# STATE OF COLORADO

**Department of Regulatory Agencies**
M. Michael Cooke
Executive Director

**DIVISION OF BANKING**
Richard Fulkerson
State Bank Commissioner

Bill Owens
Governor


## OPERATING MEMO

TO: Division of Banking Staff

FROM: Barbara M. A. Walker, State Bank Commissioner

DATE: August 19, 1991

RE: Contractual Acceptance of Deposits

The board of directors of an institution should fully review all relevant issues involved in a deposit contract pursuant to C.R.S. 11-25-105. Issues for a board to consider include, but are not limited to:

1. Affiliate transactions (Sections 23A & B of the Federal Reserve Act)
2. Audit controls and procedures
3. Customer confidentiality and identification
4. Customer relations activities and advertising
5. Financial considerations such as the cost versus benefit to as well as the financial strength of the contracting institutions
6. Insurance coverage, including FDIC, blanket bond, and directors and officers liability
7. Office hours
8. Operational issues such as EDP and document security
9. Payment systems, clearing systems, allocation of loss such as improper return of items, paying over stop payment orders, default on loan payments, processing liabilities
10. Physical document transmittal
11. Responsibilities, rights, powers, and privileges of each party


1560 Broadway, Suite 1175, Denver, CO 80202
(303) 894-7575 PDPA (303) 894-7588 FAX (303) 894-7570

12. Risk assessment of potential liability

13. Staffing requirements

14. Type of services offered, subject to limitations of statute.

As a part of the examination process, Division staff will evaluate the directors' review of the above issues relating to a deposit contract.

Distributed to:

Commercial Banks Yes _X_ No__ Industrial Banks Yes _X_ No__
Trust Companies Yes __ No_X_ FDIC Yes _X_ No__ FRB Yes _X_ No_