

Board of Directors,

Dear Sirs:

The Federal Reserve Board approves the application of  
for stock in the Federal Reserve Bank of ,  
subject to the numbered conditions hereinafter set forth.

1. Except with the permission of the Federal Reserve Board, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. Such bank shall at all times conduct its business and exercise its powers with due regard to the safety of its depositors.
3. Such bank shall maintain its loans within the limits prescribed by the laws of the State in which it is located.
4. The board of directors shall not permit loans to directors, officers, employees, principal stockholders and/or their interests including loans to, or upon the security of stocks of, corporations in which any of them have substantial interests, to assume unduly large proportions or to endanger the bank's solvency or the liquidity of its assets, and the board of directors shall give special attention to all such loans.
5. Such bank shall maintain adequate credit data in connection with all unsecured loans.
6. Such bank shall keep past due paper and overdrafts at a minimum, and shall not hold any checks in cash items to avoid overdrafts.
7. Except with the permission of the Federal Reserve Board, such bank shall not purchase or acquire through any device whatever any stock of any other bank, trust company, or other corporation of any kind or character except in satisfaction or protection of

debts previously contracted in good faith; and all stock acquired in satisfaction or protection of debts shall be disposed of within six months from the date on which it was acquired unless the time is extended by the Federal Reserve Board on the application of such bank for good cause shown.

8. Such bank shall not permit any investment in a bank building or in a site for a bank building to assume such proportions as, in the judgment of the Federal Reserve Board, would endanger the bank's solvency or liquidity or would otherwise be unduly large or improper, and before any investment is made in a bank building or a site for a bank building the bank shall refer the matter to the Federal Reserve Board for consideration.
9. Such bank shall not reduce its capital stock except with the permission of the Federal Reserve Board.
10. Such bank shall not pay any dividends which will reduce its surplus below an amount equal to at least 20 per cent of its capital stock, and if at any time its surplus should be less than 20 per cent of its capital stock it shall carry to its surplus account annually, or for any shorter period covered by each closing of its books, not less than 50 per cent of its net earnings for any such period after deducting all losses and providing reserves for depreciation.
11. Such bank shall reduce to an amount equal to 10 per cent of its capital and surplus all balances in excess thereof, if any, which are carried with banks or trust companies which are not members of the Federal Reserve System, and shall at all times maintain such balances within such limits.
12. Except with the permission of the Federal Reserve Board, such bank shall not, after the date of its admission to membership, engage in the business of issuing or selling, either directly or indirectly (through affiliated corporations or otherwise) notes, bonds, mortgages, certificates, or other evidences of indebtedness representing real estate loans or participations therein, either with or without a guarantee, indorsement or other obligation of such bank or an affiliated corporation.
13. Such bank may accept drafts and bills of exchange drawn upon it of any character permitted by the laws of the State of its incorporation; but the aggregate amount of all acceptances outstanding at any one time shall not exceed the limitations imposed by section 13 of the Federal Reserve Act, that is, the aggregate amount of acceptances outstanding at any one time which are drawn for the purpose of furnishing dollar exchange in countries specified by the Federal Reserve Board shall not exceed 50 per cent of its capital and surplus, and the aggregate amount

of all other acceptances, whether domestic or foreign, outstanding at any one time shall not exceed 50 per cent of its capital and surplus, except that the Federal Reserve Board, upon the application of such bank, may increase this limit from 50 per cent to 100 per cent of its capital and surplus; provided, however, that in no event shall the aggregate amount of domestic acceptances outstanding at any one time exceed 50 per cent of the capital and surplus of such bank.

14. The board of directors of such bank shall adopt a resolution authorizing the interchange of reports and information between the Federal Reserve Bank of the district in which such bank is located and the banking authorities of the State in which such bank is located.
15. Such bank shall maintain an amount of paid-up and unimpaired capital and unimpaired surplus which, in the judgment of the Federal Reserve Board, will be adequate in relation to its total deposit liabilities, having due regard to the general principle that a bank's capital and surplus ordinarily should not be less than one-tenth of the average amount of its aggregate deposit liabilities and, in some circumstances, should be more than one-tenth of such amount.

\* \* \* \* \*

If the applicant bank is exercising trust powers, the following three conditions should be included:

16. Such bank shall not, after the date of its admission to membership, invest trust funds held by it in obligations of the bank's directors, officers, employees or their affiliations or corporations affiliated with the bank.
17. Except with the permission of the Federal Reserve Board, such bank shall not, after the date of its admission to membership, invest the funds of various trusts held by the bank in participations in pools of mortgage bonds or other securities, and the funds of all such trusts shall be invested separately from each other, provided, however, that the Federal Reserve Board will not object to the collective investment of small amounts of trust funds where the cash balances to the credit of certain trust estates are too small to be invested separately to advantage, if the bank owns no participation in the securities in which such collective investments are made and has no interest in them except as trustee or other fiduciary.

