



BANKING ISSUANCES

Comptroller of the Currency
Administrator of National Banks

Type: Banking Bulletin

Subject: Interagency Policy on Small Business
Loan Documentation (Supplement)

TO: Chief Executive Officers of All National Banks, Federal Branches and Agencies, Deputy Comptrollers (Districts), District Administrators, District Counsels, Regional Bank Directors, Department and Division Heads and All Examining Personnel

Purpose: This issuance supplements Banking Bulletin 93-18, Interagency Policy on Small Business Loan Documentation, dated April 2, 1993. Subject to the expansion discussed below, that issuance remains in effect.

Background: The Interagency Policy Statement on Documentation of Loans, dated March 30, 1993, allowed well- or adequately capitalized institutions that are composite rated 1 or 2 to identify a portion of their portfolios of loans to small- and medium-sized businesses and farms, subject to certain limitations, to be evaluated solely on performance. Those loans would be exempt from examiner criticism of documentation.

Revision to the Policy: Effective immediately, banks that are well- or adequately capitalized and CAMEL rated 3, and Federal Branches and Agencies that are AIM rated 3, will be approved as eligible for the program on a case-by-case basis. Banks interested in the program must make a written request to their supervisory office. Requests will be approved or disapproved based on the supervisory office's review of several factors, including, but not limited to: the quality of board and management supervision, asset quality, capital adequacy, earnings quality and capacity, and compliance with laws and regulations. The supervisory office will notify the bank in writing of its determination within 30 days of receipt of a request.

ORIGINATING OFFICE: For guidance on applying this policy, contact the Office of the Chief National Bank Examiner in Washington, D.C. (202) 874-5170.

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