

Exhibit H-17



BACKGROUND

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Are My Trust, Fiduciary and Custody Assets Safe?

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Understanding the difference between account types

Many bank customers are confused about the difference between deposit, trust, fiduciary and custodial accounts. Here are some simple answers:

Assets held in **deposit accounts** become liabilities of the bank. As such, deposits create a debtor-creditor relationship between the bank and the depositor. In exchange for the money deposited, a liability of the bank is created which is the bank's contractual promise to repay the amount on deposit plus, where applicable, interest. As a result of a recent change in the law, through December 31, 2013 deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per individual per bank. In addition, through December 31, 2009, the FDIC provides optional insurance for the full amount of funds held in transaction accounts (such as checking accounts) that do not pay interest. *Check with your bank to see if it has opted out of this optional full insurance or check at www.fdic.gov. Importantly, trust and custody transaction accounts that hold available cash for more than one account and sweep these funds into overnight investments are **not** eligible for this optional coverage.*

Assets, including certificates of deposit, held in **trust and fiduciary accounts** other than cash do not become assets or liabilities of the bank and are, indeed, segregated from the bank's assets. The bank acts as trustee or fiduciary to the account and, in this connection, provides investment management, investment advice and other services to the account. Account ownership remains vested in the individuals or entities for whose benefit the bank is acting as trustee or fiduciary and the assets are not subject to the claims of creditors. Cash in trust and fiduciary accounts that are transaction accounts that do not pay interest may be fully insured by the FDIC. Cash held in the trustee bank in other types of deposit accounts is insured up to \$250,000 and applicable law, such as 12 C.F.R. Part 9, may require that any amount over \$250,000 must be fully collateralized by the trustee.

Assets, including certificates of deposit, held in **custodial accounts** in the trust department of a bank, other than cash, do not become assets or liabilities of the bank and are segregated from the bank's assets. The bank's role as custodian is to hold the assets for safekeeping, to collect dividends and interest and provide other similar services. Account ownership in the assets, other than cash, remains vested in the individuals or entities for whose benefit the bank is acting as custodian and the assets are not subject to the claims of creditors. Cash in custody accounts that is held in non-interest bearing transaction accounts may be fully insured by the FDIC. Cash held in the trustee bank in other types of deposit accounts is insured up to \$250,000.

What happens if a bank fails?

Since **deposit accounts** become liabilities of the bank, it follows that the depositor would become a creditor in the event a bank failed. However, the FDIC generally fully insures depositors whose funds are held in non-interest bearing transaction accounts. Other types of deposit accounts are insured for up to \$250,000 per individual per bank.

Since assets held in **trust, fiduciary and custodial accounts** (other than cash) do not become assets or liabilities of the bank (title is held by the account's owner(s)), it follows that none of this property is subject to the claims of the bank's creditors. As a result, a failure of a bank will have no adverse effect on trust, fiduciary or custodial accounts: they remain the property of the account's owner(s).

(more)

TRUST, FIDUCIARY AND CUSTODY ASSET SAFETY/P2

In the event that a bank with trust, fiduciary or custodial powers fails, the FDIC will seek to transfer responsibility for administration of the accounts to a successor trust institution as quickly as possible. Provided this effort is successful, the account beneficiaries would need to either accept this new arrangement or make provisions with the successor bank for alternative arrangements.

Should the search for a successor trustee to the failed bank be unsuccessful, the FDIC will then promptly notify all affected beneficiaries to either personally reclaim their property or designate an alternate institution to which the trust, fiduciary or custodial property may be conveyed.

Therefore, the safety of trust, fiduciary and custodial assets is not dependent upon whether the bank has assets greater than its liabilities. Property held in these accounts belongs to the owner(s) of the accounts and would be unaffected by a bank failure.

This Backgrounder is provided with the understanding that the American Bankers Association is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

The American Bankers Association brings together banks of all sizes and charters into one association. ABA works to enhance the competitiveness of the nation's banking industry and strengthen America's economy and communities. Its members – the majority of which are banks with less than \$125 million in assets – represent over 95 percent of the industry's \$13.3 trillion in assets and employ over 2 million men and women.

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EXHIBIT G

CALL REPORT
INSTRUCTION BOOK UPDATE
MARCH 2008

FILING INSTRUCTIONS

NOTE: The pages listed in the column below headed "Remove Pages" are no longer needed in the *Instructions for Preparation of Consolidated Reports of Condition and Income* and should be removed and discarded. The pages listed in the column headed "Insert Pages" are included in this instruction book update and should be filed promptly in your instruction book.

Remove Pages

i – ii (6-07)
 1 – 14 (9-05, 9-06, and 6-07)
 RI-1 – RI-8a (3-04 and 3-07)
 RI-13 – RI-16 (3-07)
 RI-19 – RI-24 (3-02, 3-04, and 3-07)
 RI-31 – RI-32 (3-07)
 RI-B-1 – RI-B-6 (3-03 and 3-07)
 RI-E-1 – RI-E-2 (3-07)
 RC-A-3 – RC-A-4 (3-06)
 RC-B-5 – RC-B-8 (3-01 and 3-06)
 RC-C-1 – RC-C-6 (3-01 and 3-07)
 RC-C-21 – RC-C-22 (3-01)
 RC-C-28c – RC-C-30 (3-07)
 RC-D-1 – RC-D-3 (3-05 and 3-07)
 RC-E-1 – RC-E-10b (3-01, 3-02, 3-06, and 3-07)
 RC-K-1 – RC-K-5 (6-03 and 6-04)
 RC-L-1 – RC-L-2a (3-07)
 RC-N-1 – RC-N-12 (6-05 and 3-07)
 RC-O-1 – RC-O-13 (3-01, 9-06, 3-07, and 6-07)
 RC-P-1 – RC-P-3 (9-06 and 3-07)
 RC-Q-1 – RC-Q-3 (3-07)
 RC-R-26a – RC-R-28 (3-03 and 3-05)
 RC-S-9 – RC-S-10 (3-06)
 A-19 – A-24 (6-01 and 3-04)
 A-77 – A-80 (9-06 and 6-07)

Insert Pages

i – ii (3-08)
 1 – 14 (3-08)
 RI-1 – RI-8a (3-08)
 RI-13 – RI-16 (3-08)
 RI-19 – RI-24 (3-08)
 RI-31 – RI-32 (3-08)
 RI-B-1 – RI-B-6 (3-08)
 RI-E-1 – RI-E-3 (3-08)
 RC-A-3 – RC-A-4 (3-08)
 RC-B-5 – RC-B-8 (3-08)
 RC-C-1 – RC-C-6b (3-08)
 RC-C-21 – RC-C-22a (3-08)
 RC-C-28c – RC-C-30 (3-08)
 RC-D-1 – RC-D-10 (3-08)
 RC-E-1 – RC-E-10b (3-08)
 RC-K-1 – RC-K-4 (3-08)
 RC-L-1 – RC-L-2a (3-08)
 RC-N-1 – RC-N-12 (3-08)
 RC-O-1 – RC-O-10 (3-08)
 RC-P-1 – RC-P-6 (3-08)
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 RC-S-9 – RC-S-11 (3-08)
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Instructions for Preparation of Consolidated Reports of Condition and Income (FFIEC 031 and 041)

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GENERAL INSTRUCTIONS

Schedules RC and RC-A through RC-T constitute the Report of Condition and its supporting schedules. Schedules RI, RI-A, RI-B, RI-D, and RI-E constitute the Report of Income and its supporting schedules. The Reports of Condition and Income are commonly referred to as the Call Report.