18. If trust funds held by such bank are deposited in its banking department or otherwise used in the conduct of its business, it shall deposit with its trust department security in the same manner and to the same extent as is required of national banks exercising fiduciary powers. \* \* \* \* \*

(Insert special condition).

Under the provisions of the Federal Reserve Act, the Federal Reserve Board is specifically required to consider the financial condition and the character of the management of each bank or trust company applying for membership in the Federal Reserve System and whether or not the corporate powers exercised by it are consistent with the purposes of the Federal Reserve Act, and the conditions of membership described above are designed to maintain a sound condition in banks admitted to membership and to insure that powers exercised after their admission will be consistent with the purposes of the Federal Reserve Act. Your particular attention is called to the condition numbered one above which requires that after your bank is admitted to membership there shall not be any change in the general character of its business or in the scope of the corporate powers exercised at the time of admission except with the permission of the Federal Reserve Board. Accordingly, if after the admission of your bank to membership you should desire to make any change in the general character of your business or in the scope of the corporate powers exercised at the time of admission, it will be necessary for you to obtain the permission of the Federal Reserve Board before making any such change.

\* \* \* \* \* If the State law or bank's charter permits it to exercise fiduciary powers but such powers were not being exercised at the time of its application for membership, the following statement should be included in this letter:

In this connection it appears that your bank may under its charter exercise fiduciary powers, but it is not now exercising such powers, and if you hereafter

desire to exercise fiduciary powers, or exercise any other powers not now exercised, you should obtain the permission of the Federal Reserve Board before doing so. \* It may also be noted that an acquisition by your bank of the assets of another institution through merger, consolidation or purchase may result in a change in the character of your assets or the scope of your functions within the meaning of the condition numbered one, and if at any time you anticipate making any such acquisition, a detailed report setting forth all of the facts in connection with the transaction should be made promptly to the Federal Reserve Agent, the local representative of the Federal Reserve Board at the Federal Reserve Bank of your district.

\* (If sentence regarding fiduciary powers is not included in letter, this sentence should begin: In this connection, it may be noted that an acquisition etc.)

In connection with condition numbered fifteen above and in the absence of any special action by the Board, if in any period of twelve months ending on the thirtieth day of November the average amount of deposit liabilities of your bank during such period, as determined on the basis of reports made by your bank to the Federal Reserve Bank for the purpose of computing its required reserve, exceeds ten times the aggregate amount of your bank's paid-up and unimpaired capital stock and unimpaired surplus, the Board will expect that your bank, as soon as possible and within the next succeeding six months, will increase the aggregate amount of its paid-up and unimpaired capital and unimpaired surplus to an amount at least equal to 10 per cent of the average amount of its deposit liabilities during such twelve months.

\* \*      Insert any comments to the bank.      \* \*

It is suggested that, if at any time you should make any change in or amendment to your charter, you should advise the Board through the Federal Reserve Agent at the Federal Reserve Bank of your district, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way your status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by your board of directors and spread upon its minutes, and a certified copy of such resolution, together with advice of your compliance with the conditions numbered (prior condition), should be filed with the Federal Reserve Agent at the Federal Reserve Bank of

. The Federal Reserve Agent will thereupon arrange for the Federal Reserve Bank to accept payment for an appropriate amount of Federal reserve bank stock, to accept the deposit of your required reserve balance and to issue the appropriate amount of Federal reserve bank stock to you. The time within which your admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to thirty days from the date of this letter, unless you apply to the Federal Reserve Board and obtain an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal reserve bank stock has been issued to your bank, the Board will forward to you a formal certificate of membership in the Federal Reserve System.

Very truly yours,

Secretary.

Mr. \_\_\_\_\_,  
Federal Reserve Agent,  
Federal Reserve Bank of \_\_\_\_\_,

Dear Mr. \_\_\_\_\_:

This is to advise you that the Federal Reserve Board has approved the application of the (name of applicant bank and location), for membership in the Federal Reserve System, subject to the conditions contained in the inclosed letter which you are requested to forward to the board of directors of that institution. Two copies are also inclosed, one of which is for your files and the other of which you are requested to forward to the (Head of the State Banking Department) for his information.

Comments and suggestions to Agent. \* \* \* \* \*

\* \* If officers and employees are not bonded or not adequately bonded, this paragraph should be inserted to conform with the particular circumstances of the case: \* \*

According to the report of examination of the (name of bank), made by one of your examiners as of (date of examination), (name of officer of officers concerned) appear to be inadequately bonded (or are not bonded). It will be appreciated, therefore, if you will ascertain whether these officers, even though they may be inactive in the management of the bank, have access to its cash and securities, and, if so, it is suggested that you request the board of directors of the bank to give careful consideration to the advisability of having suitable bonds provided.

Very truly yours,

Secretary.