

GUIDANCE DOCUMENT

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STATEMENT OF POLICY #1

POWERS OF A STATE BANK

The Nebraska Department of Banking and Finance ("Department") sets forth Statement of Policy #1 regarding the inherent powers of a state bank. A bank chartered by the Department and incorporated under the Nebraska Business Corporation Act is defined by Neb. Rev. Stat. § 8-101(5) of the Nebraska Banking Act to mean ". . . any such banking institution which is, in addition to the exercise of other powers, following the practice of repaying deposits upon check, draft, or order and of making loans." The Department interprets Section 8-101(5) to give state banks, in addition to the normal banking powers of making and servicing loans and receiving deposits, the power to offer all financial services and products of a full service financial intermediary and all incidental powers thereof.

The environment in which financial intermediaries operate is often in a state of flux, and accordingly, the products and services offered by financial intermediaries change with the environment in which they operate. The "other powers" section of the Nebraska Banking Act envisions such a changing environment and gives Nebraska state banks the powers to offer all financial services and products in the environment in which they operate, unless prohibited by state or federal law.

In offering such services and products, a state bank must obtain the necessary licenses, if any, and cannot condition a loan from the bank on the purchase of any such service or product by its customer. If a bank employee conditions such a loan upon the purchase of a service or product, such employee may be subject to criminal prosecution and removal from employment with the bank. If a bank employee offers such services or products personally, instead of for the bank, then the employee may not use the bank's name and his/her offices must be in quarters separate from the bank.

The following is a list of services and products which a state-chartered bank may offer to its customers either through the bank or a subsidiary. This list is not designed to be all-inclusive. If a bank intends to offer additional product and services and a national bank is required to notify or get prior approval from the Office of the Comptroller of the Currency, such notices/requests must be obtained from the Department. Bank or bank employees may need to obtain licensure to conduct some of the listed activities.

1. Act as agent for any fire, life, health, casualty, or other insurance company in any community.
2. Originate loans or business by employees or agents of a state-chartered bank at locations other than the main office or a branch of the bank.

3. Act as a “finder” and bring together a buyer and seller. The bank’s activity is limited to the introduction of buyer and seller, and it may take no further part in negotiations. For this service, the bank may accept a fee.
4. Assist the bank’s customers in preparing tax returns, either gratuitously or for a reasonable fee.
5. Disburse to employees of its customers payroll funds deposited with it by such customers. Disbursement may be made by direct payment to any employees or crediting accounts standing in the employee’s name at the disbursing bank.
6. Act as an investment or financial adviser to the extent of i) serving as the advisory company for a mortgage or real estate investment trust; ii) serving as an investment adviser, as defined in Section 2(a)(20) of the Investment Company Act of 1940, to an investment company registered under that act; iii) providing portfolio investment advice to any other person; iv) furnishing general economic information and advice, consumer oriented financial management courses and instructional material, general economic statistical forecasting services and industry studies; and v) providing financial advice to state and local governments, such as with respect to the issuance of securities.
7. Lease property to its customers pursuant to the rules and regulations of the Department.
8. Provide data processing to the extent of: i) providing data processing and data transmission services, data base or facilities (including data processing and data transmission hardware, software, documentation and operating personnel) for the internal operations of the bank or its affiliates; and ii) providing to others data processing and transmission services, facilities, data bases or access to such services, facilities, or data bases by any technologically feasible means, where: a) data to be processed or furnished are financial, banking or economic, and their services are provided pursuant to written agreements so describing and limiting the services; b) the facilities are designed, marketed, and operated for the processing and transmission of financial, banking, or economic data; and c) hardware in connection therewith is offered only in conjunction with software design and marketed for the processing and transmission of financial, banking, or economic data.
9. Provide courier services for i) the internal operation of the bank and its affiliates; ii) checks, commercial papers, documents and written instruments (excluding currency or bearer type negotiable instruments) as are exchanged among banks and bank institutions; and iii) audit and accounting media of a banking or financial nature and other business records and documents used in processing such media.
10. Provide management consulting advice to non-affiliated bank and non-bank deposit institutions, including commercial banks, savings and loans, savings

banks, credit unions, and industrial loan and investment companies; provided that i) neither the bank nor its affiliates own or control directly or indirectly any equity securities of the client institution; ii) no management official of the bank or its affiliates serves as a management official of the client institution except where such interlocking relationships are permitted as an exception under 12 CFR 212.4(b); iii) the advice is rendered on an explicit fee basis without regard to correspondent balances maintained by the client institution at any depository institution affiliated with the bank itself; and iv) disclosures are made to each potential client institution of (a) the names of all depository institutions which are affiliates of the consulting bank; and (b) the names of all existing client institutions located in the same county as a client institution.

11. Perform real estate advisory services, appraisal of real estate, real estate sales, and real estate management.
12. Operate a full service travel agency.
13. Operate a securities brokerage, through a broker dealer licensed with the appropriate state and federal regulatory authorities, if the securities activities are limited to the buying and selling of securities solely as agent for the account of customers and do not include the underwriting of securities, except obligations issued by the United States government or general obligations of the state or political subdivision thereof.
14. Act as a loan broker for which the bank may accept a fee from the lender or borrower upon consummation of a loan.
15. Establish a depository drop box or boxes.

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