



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC RELEASES GENERAL COUNSEL OPINION ON INTEREST CHARGES BY BRANCHES OF INTERSTATE STATE BANKS**

### **FOR IMMEDIATE RELEASE**

The FDIC General Counsel has issued an opinion that addresses the state law that should be applied to interest charges on customer loans when a state bank operates through interstate branches (known as an "interstate state bank").

The opinion, authorized for publication by the FDIC Board of Directors, covers:

- Where interstate state banks are "located" for purposes of federal law;
- Which state's interest provisions should govern the interest charged on a loan—those of the host state (the state in which a bank's out-of-state branch is located) or the home state (where the bank is chartered); and
- The need for an appropriate disclosure to the customer that the loan is governed by applicable federal law, and the law of the state that will govern the loan.

The FDIC's General Counsel Opinion No. 11 will be published soon in the Federal Register. A copy may be accessed through the FDIC's Internet home page ([www.fdic.gov](http://www.fdic.gov)) and is also available from the FDIC's Public Information Center (800-276-6003 or (703) 562-2200).

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Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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