disposal records, at least quarterly, to the appropriate general ledger?
5. Are the bank's procedures such that all acquisitions are reviewed to determine whether they represent replacements and that any replaced items are cleared from the accounts?
6. Do the bank's procedures provide for signed receipts for sales of equipment?
7. Do the bank's policies include procedures for selecting a seller, servicer, insurer, or purchaser of material assets (e.g., through competitive bidding) to prevent any possibility of conflict of interest or self-dealing?
8. Do review procedures provide for appraisal of an asset to determine the appropriateness of a proposed purchase or sale price?

## Depreciation

1. Do persons who do not also have sole custody of property perform the preparation, addition, and posting of depreciation records?
2. Do the bank's procedures require that depreciation expenses be taken in accordance with current generally accepted accounting principles?
3. Do persons who do not also have sole custody of property balance the subsidiary depreciation records, at least quarterly, to the appropriate general ledger controls?

## Property Records

1. Do persons who do not also have sole custody of property post subsidiary property records?
2. Do persons who do not also have sole custody of property balance the subsidiary property records, at least quarterly, to the appropriate general ledger accounts?

### **Bank as Lessor (Bank Premises and Bank-Related Equipment Only)**

3. Do policies provide for division of the duties involved in billing and the collection of rental payments?
4. Are the lease agreements subject to the same direct verification program applied to other bank assets and liabilities?
5. Are credit checks performed on potential lessees?
6. Do policies provide for a periodic review of lessees for undue concentrations?

### **Bank as Lessee (Bank Premises and Bank-Related Equipment Only)**

7. Does the bank have a clearly defined method of determining whether bank premises and equipment should be owned or leased, and does the bank maintain supporting documentation?
8. Are procedures in effect to determine whether a lease is a capital or an operating lease in accordance with generally accepted accounting principles?
9. Do the bank's operating procedures provide, on capital leases, that the amount capitalized is computed by more than one individual and reviewed by an independent party?

## Other Procedures

1. Is the physical existence of bank equipment periodically checked or tested, such as by a physical inventory, and are any differences from property records investigated by persons who do not also have sole custody of property?
2. Do the bank's procedures provide for serial numbering of equipment?
3. Are the bank's policies and procedures on property in written form?
4. Is the benefit of expert tax advice obtained before final decision making on significant transactions involving bank premises and equipment?
5. Does the bank maintain separate property files that include invoices, (e.g., settlement sheets and bills of sale), titles on real estate or vehicles, and other pertinent ownership data as part of the required documentation?

## Conclusions

1. Is the foregoing information an adequate basis for evaluating internal controls in that there are no significant additional internal auditing procedures, accounting controls, administrative controls, or other circumstances that impair any controls or mitigate any weaknesses in this section? (Explain negative answers briefly, and indicate conclusions as to their effect on specific examination or verification procedures.)
2. Based on answers to the foregoing questions, determine if internal controls for bank premises and equipment are considered (strong, satisfactory, insufficient, or weak).

## Verification Procedures

Verification procedures are used to verify the existence of assets and liabilities, or test the reliability of financial records. Examiners generally do not perform verification procedures as part of a typical examination. Rather, verification procedures are performed when substantive safety and soundness concerns are identified that are not mitigated by the bank's risk management function and internal controls.