WHO MUST REPORT ON WHAT FORMS

Every national bank, state member bank, and insured state nonmember bank is required to file a consolidated Call Report normally as of the close of business on the last calendar day of each calendar quarter, i.e., the report date. The specific reporting requirements depend upon the size of the bank and whether it has any "foreign" offices. Banks must file the appropriate forms as described below:

- (1) **BANKS WITH FOREIGN OFFICES:** Banks of any size that have any "foreign" offices (as defined below) must file quarterly the *Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices* (FFIEC 031). For purposes of these reports, all of the following constitute "foreign" offices:

- (a) An International Banking Facility (IBF);
- (b) A branch or consolidated subsidiary in a foreign country; and
- (c) A majority-owned Edge or Agreement subsidiary.

In addition, for banks chartered and headquartered in the 50 states of the United States and the District of Columbia, a branch or consolidated subsidiary in Puerto Rico or a U.S. territory or possession is a "foreign" office. However, for purposes of these reports, a branch at a U.S. military facility located in a foreign country is a "domestic" office.

- (2) **BANKS WITHOUT FOREIGN OFFICES:** Banks of any size that have only domestic offices must file quarterly the *Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only* (FFIEC 041). For banks chartered and headquartered in Puerto Rico or a U.S. territory or possession, a branch or consolidated subsidiary in one of the 50 states of the United States, the District of Columbia, Puerto Rico, or a U.S. territory or possession is a "domestic" office.

Close of Business

The term "close of business" refers to the time established by the reporting bank as the cut-off time for receipt of work for posting transactions to its general ledger accounts for that day. The time designated as the close of business should be reasonable and applied consistently. The posting of a transaction to the general ledger means that both debit and credit entries are recorded as of the same date. In addition, entries made to general ledger accounts in the period subsequent to the close of business on the report date that are applicable to the period covered by the Call Report (e.g., adjustments of accruals, posting of items held in suspense on the report date to their proper accounts, and other quarter-end adjusting entries) should be reported in the Call Report as if they had actually been posted to the general ledger at or before the cut-off time on the report date.

With respect to deposits received by the reporting bank after the cut-off time for posting them to individual customer accounts for a report date (i.e., so-called "next day deposits" or "late deposits"), but which are nevertheless posted in any manner to the reporting bank's general ledger accounts for that

report date (including, but not limited to, through the use of one or more general ledger contra accounts), such deposits must be reported in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, items 1 and 4, and may also be reported in Schedule RC, Balance Sheet, item 13, "Deposits," and Schedule RC-E, Deposit Liabilities. However, the use of memorandum accounts outside the reporting bank's general ledger system for control over "next day" or "late deposits" received on the report date does not in and of itself make such deposits reportable in Schedule RC-O and Schedules RC and RC-E.

Frequency of Reporting

The reports are required to be submitted quarterly by all banks. However, some schedules are required on a less frequent basis, as follows:

- (1) For all banks, Schedule RC-C, part II, Loans to Small Businesses and Small Farms, is to be filed *only* as of the June 30 report date.
- (2) Banks with total fiduciary assets greater than \$250 million (as of the preceding December 31) or with gross fiduciary and related services income greater than 10 percent of revenue (net interest income plus noninterest income) for the preceding calendar year must complete the applicable items of Schedule RC-T quarterly. All other banks with fiduciary powers must complete the applicable items of Schedule RC-T annually as of the December 31 report date.

In addition, the following items are to be completed annually rather than quarterly:

- (1) Schedule RC, Memorandum item 1, on the level of external auditing work performed for the bank is to be reported as of the March 31 report date;
- (2) Schedule RC-O, Memorandum items 1.a.(2), "Number of deposit accounts (excluding retirement accounts) of \$100,000 or less" (in domestic offices), and 1.c.(2), "Number of retirement deposit accounts of \$250,000 or less" (in domestic offices), are to be reported as of the June 30 report date; and
- (3) Schedule RC-E, Memorandum item 1.e, "Preferred deposits," is to be reported as of the December 31 report date.

Differences in Detail of Reports

The amount of detail required to be reported varies between the two versions of the report forms, with the report forms for banks with foreign offices (FFIEC 031) having more detail than the report forms for banks with domestic offices only (FFIEC 041). Furthermore, as discussed below under Shifts in Reporting Status, the amount of detail varies within the FFIEC 041 report form, primarily based on the size of the bank. In general, the FFIEC 041 report form requires the least amount of detail from banks with less than \$100 million in total assets.

Differences in the level of detail within both the FFIEC 031 and 041 report forms are as follows:

- (1) Banks that had closed-end loans with negative amortization features secured by 1-4 family residential properties with a carrying amount (before any loan loss allowances) that exceeded the lesser of \$100 million or 5 percent of total loans and leases, net of unearned income, in domestic offices as of the previous December 31 report date must report certain information about these loans in Schedule RC-C, part I, Memorandum items 8.b and 8.c, and Schedule RI, Memorandum item 12.

- (2) Banks reporting average trading assets of \$2 million or more for any of the four preceding quarters must complete Schedule RC-D, Trading Assets and Liabilities, items 1 through 15 and Memorandum items 1 through 3.b. In addition, banks reporting average trading assets of \$1 billion or more for any of the four preceding quarters must complete Memorandum items 4 through 10 of Schedule RC-D.
- (3) Banks reporting average trading assets of \$2 million or more for any quarter of the preceding calendar year must provide a breakdown of their trading revenue by risk exposure in Schedule RI, Memorandum item 8, "Trading revenue."
- (4) Banks with less than \$1 billion in total assets at which (a) closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources during a calendar quarter, or (b) closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan sales during a calendar quarter, or (c) closed-end and open-end first lien and junior lien 1-4 family residential mortgage loans held for sale at calendar quarter-end exceed \$10 million for two consecutive quarters must complete Schedule RC-P, 1-4 Family Residential Mortgage Banking Activities, beginning the second quarter and continue to complete the schedule through the end of the calendar year.
- (5) Banks with financial subsidiaries must complete certain additional items in Schedule RC-R, Regulatory Capital.
- (6) Banks servicing more than \$10 million in financial assets other than 1-4 family residential mortgages must report the volume of such servicing in Schedule RC-S, Memorandum item 2.c.
- (7) Banks with total fiduciary assets greater than \$100 million (as of the preceding December 31) or with gross fiduciary and related services income greater than 10 percent of revenue (net interest income plus noninterest income) for the preceding calendar year must report information on their fiduciary and related services income and on fiduciary settlements and losses in Schedule RC-T.

