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OCC ISSUES REGULATION ON LEASING

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency (OCC) published a final rule in today's Federal Register on part 23 of its regulations on personal property leasing by national banks. The final rule is another component of the OCC's regulation review program to update and streamline OCC regulations and to reduce unnecessary regulatory costs and other burdens.

The final rule gives national banks new authority to acquire personal property for leasing before the bank enters into or arranges a specific leasing transaction, subject to two prudential limits designed to ensure that the acquisition is not speculative. First, the amount of personal property a national bank may acquire under this provision is capped at 15 percent of bank capital and surplus. Second, the acquisition must be consistent with the bank's existing leasing business or with a business plan for its leasing activities.

The final rule also addresses holding periods related to leasing. When leases expire, a national bank must re-lease or dispose of the leased property, as soon as practicable, but no later than a certain period of time. The final rule changes that period of time from two to five years. This change mirrors the 5-year disposition period that applies both to repossessed real estate under rules for other real estate owned (OREO), and to securities acquired in satisfaction of debts previously contracted. The 5-year period can be extended but only if the national bank can make a clearly convincing demonstration of the need for an extension.

In addition, the final rule provides that the OCC will continue to decide on a case-by-case basis new activities that may be incidental to lease financing.

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The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half 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.