1. Check computation of gain, loss, or depreciation on bank equipment ledgers and compare them to the general ledger.
2. Inspect receipts on bank premises and equipment, where available, and confirm paid amounts by tracing them to appropriate general ledger expense or liability accounts.
3. Investigate and explain any significant charges to the accumulated depreciation accounts other than for the current year's depreciation expense or for retirement or sale of assets.
4. Review maintenance and repair accounts for bank premises and equipment for any significant expenses.
5. Determine, on a test basis, that when items are acquired as replacements, the original asset value and accumulated depreciation amounts are removed.
6. Using an appropriate sampling technique, test the summary of changes by reviewing invoices, disbursements, and title data (when applicable), and by inspecting the files for evidence of proper approval. Retain, for the permanent file, all working papers concerning material acquisitions or sales of bank premises or equipment, or any significant change that is in process.
7. Test the propriety of the sale price of bank premises and equipment acquisitions by comparing their cost to that of other similar assets and by reviewing the method used to establish the selling price.
8. Determine if there have been any bank premises or equipment transactions with bank-affiliated personnel and, if so, answer the following questions.
  - For bank premises and equipment acquired,
    - were independent appraisals obtained before consummation of the transaction?
    - was board approval obtained based on full disclosure of all relevant factors?
  - For bank premises and equipment sold,
    - were any bank premises and equipment sold below their fair market value?
    - was board approval obtained based on full disclosure of all relevant factors?

# Appendix

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## Appendix A: Procedures the OCC Uses for Processing Bank Premises Notices and Applications

### Procedures—Application

#### Inquiry

##### Licensing or Supervisory Staff

1. Refers the bank to this booklet if a bank requests instructions about bank premises.

#### Filing the Application

##### Bank

2. Completes and submits an “application for increase” to the appropriate supervisory office. The application contains
  - a description of the present bank premises investment.
  - the amount by which the aggregate investment or specified amount will exceed the bank’s capital stock.
  - a description of the investment in bank premises that the bank intends to make and the business reason for the level of investment or loan requested.
  - any specified dollar amount requested and its reasonableness in view of the business reason or strategy.
  - if applicable, information about any bank insiders involved in the transaction.
3. If the transaction is combined with a corporate application, such as a branch or business combination filing, files the bank premises portion with the appropriate supervisory office.

##### Licensing Staff

4. If a bank premises transaction is included in a corporate filing, refers the bank premises request to the supervisory staff for decision.

#### Review

##### Supervisory Staff

5. Determines if the application will be considered with a related corporate filing, such as business combination or branch.

- If so, verifies with the licensing staff the application's time frame for decision.
6. Sends an acknowledgement letter within five business days of receipt.
  7. Reviews the application and any other relevant information about the bank and verifies that
    - the application contains the required application criteria described in step 2.
    - the proposal is feasible for the bank's size, services, projected earnings, capital, and target market.
    - the proposal is consistent with safe and sound banking practices and OCC policy.
    - any arrangements or transactions involving bank insiders are made on substantially the same terms as those prevailing at the time for comparable transactions with independent parties (review appraisal or appraiser's statement of fairness).
  8. If related to a corporate application, within five business days of receipt, solicits comments from the licensing staff.
  9. If the application is insufficient, requests the necessary or missing information from the bank and includes a specific due date for the bank's response.
  10. Reviews any additional information.

### **Decision**

11. Prepares the decision letter and decides the application under delegated authority.
12. Documents the analysis and decision in an "other significant event" comment in the appropriate supervisory information system.
13. If combined with a corporate application, notifies the licensing staff of the decision and provides a copy of the decision letter.
14. Sends the bank the decision letter.

### **Closeout**

15. Forwards the bank's request and the decision letter to the national filing system file no. 5.

## **Procedures—After-the-Fact Notice**

### **Supervisory Staff**

1. Refers the bank to this booklet if a bank requests instructions about bank premises.

### **Filing the Notice**

#### **Bank**

2. Completes and submits an after-the-fact notice to the appropriate supervisory office. The notice contains
  - a description of the bank's investment or loan in bank premises.
  - a verification of the bank's well-capitalized status before and after the investment.

### **Review**

#### **Supervisory Staff**

3. Reviews the notice and any other relevant information about the bank and verifies that
  - the bank has a composite CAMELS<sup>27</sup> rating of 1 or 2.
  - the notice contains the information stated in step 2.
  - the transaction is consistent with safe and sound banking practices and OCC policy.
4. If the notice is insufficient or the bank is not qualified, requests the necessary or missing information from the bank and includes a specific due date, or requests the bank to file an application.
5. Reviews any additional information. Enters an "other significant event" comment in the appropriate supervisory information system.