In addition, within the FFIEC 031 report form, banks whose foreign office assets, revenues, or net income account for more than 10 percent of the bank's consolidated total assets, total revenues, or net income must complete Schedule RI-D, Income from Foreign Offices.

Shifts in Reporting Status

All shifts in reporting status within the FFIEC 041 report form (except as noted below) are to begin with the March Call Report. Such a shift will take place only if the reporting bank's total assets (or, in one case, loans) as reflected in the Report of Condition for June of the previous calendar year equal or exceed the following criteria:

- (1) *When total assets equal or exceed \$100 million*, a bank must begin to complete Schedule RC-K, items 7 and 13, for the quarterly averages of "Trading assets" and "Other borrowed money."
- (2) *When loans to finance agricultural production and other loans to farmers exceed 5 percent of total loans, net of unearned income*, at a bank with less than \$300 million in total assets, the bank must begin to report the following information for these agricultural loans: interest and fee income, quarterly average, past due and nonaccrual loans, and charge-offs and recoveries.
- (3) *When total assets equal or exceed \$300 million*, a bank must begin to complete:
 - Certain items providing additional detail on the composition of the loan and lease portfolio in Schedule RC-C, part I, Loans and Leases; past due and nonaccrual loans and leases in Schedule RC-N; and loan and lease charge-offs and recoveries in Schedule RI-B, part I;

- Schedule RC-A, Cash and Balances Due From Depository Institutions;
- Schedule RC-N, Memorandum item 6, on past due derivative contracts; and
- Schedule RI, Memorandum item 10, "Credit losses on derivatives."

(4) *When total assets equal or exceed \$1 billion*, a bank must begin to complete:

- Schedule RC-B, Memorandum items 5.a through 5.f, which provide a breakdown of the bank's holdings of asset-backed securities;
- Schedule RC-O, Memorandum item 2, "Estimated amount of uninsured deposits (in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions);"¹ and
- Schedule RC-P, 1-4 Family Residential Mortgage Banking Activities.¹

Once a bank reaches the \$100 million, \$300 million, or \$1 billion total asset threshold or exceeds the agricultural loan percentage threshold and begins to report the additional required information described above, it *must* continue to report the additional information in subsequent years without regard to whether it later falls below the total asset or loan percentage threshold.

Other shifts in reporting status occur when:

- (1) A bank with domestic offices only establishes or acquires any "foreign" office. The bank must begin filing the FFIEC 031 report form (Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices) for the first quarterly report date following the commencement of operations by the "foreign" office. However, a bank with "foreign" offices that divests itself of *all* its "foreign" offices must continue filing the FFIEC 031 report form through the end of the calendar year in which the cessation of all operations of its "foreign" offices was completed.
- (2) A bank is involved in a business combination (poolings of interests, purchase acquisitions), a reorganization, or a branch acquisition that is not a business combination. Beginning with the first quarterly report date following the effective date of a business combination involving a bank and one or more other depository institutions, the resulting bank, regardless of its size prior to the business combination, must (a) file the FFIEC 031 report form if it acquires any "foreign" office, or (b) report the additional required information described above on the FFIEC 041 report form if its total assets or agricultural loans after the consummation of the transaction surpass the \$100 million, \$300 million, or \$1 billion total asset threshold or the agricultural loan percentage.

In addition, beginning with the first quarterly report date after an operating depository institution that was not previously a member of the Federal Deposit Insurance Corporation (FDIC) becomes an FDIC-insured bank, it must (a) file the FFIEC 031 report form if it has any "foreign" office, or (b) report the additional required information described above on the FFIEC 041 report form based on its total assets and agricultural loans at the time it becomes an FDIC-insured bank.

ORGANIZATION OF THE INSTRUCTION BOOKS

This instruction book covers both the FFIEC 031 and 041 report forms. It is divided into the following sections:

- (1) The General Instructions describe overall reporting requirements.
- (2) The Line Item Instructions for each schedule of the Report of Income.

¹ This shift in reporting status applies to both the FFIEC 031 and the FFIEC 041 report forms.

- (3) The Line Item Instructions for each schedule of the Report of Condition.

The instructions and definitions in sections (2) and (3) are not necessarily self-contained; reference to more detailed treatments in the Glossary may be needed.

- (4) The Glossary presents, in alphabetical order, definitions and discussions of accounting issues and other topics that require more extensive treatment than is practical to include in the line item instructions or that are relevant to several line items or to the overall preparation of these reports. The Glossary is not, and is not intended to be, a comprehensive discussion of the principles of bank accounting or reporting.

In determining the required treatment of particular transactions or portfolio items or in determining the definitions and scope of the various items, the General Instructions, the line item instructions, and the Glossary (all of which are extensively cross-referenced) must be used jointly. A single section does not necessarily give the complete instructions for completing all the items of the reports.

The instruction book is available on the Internet on the FFIEC's Web site (www.ffiec.gov/ffiec_report_forms.htm) and on the FDIC's Web site (www.fdic.gov/regulations/resources/call/index.html).

PREPARATION OF THE REPORTS

Banks are required to prepare and file the Call Report in accordance with these instructions. All reports shall be prepared in a consistent manner.

The bank's financial records shall be maintained in such a manner and scope so as to ensure that the Call Report can be prepared and filed in accordance with these instructions and reflect a fair presentation of the bank's financial condition and results of operations.

Questions and requests for interpretations of matters appearing in any part of these instructions should be addressed to the bank's primary federal bank supervisory agency (i.e., the Federal Reserve Banks, the OCC, or the FDIC). Such inquiries will be referred for resolution to the Reports Task Force of the Federal Financial Institutions Examination Council (FFIEC). Regardless of whether a bank requests an interpretation of a matter appearing in these instructions, when a bank's primary federal bank supervisory agency's interpretation of the instructions differs from the bank's interpretation, the supervisory agency may require the bank to prepare its Call Report in accordance with the agency's interpretation and to amend previously submitted reports.

SIGNATURES

Either the cover (signature) page of any agency-supplied sample set of report forms, a photocopy of this cover page, or a copy of the cover page printed from the bank's report preparation software or from the FFIEC's or the FDIC's Web site should be used to fulfill the signature and attestation requirement.

Chief Financial Officer Declaration

The chief financial officer of the bank (or the individual performing an equivalent function) shall sign a declaration on the cover (signature) page attesting to the correctness of the Reports of Condition and Income that the bank has filed with the appropriate supervisory agency.

Director Attestation

National and state member banks – The correctness of the Reports of Condition and Income shall be attested to by at least three directors of the reporting bank, other than the officer signing the chief financial officer declaration, as indicated on the cover (signature) page.

