

I. INTRODUCTION

Section 303.250 of the FDIC Rules and Regulations sets forth the procedures to be followed by an insured depository institution (IDI) to seek the prior consent of the FDIC to modify conditions or requirements associated with a prior approval or non-objection of a filing issued by the FDIC.

An application to modify conditions must be approved at the same level of delegated authority as the original approval. In addition, the Legal Division must be consulted to the same extent as was required for approval of the original filing.

Case Managers must consult with the Washington Office (WO) Risk Management and Applications Section (RMAS) on any application related to a state savings association to ensure that the appropriate procedures and timelines are followed. Refer to *Applications Overview*, Section 1.1 of these Procedures, for general information regarding applications or notices involving state savings associations.

II. FORM OF APPLICATION

Applicants should submit a letter application to the appropriate Regional Director in accordance with Section 303.250 of the FDIC Rules and Regulations. The application should contain the following information:

1. A description of the original approved application;
2. A description of the modification(s) requested; and,
3. The reason for the request.

The FDIC may request additional information at any time during processing of the filing.

III. ACCEPTING AND PROCESSING THE APPLICATION

Case Managers should review and process modification applications following the steps below and should refer to *Applications Overview*, Section 1.1 of these Procedures, for general information regarding receipt and acceptance of applications.¹

1. Establish the modification record in the appropriate internal database using the original application tracking information. The application should be entered into the system of record within three business days of receipt. In all cases, dates and comments in the record should be updated regularly to reflect the current status of the application.
2. If the original filing was acted on at the WO level, contact appropriate WO staff (RMAS, Large Bank Supervision Branch (LBS), Complex Institution Supervision and Resolution (CISR) regarding processing.
3. Requests to modify conditions should be analyzed in relation to the applicable statutory factors of the original underlying filing, and in relation to the reasons for imposing the original conditions. Any additional risks to the IDI's safety and soundness or overall risk profile should be considered. Depending on the circumstances, it may be appropriate to

¹ Case Managers should follow the general guidance and expectations for all applications regarding recordkeeping responsibilities, DCP notifications, WO action or input, delegations, etc., in *Applications Overview*, Section 1.1 of these Procedures.

consider the imposition of new or alternative conditions.

4. Complete the appropriate Summary of Investigation (SOI) form. SOI comments should describe the original approval/non-objection, the modification request, and the Regional Office (RO) recommendation. Retrieve the Application Summary Statement from the system of record and attach it to the SOI.
5. If approval is being recommended, prepare an approval letter that includes all applicable standard conditions and any recommended non-standard conditions. The Case Manager should obtain the applicant's written commitment to adhere to the non-standard conditions prior to submitting the approval documents for signature. Refer to *Standard and Non-standard Conditions*, Section 1.11 of these Procedures, for further instruction.
6. For an application that presents deficiencies that may result in a denial action, the RO should advise the applicant of the deficiencies to ensure that all necessary facts are obtained prior to making a final determination. If denial of the application appears warranted, the Case Manager should prepare a disapproval letter. Refer to *Denials and Disapprovals*, Section 1.3 of these Procedures, for further instruction.
7. For applications that cannot be acted on under delegated authority, forward a copy of the SOI, the draft approval or denial letter, and, if applicable, the applicant's written consent to any non-standard conditions to the WO for final action. Refer to *Applications Overview*, Section 1.1 of these Procedures, for additional instructions regarding applications that require WO action or input.
8. Update the appropriate internal database to reflect the date forwarded to the WO, if applicable, the action, the date of the action, the expiration date, hours spent processing the application, and any other required information.

IV. AREAS OF CONSIDERATION

In addition to considering the impact on any areas addressed by statutory factors in the original underlying filing, the Case Manager should consider the following:

1. The reasons for imposing the original conditions that are the subject of the pending request.
2. Any material changes that have occurred since the approval of the underlying filing that could negatively impact the original determinations regarding any statutory or regulatory factor. Such changes could include the organizational structure (e.g., parent company or key affiliates), the institution's operations, variances from the business plan or commitments submitted with the original filing, or changes to applicable regulatory guidance.
3. Any additional risks identified and any supervisory developments since the underlying approval, including with respect to the institution's overall safety and soundness, as well as any specialty examination programs, including the Community Reinvestment Act and consumer compliance.
4. Any financial arrangements that were made in connection with the original proposal or that are contemplated in conjunction with the modification request, and involve the applicant's

directors, officers, or major shareholders or their interests. Such transactions should be fair and reasonable in comparison to similar arrangements that could have been made with independent third parties.

Developments that negatively impact the original resolution of any statutory or regulatory factor, or that impacts consideration of the condition that is the subject of the pending request, may serve as the basis for denying the request.

V. TIME FRAME FOR PROCESSING

Statutory: None.

RO Processing Guideline: 30 days from receipt of a substantially complete application.

VI. PUBLICATION REQUIREMENT

None.

VII. DELEGATED AUTHORITY

Delegations of authority regarding applications, notices and other filings are discussed in *Applications Overview*, Section 1.1 of these Procedures.

VIII. REFERENCES

Section 303.250 of the FDIC Rules and Regulations