### **Closeout**

6. Forwards the notice to the bank's EIC and national filing system file no. 5.

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<sup>27</sup> A bank's composite rating under the Uniform Financial Institutions Rating System, or CAMELS, integrates ratings from six component areas: capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk. Evaluations of the component areas take into consideration the bank's size and sophistication, the nature and complexity of its activities, and its risk profile.

## References

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### Laws

- 12 USC 29, “Power to Hold Real Property” (national banks)
- 12 USC 371c, “Banking Affiliates” (national banks and FSAs)
- 12 USC 371(c-1), “Restrictions on Transactions With Affiliates” (national banks and FSAs)
- 12 USC 371d, “Investment in Bank Premises or Stock of Corporation Holding Premises” (national banks)
- 12 USC 1468, “Transactions With Affiliates: Extensions of Credit to Executive Officers, Directors, and Principal Shareholders” (FSAs)
- 12 USC 1818, “Termination of Status as Insured Depository Institution” (national banks and FSAs)
- 12 USC 1828, “Regulations Covering Insured Depository Institutions” (national banks and FSAs)

### Regulations

- 12 CFR 3, “Capital Adequacy Standards” (national banks and FSAs)
- 12 CFR 5.30, “Establishment, Acquisition, and Relocation of a Branch of a National Bank” (national banks)
- 12 CFR, 5.31, “Establishment, Acquisition, and Relocation of a Branch and Establishment of an Agency Office of a Federal Savings Association” (FSAs)
- 12 CFR 5.33, “Business Combinations Involving a National Bank or Federal Savings Association” (national banks and FSAs)
- 12 CFR 5.37, “Investment in National Bank or Federal Savings Association Premises” (national banks and FSAs)
- 12 CFR 5.38, “Operating Subsidiaries of a Federal Savings Association” (FSAs)
- 12 CFR 5.40, “Change in Location of a Main Office of a National Bank or Home Office of a Federal Savings Association” (national banks and FSAs)
- 12 CFR 5.59, “Service Corporations of Federal Savings Associations” (FSAs)
- 12 CFR 6, “Prompt Corrective Action” (national banks and FSAs)
- 12 CFR 7.1000, “National Bank or Federal Savings Association Ownership of Property” (national banks and FSAs)
- 12 CFR 7.3001, “Sharing National Bank or Federal Savings Association Space and Employees” (national banks and FSAs)
- 12 CFR 34.42, “Definitions” (national banks and FSAs)
- 12 CFR 34.43, “Appraisals Required; Transactions Requiring a State Certified or Licensed Appraiser” (national banks and FSAs)
- 12 CFR 145.92, “Branch Offices” (FSAs)
- 12 CFR 155, “Electronic Operations” (FSAs)
- 12 CFR 223, “Transactions Between Member Banks and Their Affiliates (Regulation W)” (national banks and FSAs)

## **Comptroller's Handbook**

### **Examination Process**

- “Bank Supervision Process”
- “Community Bank Supervision”
- “Federal Branches and Agencies Supervision”
- “Large Bank Supervision”

### **Safety and Soundness, Asset Quality**

- “Other Real Estate Owned”

### **Safety and Soundness, Management**

- “Insider Activities”
- “Related Organizations”

## **OCC Issuances and Other Booklets**

- OCC Bulletin 2010-42, “Sound Practices for Appraisals and Evaluations: Interagency Appraisal and Evaluation Guidelines” (December 10, 2010) (national banks and FSAs)
- OCC Conditional Approval Letter #298 (January 1999) (national banks)
- OCC Interpretive Letter #1034 (July 2005) (national banks)
- OCC Interpretive Letter #1044 (December 2005) (national banks)
- OCC Interpretive Letter #1072 (September 2006) (national banks)
- OTS Examination Handbook*, Section 730, “Related Organizations” (FSAs)