State nonmember banks – The correctness of the Reports of Condition and Income shall be attested to by at least two directors of the reporting bank, other than the officer signing the chief financial officer declaration, as indicated on the cover (signature) page.

SUBMISSION OF THE REPORTS

Each bank must file its Call Report in one of the following two ways:

- A bank may use computer software to prepare its report and then submit the report directly to the FFIEC's Central Data Repository (CDR), an Internet-based system for data collection (<https://cdr.ffiec.gov/cdr/>).
- The institution may complete its reports in paper form and arrange with a software vendor or another party to convert its paper reports into the electronic format that can be processed by the CDR. The software vendor or other party then must electronically submit the data file containing the bank's Call Report to the CDR.

The filing of a Call Report in paper form directly with the FDIC (for national and FDIC-supervised banks) or with the appropriate Federal Reserve District Bank (for state member banks) is not an acceptable method of submission.

Regardless of the method a bank uses to file its Call Report, the bank remains responsible for the accuracy of the data in its Call Report. Banks are required to submit a Call Report by the submission date (as defined below) that passes FFIEC-published validation criteria (validity edits and quality edits) or that contains explanations for any quality edits that are not passed. These validation criteria are published in advance of each quarter end. Specific "Guidelines for Resolving Edits" are available on the FFIEC's Web site (www.ffiec.gov/find/documents/resolvingedits.pdf).

In order to submit their completed reports to the CDR, banks (or third parties with whom they have made submission arrangements) must use software that meets the technical specifications for producing files that are able to be processed by the CDR. (These technical specifications are available on the FFIEC's web site.) Vendors whose software has been successfully tested with regard to this ability are listed in each quarter's Financial Institution Letter for the Call Report. Alternatively, banks may develop their own reporting software and test directly with the CDR.

Submitted reports that are unable to be processed by the CDR, or that have not been adequately validated by the bank, will be rejected and will require correction and resubmission. In either case, if such resubmission is received by the CDR after the submission date for the report (as defined below), the submitting bank may be subject to the penalties prescribed for late submission.

Each bank is responsible for ensuring that the data reported each quarter reflects fully and accurately the item reporting requirements for that report date, including any changes that may be made from time to time. This responsibility cannot be transferred or delegated to software vendors, servicers, or others outside the reporting bank.

A bank filing its Call Report with the CDR electronically or under the paper-based alternative must maintain in its files a signed and attested record of its completed report each quarter. This record should be either a computer printout showing at least the caption of each item in the Call Report and the reported amount, a computer-generated facsimile of the report form, or a copy of the printed report form. The signed cover page, as discussed under "Signatures" above, should be attached to the printout, computer-generated facsimile, or copy of the form that the bank places in its files.

State banks should refer to their appropriate state bank supervisory authority for information concerning state requirements for submitting copies of the Call Report filed with federal bank supervisory authorities.

Submission Date

The term "submission date" is defined as the date by which a bank's completed Call Report must be received in electronic form by the CDR. Except as indicated below, the CDR must receive the data file for a bank's Call Report, with all corrections made and all explanations provided consistent with the "Guidelines for Resolving Edits" (www.ffiec.gov/find/documents/resolvingedits.pdf), no more than 30 calendar days after the report date. For example, the March 31 report must be received by April 30 and the June 30 report by July 30.

Any bank contracting with a third party to convert its reports to the electronic format for the CDR must ensure that it delivers its hard-copy reports to the third party in sufficient time for (1) the third party to enter the data into the appropriate format; (2) the bank to research and resolve any identified edit exceptions; and (3) the third party to electronically transmit the original submission and any necessary resubmissions to the CDR by the submission deadline. Early submission is strongly encouraged so that the bank has ample time to research and resolve any edit exceptions identified through the submission process. No extensions of time for submitting reports are granted.

Any bank that has more than one foreign office, other than a "shell" branch or an IBF, may take an additional limited period of time to submit its Call Report. The CDR must receive the data file for such a bank's Call Report no more than 35 calendar days after the report date. Eligible banks are urged to use the additional time only if absolutely necessary and to make every effort to report as soon as possible, preferably within the 30-day submission period.

Amended Reports

A bank's primary federal bank supervisory authority may require the filing of an amended Call Report if reports as previously submitted contain significant errors, as determined by the supervisory authority, in how the reporting bank classified or categorized items in the reports, i.e., on what line of the report an item has been reported.

When dealing with the recognition and measurement of events and transactions in the Call Report, amended reports may be required if a bank's primary federal bank supervisory authority determines that the reports as previously submitted contain errors that are material for the reporting bank. Materiality is a qualitative characteristic of accounting information which is defined in Financial Accounting Standards Board (FASB) Concepts Statement No. 2 as "the magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

To review the procedures for amending Call Report data for report dates prior to September 30, 2005, refer to the "Prior-Period Data Corrections" section of the "Guidelines for Resolving Edits" on the FFIEC's Web site (www.ffiec.gov/find/documents/resolvingedits.pdf).

RETENTION OF REPORTS

In general, a bank should maintain in its files a signed and attested record of its completed Call Report, including any amended reports, and the related workpapers and supporting documentation¹ for five years after the report date, unless any applicable state requirements mandate a longer retention period. This five-year time period is consistent with the time period specified in Section 7(b)(5) of the Federal Deposit Insurance Act, which provides that each insured depository institution shall maintain all records necessary for the FDIC to verify the correctness of its deposit insurance assessments for no more than five years from the date of filing any certified statement, except when there is a dispute between the insured depository institution and the FDIC over the amount of any assessment, in which case the depository institution shall retain the records until the final determination of the issue.

SCOPE OF THE "CONSOLIDATED BANK" REQUIRED TO BE REPORTED IN THE SUBMITTED REPORTS

In their Call Reports submitted to the federal bank supervisory agencies, banks and their subsidiaries shall present their financial condition and results of operations on a consolidated basis in accordance with U.S. generally accepted accounting principles (GAAP). All majority-owned subsidiaries shall be consolidated unless either the subsidiary is not "significant" or control of the subsidiary does not rest with the parent bank (see "Exclusions from the Coverage of the Consolidated Report" below). See the Glossary entry for "subsidiaries" for the definition of "significant subsidiary." Accordingly, the Call Report shall consolidate the operations of:

- (1) The bank's head office;
- (2) All branches of the bank, domestic and foreign;
- (3) Any IBF established by the bank;
- (4) All majority-owned Edge and Agreement subsidiaries, including their IBFs, their foreign and domestic branches, and their significant subsidiaries;
- (5) All majority-owned foreign banks held directly by the reporting bank pursuant to Section 25 of the Federal Reserve Act;
- (6) All other majority-owned subsidiaries that are "significant," including domestic subsidiaries that are commercial banks, savings banks, or savings and loan associations that must file separate Call Reports (or separate reports of a comparable nature) with any state or federal financial institutions supervisory authority; and
- (7) All nonsignificant majority-owned subsidiaries that the bank has elected to consolidate on a consistent basis in both the Report of Condition and the Report of Income.

