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OCC Releases Final Rule Clarifying Lending Limits

WASHINGTON, DC --The Office of the Comptroller of the Currency (OCC) published in today's Federal Register a final rule governing lending limits.

The rule removes an ambiguity in the existing rule by specifying that lending limits must be recalculated based on capital and surplus at the end of the most recent calendar quarter. The final rule also makes a number of technical amendments designed to clarify the current rule.

In adopting the final rule, the OCC dropped a proposal that would have permitted banks to extend additional funds beyond the one-borrower limit for the purpose of protecting personal property used as collateral to back the loan. The proposal followed the treatment accorded loans backed by real estate.

However, as a result of its continued monitoring of credit quality standards, the OCC decided it would not be appropriate at this time to modify this prudential safeguard that limits the amount a bank may lend to any one borrower.

The final rule is contained in 12 C.F.R. Part 32, OCC's rules governing lending limits. In February, 1995, OCC comprehensively revised Part 32 as part of the OCC's Regulation Review Program.

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The OCC charters, regulates and supervises more than 2,600 national banks and 66 federal branches and agencies of foreign banks in the United States, accounting for 56 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.