Regulatory Bulletin

RB 12 was rescinded 10/21/91. No Longer Applicable.

Handbook: Application Processing
Subjects: Mergers; Purchase and Sale of Assets

Section: 210; 220
RB 12

April 28, 1989

Sale of Branch Offices to FDIC-Insured Institutions

RESCINDED

Summary: Revises Board policy limits any transfer or sale of branches/deposits to an FDIC-insured institution to the lesser of $25 million or 2% of total deposits during any 12-month period.

FHLBB Identification:
AP Memo No. 019
April 20, 1989

For Further Information Contact:
The appropriate FHLBank or the Office of District Banks, Federal Home Loan Bank Board, Washington, DC, (202) 906-7492.

Regulatory Bulletin 12

The purpose of this Bulletin is to disseminate to all Federal Home Loan Bank System personnel and potential applicants the Board's policy on the sale of branch offices to FDIC-insured institutions.

As you know, Congress imposed a moratorium on terminations of FSLIC insurance in § 306(h) of the Competitive Equality Banking Act ("CEBA"). Exceptions to the moratorium were provided for those institutions that either were "grandfathered" under § 21(f)(4)(F) of the Federal Home Loan Bank Act or would be acquired in an FSLIC-assisted transaction.

In June 1988, the Congress discussed extending the moratorium. Congress affirmed that one of the primary purposes of the moratorium was to preserve and maintain the premium base of the FSLIC pending the adoption of recapitalization measures.

Because the purpose of the moratorium was to preserve the FSLIC premium base, the Board has adopted a policy that prohibits the transfer or sale of deposit liabilities other than a transfer involving a *de minimis* amount of FSLIC-insured institutions' deposits. The Office of General Counsel has opined that an institution will have violated the moratorium if the total amount of deposits transferred to an FDIC-insured bank during any 12 month period exceeds the lesser of:

a. $25 million; or

b. two percent (2%) of the institution's total deposits.

All applications which meet this *de minimis* test can be approved under delegate authority at the District Bank. Those applications which do not meet the *de minimis* test should not be accepted for filing and should be returned to the applicant with an explanation that the proposed sale of deposits violates § 306 (h) of CEBA.

— *Patrick G. Berbakos, Director, Office of District Banks*