Each bank shall account for any investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the bank exercises significant influence according to the equity method of accounting. The equity method of accounting is described in Schedule RC-M, item 4. (Refer to the Glossary entry for "subsidiaries" for the definitions of the terms subsidiary, associated company, and corporate joint venture.)

¹ Supporting documentation may include, but is not limited to, overdraft reports, trust department records, and records of other material adjustments to deposits.

Exclusions from the Coverage of the Consolidated Report

Subsidiaries where control does not rest with the parent – If control of a majority-owned subsidiary does not rest with the parent bank because of legal or other reasons (e.g., the subsidiary is in bankruptcy), the subsidiary is not to be consolidated for purposes of the report. Thus, the bank's investment in such a subsidiary is not eliminated in consolidation but will be reflected in the reports in the balance sheet item for "Investments in unconsolidated subsidiaries and associated companies" (Schedule RC, item 8) and other transactions of the bank with such a subsidiary will be reflected in the appropriate items of the reports in the same manner as transactions with unrelated outside parties. Additional guidance on this topic is provided in accounting standards, including FASB Statement No. 94 and Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 92.

Trust accounts – For purposes of the Call Report, the reporting bank's trust department is not to be consolidated into the reporting bank's balance sheet or income statement. However, information concerning the bank's trust activities must be reported in Schedule RC-T, Fiduciary and Related Services. Assets held in or administered by the bank's trust department and the income earned on such assets are excluded from all of the other schedules of the Call Report except when trust funds are deposited by the trust department of the reporting bank in the commercial or some other department of the reporting bank.

When such trust funds are deposited in the bank, they are to be reported as deposit liabilities in Schedule RC-E in the deposit category appropriate to the beneficiary. Interest paid by the bank on such deposits is to be reported as part of the reporting bank's interest expense.

However, there are two exceptions:

- (1) *Uninvested trust funds (cash)* held in the bank's trust department, which are *not* included on the balance sheet of the reporting bank, *must* be reported in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments; and
- (2) The *fees* earned by the trust department for its fiduciary activities and the *operating expenses* of the trust department are to be reported in the bank's income statement (Schedule RI) on a gross basis as if part of the consolidated bank.

Custody accounts – All custody and safekeeping activities (i.e., the holding of securities, jewelry, coin collections, and other valuables in custody or in safekeeping for customers) are *not* to be reflected on any basis in the balance sheet of the Report of Condition unless cash funds held by the bank in safekeeping for customers are commingled with the general assets of the reporting bank. In such cases, the commingled funds would be reported in the Report of Condition as deposit liabilities of the bank. ✓

RULES OF CONSOLIDATION

For purposes of these reports, all offices (i.e., branches, subsidiaries, and IBFs) that are within the scope of the consolidated bank as defined above are to be reported on a consolidated basis. Unless the instructions specifically state otherwise, this consolidation shall be on a line-by-line basis, according to the caption shown. As part of the consolidation process, the results of all transactions and all intercompany balances (e.g., outstanding asset/debt relationships) between offices, subsidiaries, and other entities *included* in the scope of the consolidated bank are to be *eliminated* in the consolidation and must be *excluded* from the Call Report. (For example, eliminate in the consolidation (1) loans made by the bank to a consolidated subsidiary and the corresponding liability of the subsidiary to the bank, (2) a consolidated subsidiary's deposits in the bank and the corresponding cash or interest-bearing asset balance of the subsidiary, and (3) the intercompany interest income and expense related to such loans and deposits of the bank and its consolidated subsidiary.)

EXHIBIT H

c. Application of the sale criteria to instruments that have potential to be assets or liabilities

d. Circumstances that result in a **transferor** regaining control of assets previously sold.

Pending Content

Transition Date: November 15, 2008 | Transition Guidance :

This Section sets forth the criteria for derecognition of a transferred asset and is organized as follows:

- a. General principles
- b. Criteria for a sale of financial assets
- c. Application of the sale criteria to instruments that have the potential to be assets or liabilities
- d. Circumstances that result in a **transferor** regaining control of assets previously sold
- e. **Repurchase financings**.

40-2 The guidance in this Section primarily addresses the criteria for derecognition of transferred assets, that is, whether the transferred assets may be derecognized and whether gain or loss recognition is appropriate. See Section 860-20-40 for guidance on the accounting required by the transferor if a **transferor** meets the criteria for a sale.

> General Principles

40-3 The key principles to applying the financial-components approach discussed in Section 860-10-10 are as follows:

- a. The economic benefits provided by a **financial asset**.

(generally, the right to future cash flows) are derived from the contractual provisions that underlie that asset, and the entity that controls those benefits should recognize them as its asset.

b. A financial asset should be considered sold and therefore should be derecognized if it is transferred and control is surrendered.

c. A transferred financial asset should be considered pledged as collateral to secure an obligation of the transferor (and therefore should not be derecognized) if the transferor has not surrendered control of the financial asset.

d. Each liability should be recognized by the entity that is primarily liable and, accordingly, an entity that guarantees another entity's obligation should recognize only its obligation to perform on the guarantee.

e. The recognition of financial assets and liabilities should not be affected by the sequence of transactions that led to their existence unless as a result of those transactions the transferor maintains effective control over a transferred asset.

f. Transferors and transferees should account symmetrically for transfers of financial assets.

The following paragraph provides related criteria for a sale of financial assets. Section 860-30-25 : provides related guidance on accounting for collateral by a debtor and a secured party. Section 405-20-40 : provides related guidance on extinguishment of a liability.

> **Criteria for a Sale of Financial Assets**

40-4 A transfer of financial assets (or all or a portion of a financial asset) in which the transferor surrenders control over those financial assets shall be accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange.

40-5 The transferor has surrendered control over transferred

assets if and only if all of the following conditions are met:

a. Isolation of transferred assets. The transferred assets have been isolated from the transferor—put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership (see paragraphs 860-10-40-7 through 40-14 :).

b. Transferee's rights to pledge or exchange. This condition is met if both of the following conditions are met:

1. Each **transferee** (or, if the transferee is a qualifying special-purpose entity [see paragraph 860-40-15-3 :], each holder of its beneficial interests) has the right to pledge or exchange the assets (or beneficial interests) it received.

2. No condition both constrains the transferee (or holder) from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor (see paragraphs 860-10-40-15 through 40-21 :).

c. Effective control. The transferor does not maintain effective control over the transferred assets through either of the following:

1. An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity (see paragraphs 860-10-40-23 through 40-27 :)

2. The ability to unilaterally cause the holder to return specific assets, other than through a cleanup call (see paragraphs 860-10-40-28 through 40-39 :).

