



Loans to Executive Officers

FIL-5-95
January 5, 1995

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Exception to Executive Officer Loan Limits For Purposes Other Than an Education or a Home*

Section 337.3 of the FDIC's rules and regulations places a limit of \$100,000 on loans that a state nonmember bank can make to its executive officers for purposes other than an education or a home, such as commercial loans, farm loans and other types of consumer loans. On December 20, 1994, the FDIC Board of Directors agreed to provide an additional exception for "other purpose" loans that are fully secured by the following collateral: (1) securities, takeout commitments, or guarantees of the United States or any corporation wholly owned by the United States; or (2) a segregated deposit in the lending bank. The amendment parallels recent changes by the Federal Reserve Board regarding loans to executive officers of member banks. The FDIC's final rule became effective when it was published in the *Federal Register* on December 28, 1994.

As part of the rulemaking process, the FDIC received several recommendations for additional exceptions to the restrictions on loans to executive officers. These recommendations will be considered as part of the interagency effort to eliminate unnecessary regulatory burden.

A copy of the final rule is attached. For more information, contact Michael D. Jenkins, an Examination Specialist in the FDIC's Division of Supervision (202-898-6896), or Mark Mellon, a Senior Attorney in the FDIC's legal Division (202-898-3854).

Stanley J. Poling
Director

Attachment: [Federal Register](#)

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