40-6 For guidance applicable to the accounting by a transferor upon completion of any transfer of financial assets (including those transfers that do not satisfy the conditions for a sale), see paragraph 860-10-35-3 : . For guidance applicable to the accounting by a transferor upon completion of a transfer of financial assets that satisfies the conditions for a sale under the preceding two paragraphs, including partial sales, see Subtopic 860-20 : .

> > Isolation of Transferred Assets

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Financial Asset

Cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following:

- a. Receive cash or another financial instrument from a second entity
- b. Exchange other financial instruments on potentially favorable terms with the second entity.

A financial asset exists if and when two or more parties agree to payment terms and those payment terms are reduced to a contract. To be a financial asset, an asset must arise from a contractual agreement between two or more parties, not by an imposition of an obligation by one party on another.

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EXHIBIT I

Home > Industry Analysis > Failed Banks > Failed Bank List > Failed Bank Information - Question and Answer Guide

Question and Answer Guide

Colonial Bank, Montgomery AL

[En Español](#)

FDIC Call Center
Toll free number 1-800-405-8739
Hours of Operation – Central Time
Friday, August 14, 2009: Until 9:00 p.m.
Saturday, August 15, 2009: 9:00 a.m. – 6:00 p.m.
Sunday, August 16, 2009: Noon – 6:00 p.m.
Thereafter: 8:00 a.m. – 8:00 p.m.

On Friday, August 14, 2009, Colonial Bank, Montgomery, AL, was closed by the Alabama State Banking Department. The Federal Deposit Insurance Corporation (FDIC) was then named Receiver. Subsequent to the closure, **Branch Banking and Trust Company, (BB&T), Winston-Salem, NC**, acquired substantially all the deposits and assets of Colonial Bank from the FDIC as Receiver for Colonial Bank. Any claims by equity holders were not acquired. Share price does not trigger a bank closing and was not the reason for Colonial Bank's failure.

The total balance in your account(s) has been transferred to BB&T and will be available for transactions during regular business hours at the former Colonial Bank branches. Each location will operate by the same schedule it did prior to this transaction.

You may continue to use your same checks, ATM cards and debit cards until notified.

All Direct Deposits, including Social Security checks, will continue as usual.

1. **Account(s):** What about my account with Colonial Bank?
2. **ATM/debit card and/or Billpay:** What about my ATM/debit card and/or bill paying with Colonial Bank?
3. **Brokered Deposits:** I am a deposit broker or have brokered deposits. What do I do?
4. **Direct Deposits - Government Deposits:** What will happen to my direct deposits?
5. **Existing Deposits at BB&T:** I already have other deposit accounts with the new bank. When combined with balances at this bank, my deposits exceed \$250,000. Are all funds insured?
6. **Interest Rates, Early Withdrawal Penalty:** Will I continue to earn interest at the same rate? Will I be charged an early withdrawal penalty?
7. **Loans/mortgages:** What about my loan or mortgage with Colonial Bank?
8. **Loans in Process:** What happens if I had a loan in process that had not closed or a line of credit not fully funded?
9. **Media:** I represent a TV/Newspaper/Radio and would like some information.
10. **Outstanding Checks:** What about checks that I have written on my account with Colonial Bank?
11. **Safe Deposit Boxes:** How can I claim the contents of my safe deposit box?
12. **Shareholders:** What about my shares of stock?
13. **Transaction Types:** Why do all deposits, insured or not, pass in some transactions but not in

others?

14. Unpaid Bills: I did some work for the bank and have not been paid. What should I do?

1. Account(s): What about my account with Colonial Bank?

If you had an account with Colonial Bank, you now have an account with BB&T. All deposit accounts, which include checking, savings, money market, CDs and retirement accounts, have been transferred to BB&T, regardless of the dollar amount. No one lost any money on deposit in Colonial Bank.

Customers of both banks should continue to use their existing branches until BB&T can fully integrate the deposit records of Colonial Bank.

To forewarn you of any scams, please be advised that you will not receive any e-mail notification from the FDIC, the Receiver, or BB&T to claim/unlock/unsuspend your account or to provide any private information. Please be watchful for and resist any such scams to obtain information from you by individuals or entities purporting to act on behalf of Colonial Bank.

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2. ATM/debit card and/or Billpay: What about my ATM/debit card and/or bill paying with Colonial Bank?

Your ATM/debit card will continue to work, and bill paying will work as it has in the past.

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3. Brokered Deposits: I am a deposit broker or have brokered deposits. What do I do?

As an **All-Deposit Transfer** transaction, the total of all deposit accounts, including brokered deposits, have been assumed by BB&T.

Be advised, however, that from and after the date of closing, BB&T will accrue and pay interest on deposit liabilities at a rate it shall determine; accordingly, BB&T shall permit depositors, including brokered depositors, impacted by reduced rates to withdraw their deposits without penalty for early withdrawal.

If you are a customer who has a Colonial Bank deposit through a broker, you **must** contact your broker with any questions.

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4. Direct Deposits - Government Deposits: What will happen to my direct deposits?

Direct Deposits, including Social Security checks, will continue as normal.

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5. Existing Deposits at BB&T: I already have other deposit accounts with the new bank. When combined with balances at this bank, my deposits exceed \$250,000. Are all funds insured?

The accounts transferred to BB&T will be separately insured for **at least** six months after the merger. This grace period gives a depositor the opportunity to restructure the accounts, if necessary.

CDs from the failed bank are separately insured until the earliest maturity date after the end of the six-month grace period.

CDs that mature during the six-month period and are renewed for the same term and in the same dollar amount (either with or without accrued interest) continue to be separately insured until the first maturity date after the six-month period.

If a CD matures during the six-month grace period and is renewed on any other basis, it would be separately insured only until the end of the six-month grace period.

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6. Interest Rates, Early Withdrawal Penalty: Will I continue to earn interest at the same rate? Will I be charged an early withdrawal penalty?

All interest on insured deposits accrued through Friday, August 14, 2009, will be paid at your same rate. BB&T will review rates and notify you if interest rates will change.

You may withdraw funds from any transferred account without an early withdrawal penalty until you enter into a new deposit agreement with your new bank. Entering into a new deposit agreement can be done by either renewing your CD or making a deposit to or a withdrawal from your account.

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7. Loans/mortgages: What about my loan or mortgage with Colonial Bank?

Your payment amount and due date remain the same. If you pay by check, you should continue to make your checks payable to Colonial Bank and send your payments to the same address. If your payment is deducted from your account, that payment procedure will continue as it has in the past. You may contact your loan officer to determine whether your loan is now held by BB&T or by FDIC as Receiver for Colonial Bank.

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8. Loans in Process: What happens if I had a loan in process that had not closed or a line of credit not fully funded?

You should contact your loan officer. All prior contacts remain the same.

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9. Media: I represent a TV/Newspaper/Radio and would like some information.

Please contact the Office of Public Affairs:

Andrew Gray
1-202-494-1049.
angray@fdic.gov

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10. Outstanding Checks: What about checks that I have written on my account with Colonial Bank?

Your checks will clear up to the available balance in your account. You can continue to use your existing checks.

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11. Safe Deposit Boxes: How can I claim the contents of my safe deposit box?

It is business as usual. You can go to your local branch and access your safe deposit box; however, no action on your part is required because of this transaction.

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12. Shareholders: What about my shares of stock?

All shares of Colonial Bank were owned by its holding company, The Colonial BancGroup, Inc., Montgomery, AL. The holding company was not included in the closing of the bank or the resulting receivership. If you are a shareholder of The Colonial BancGroup, Inc., **please do not contact or file a claim with the Receiver.** You may contact The Colonial BancGroup, Inc., directly for information as follows:

The Colonial BancGroup, Inc.
P.O. Box 1108
Montgomery, AL
1-334-676-5151 (pre-recorded
message)

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13. Transaction Types: Why do all deposits, insured or not, pass in some transactions but not in others?

The FDIC is required by law to employ the least-cost resolution measure for each failed financial institution. The most frequent result is for the FDIC to transfer only the insured deposits in a merger transaction. The FDIC has been able to transfer all deposits in about 25% of the failures over the past 15 years.

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14. Unpaid Bills: I did some work for the bank and have not been paid. What should I do?

All claims against Colonial Bank, together with proof of the claims, must be submitted in writing to the Receiver at the following address:

FDIC as Receiver for Colonial Bank
1601 Bryan Street
Dallas, TX 75201
Attention: Claims Agent

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Last Updated 08/27/2009

cservicefdicdal@fdic.gov

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EXHIBIT J

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FDIC Consumer News - Spring 1997

Important Update: Changes in FDIC Deposit Insurance Coverage

The FDIC deposit insurance rules have undergone a series of changes starting in the Fall of 2008. As a result, certain previously published information related to FDIC insurance coverage may not reflect the current rules. For details about the recent changes, visit [Changes in FDIC Deposit Insurance Coverage](#). For more information about FDIC insurance, go to www.fdic.gov/deposit/deposits/index.html or call toll-free 1-877-ASK-FDIC (1-877-275-3342). For the hearing-impaired, the number is 1-800-925-4618.

The Key to Your Safe Deposit Box

If you think there isn't much to using a safe deposit box beyond putting keys in locks, you're in for a surprise. The safe deposit service may be tucked down in the basement or far corner of your bank, but in its own quiet way it is among the bank's most important offerings-- and among the most misunderstood.

While millions of Americans rent a safe deposit box, few pay attention to questions such as who could or should have access to a safe deposit box (especially in an emergency) and how the contents of the box are protected. About the only time people ever consider these issues is when there's a problem, and then it may be too late to prevent a loss.

To help you decide whether to use a safe deposit box, and how to use one wisely, FDIC Consumer News has put together the following questions and answers. Several of these questions came from our readers, in response to an appeal from us. We thank everyone who wrote in with questions or suggestions. (To keep things simple, our references to "banks" are intended to apply broadly to banks, savings institutions and credit unions.)

In or Out?

Why should I rent a safe deposit box?

It's a convenient place to store important items that would be difficult or impossible to replace. The box also offers privacy (only you know what's inside) and security. Although many people like to keep valuables close by in a closet, safe or file cabinet at home or in the office, these places probably are not as resistant to fire, water or theft. Also, some insurance companies charge lower insurance premiums on valuables kept in a bank's box instead of at home.

What items should go into a safe deposit box?

Any personal items that would cause you to say, "If I lose this, I'm in deep trouble." Important papers to consider putting into your box: originals of your insurance policies; family records such as birth, marriage and death certificates; original deeds, titles, mortgages, leases and other contracts; stocks, bonds and certificates of deposit (CDs). Other valuables worthy of a spot in your safe deposit box include special jewels, medals, rare stamps and other collectibles, negatives for irreplaceable photos, and videos or pictures of your home's contents for insurance purposes (in case of theft or damage).

OK, what should NOT go in a box?

Anything you might need in an emergency, in case your bank is closed for the night, the weekend or a holiday. Possible examples: originals of a "power of attorney" (your written authorization for another person to transact business on your behalf), passports (in case of an emergency trip), medical-care directives if you become ill and incapacitated, and funeral or burial instructions you make. Consider giving the originals to your attorney, and making copies to go in your safe deposit box or to give a close friend or relative.

If I have a will, shouldn't it go in my safe deposit box?

Whether your will should be at the bank or elsewhere, such as with your attorney, depends on what your state law says about who has access to your safe deposit box when you die. Ideally, the person you name to oversee your financial matters after you die (your "executor" or "personal representative") should have early access to your original will (copies aren't valid). David P. McGuinn, president of Houston-based Safe Deposit Specialists, a consultant to banks and consumer groups, says the recent trend in most states is to make it relatively easy for co-renters, family members or the executor to remove the will and certain other documents (such as life insurance policies and burial instructions) from a deceased person's safe deposit box. In those states, it's a good idea to leave your will in the safe deposit box. "But in some states," McGuinn notes, "it may require a court order or another official action to remove the will, which can take time and money. That's why you should check with a bank official to find out what is required under state law and your bank's own policies in the event of your death."

Access by Others***Can I arrange for someone to access my box in an emergency?***

Yes. You can jointly rent your box with a spouse, child or other person who would have unrestricted access to the box. (Warning: In some states your co-renter may face delays in accessing the box if you die. Also, merely giving someone else a key won't be enough to grant access. He or she also must sign the bank's rental contract as a joint-renter.) An alternative is to appoint a "deputy" or "agent" (NOT a power of attorney) who will have access to your box. A deputy/agent and a general power of attorney are similar in that you may grant or revoke the authority at any time, and the appointment ends if you become incompetent or die. The main difference is that a deputy or agent is appointed in the presence of the box renters and a bank employee, which gives the bank greater assurance about the validity of the authorization. "Many people are surprised to find that a power of attorney does not allow access to a box," says Donald Sansone, a Chicago banker who specializes in safe deposit issues. "The bank has no way of knowing if the power of attorney is still in effect or if the renter was competent when the power of attorney was signed."

Can law enforcement authorities access my safe deposit box without my knowledge or permission?

Mark Mellon, an attorney with the FDIC in Washington, says that if a local, state or federal law enforcement agency persuades the appropriate court that there's "reasonable cause" to suspect you're hiding something illegal in your box (guns, drugs, explosives, stolen cash or money obtained illegally), "it can obtain a court order, force the box open and seize the contents." But what about non-criminal matters, such as a dispute with the Internal Revenue Service, a company or other people over money they say you owe? McGuinn of Safe Deposit Specialists says the IRS can "freeze" your assets (effectively placing a hold on your bank accounts and safe deposit box) until the dispute is resolved. Private parties also can freeze your assets but doing so involves going before a judge and proving that there's a legitimate dispute over a debt.

Can a box be declared "abandoned" and the contents turned over to the government?

Yes, but only if you don't pay your rental fee for a number of years (as determined by state law) and after attempts to notify and locate you prove unsuccessful. In that case, your box will be reported as abandoned and the contents will be turned over to the state's unclaimed property office. Often this happens because the renter dies and the heirs have no knowledge of the box or its contents. The good news is that even if the state has sold your unclaimed property, you or your heirs still have the right to claim its value. To contact a state's unclaimed property office (sometimes part of the treasurer's office), check the state government section in your phone book. On the Internet, go to the home page of the National Association of Unclaimed Property Administrators.

What happens to my box if my bank fails?

When an insured bank or thrift closes, the FDIC usually arranges for another institution to take it over,

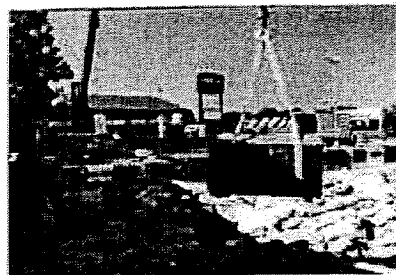
including branches where you might have a safe deposit box. In those situations, you should be able to conduct business as usual. If the FDIC cannot find a buyer for your bank, it arranges for you to remove the contents of your box so you can obtain a box at another institution, if you wish. This is done within a few days after the bank fails.

How Safe?

Are safe deposit boxes protected from fire, flood or other disasters?

The companies that manufacture safe deposit boxes and the vaults that house the boxes make them highly "resistant" to fire, flood, heat, earthquakes, hurricanes, explosions or other disastrous conditions. However, the key word here is "resistant." There's no 100 percent guarantee against damage, and substantial losses sometimes occur.

Fearing floods, a Missouri bank used a crane to move 2,000 safe deposit boxes to a safe location in 1993. (Those are sandbags, not money bags.)



Are there extra precautions I can take to minimize damage?

Yes. McGuinn offers this advice: Prevent water damage by sealing items in airtight, zip-lock bags or Tupperware-style containers. Also, put your name on each item, keep a list of the box's contents, make copies of important documents and even take photos of your most prized items left in the box. That way, McGuinn says, if a disaster occurs your chances of successfully identifying, claiming or recovering an item would be increased.

Doesn't FDIC insurance cover the contents of safe deposit boxes if they're damaged or stolen?

No. By law, the FDIC only insures deposits in deposit accounts at insured institutions. Although you may be putting valuables, including cash and checks, into an area of the bank that has the word deposit in its name, these are not deposits under the insurance laws that the bank can use, for example, to make loans to other customers. A safe deposit box is strictly a storage space provided by the bank.

Does anyone insure my safe deposit box against damage or theft?

Unless your bank is found to be negligent in the way it handled or protected your safe deposit box, do not expect the bank or its private insurance to reimburse you for any damage or loss. If you're concerned about the safety or replacement of the items in your box, first check whether your own homeowner's or tenant's insurance policy covers your safe deposit box against damage or theft. Many do cover box contents up to a certain dollar amount, even including items lost or damaged when they're out of the box. If your home-related insurance isn't sufficient, talk to your insurance agent about additional protection or find out if your bank is among those selling limited insurance coverage on safe deposit boxes. But before buying any extra coverage, carefully review the policy and do some comparison-shopping.

Can thieves rob a safe deposit box?

Yes, it happens, but fortunately not often. Safe deposit boxes are stored in concrete or steel vaults equipped with sophisticated alarms, locks, video cameras, motion sensors, heat detectors and other security devices. Most U.S. banks also have very strict access procedures, among them: verifying signatures, restricting access to the vault, never leaving anyone unattended inside the vault, and requiring two different keys (one being the bank's "guard key") to open a box. You can do your part to

prevent a rip-off by following our recommendations to consumers below.

Final Thoughts

It's smart to want to protect irreplaceable documents and valuable possessions, for yourself and your heirs. We hope this report has given you answers and ideas to make you even smarter- and safer- when it comes to making decisions about a safe deposit box.

Making Your Safe Deposit Box Even Safer

These simple measures should prevent thefts from your safe deposit box

- **Before renting a box:** Read the security and operating procedures in your rental contract. Talk to the vault attendant about access procedures and security devices until you are comfortable with the level of protection. "Observe such things as whether customers, locksmiths or other people are left alone inside the vault, which may give them an opportunity to tamper with the locks," says Kate Spears of the FDIC's Division of Compliance and Consumer Affairs in Washington. "Nowadays, devices such as electronic lock-picks or other special tools can be used in a flash and leave no sign of tampering— except that the contents of the box are missing." Also, make sure the bank's safe deposit area has a "viewing" room or booth outside of the vault that you can use to inspect your box's contents in privacy and safety.
- **At home:** Keep your two safe deposit box keys apart from each other and in safe places (not with your house keys or car keys). Don't keep your keys on a key ring or in an envelope that would indicate the bank's name or the location of your box. Give your extra key only to someone you trust. "If even one of your keys is lost," says Chicago banker Donald Sansone, "notify the bank immediately so their personnel are on alert against someone trying to perpetrate a fraud." If both keys are lost, you should get a new box (and be prepared to pay to have your old box drilled open). Keep written and photographic records of your box's contents at home, in case any items are lost and you need to file a claim. Also check your home insurance policy to see if it covers the items in your box against loss or damage.
- **Inside the vault:** Accompany the bank employee into the vault, and be sure no other customers are there with you. After you arrive at the vault, it's OK to give the attendant your key for the few seconds it takes to open or close the box door, but never lose sight of the key and never leave it in the box door. An unscrupulous attendant or dishonest customer only needs a few seconds to make a wax impression of your key, which can be used to make a duplicate. Also, never let a bank employee take the box out of your sight. When you return your box to the vault, be sure the box door is properly locked and that you have your key before you leave. "Don't allow a bank employee to keep your key and handle transactions for you if you're not there— something elderly customers have done and regretted," adds Carol Mesheske, chief of a section in the FDIC's Division of Supervision that monitors fraudulent activities at banks.
- **Outside the vault:** Only open the safe deposit box when you're inside the viewing booth and away from bank employees and customers. "Before leaving the privacy booth, make sure all valuables are safely back inside the box," recommends Gene Seitz, also of the FDIC's anti-fraud group. "And make sure there's nothing left behind that may indicate the contents of your box, such as a currency strap, a specially-marked envelope or an empty jewelry box."
- **If there's a problem:** Tell a bank manager if the vault attendant seems a bit lax in following security procedures or if you spot something suspicious going on. Immediately report to the manager any items you believe are missing from your box or if there are signs of unauthorized or forced entry. If you're pretty sure you've been victimized, it's also a good idea to contact the National Fraud Information Center (phone: 800-876-7060), which reports suspected crimes to law enforcement agencies. If your bank doesn't resolve the matter to your satisfaction, you may contact its federal regulator.

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