

that affect the morale and welfare of DoD personnel.

(d) DoD Component responsibilities pertaining to this part are set forth in Volume 5 of the DoD Financial Management Regulation (DoD 7000.14-R).

PART 231a—[Removed]

By the authority of 10 U.S.C. 301, 32 CFR part 231a is proposed to be removed.

Dated: August 5, 1999.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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DEPARTMENT OF DEFENSE

Office of the Secretary

32 CFR Part 231

RIN 0790-AG74

Procedures Governing Banks, Credit Unions and Other Financial Institutions on DoD Installations

AGENCY: Department of Defense.

ACTION: Proposed rule.

SUMMARY: This proposed rule reflects the transition of operational responsibilities for banks and credit unions from the Office of the Under Secretary of Defense (Comptroller) to the Defense Finance and Accounting Service; to address changes in financial-related technology and the vehicles through which financial services are delivered (i.e., in-store banking, electronic banking (ATMs)); and incorporates the procedural guidance contained in other DoD documents.

DATES: Comments must be received by October 12, 1999.

ADDRESSES: Forward comments to: OUSD(C), 1745 Jefferson Davis Highway, Suite 201, Arlington, VA 22202.

FOR FURTHER INFORMATION CONTACT: T. Summers, 703-602-0299.

SUPPLEMENTARY INFORMATION:

Executive Order 12866, Regulatory Planning and Review

It has been determined that 32 CFR part 231 is not a significant regulatory action. The rule does not:

(1) Have an annual effect to the economy of \$100 million or more or adversely affect in a material way the economy; a section of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or tribal governments or communities;

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another Agency;

(3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

Public Law 96-354, Regulatory Flexibility Act (5 U.S.C. 601)

It has been certified that this rule is not subject to the Regulatory Flexibility Act (5 U.S.C. 601) because it would not, if promulgated, have a significant economic impact on a substantial number of small entities. This rule is being promulgated to provide administrative guidelines for the operation of banks and credit unions on domestic and overseas installations of the Department of Defense and address areas such as the solicitation for such services, the types of services and the logistics support provided.

Public Law 96-511, Paperwork Reduction Act (44 U.S.C. Chapter 35)

It has been certified that this part does not impose any reporting or recordkeeping requirements under the Paperwork Reduction Act of 1995.

List of Subjects in 32 CFR Part 231

Armed forces, Banks, banking, Credit unions, Federal buildings and facilities.

Accordingly, 32 CFR part 231 is proposed to be revised to read as follows:

PART 231—PROCEDURES GOVERNING BANKS, CREDIT UNIONS AND OTHER FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS

Subpart A—Guidelines

- 231.1 Overview.
- 231.2 Policy.
- 231.3 Responsibilities.
- 231.4 General policy provisions.
- 231.5 Procedures-domestic banks.
- 231.6 Procedures-overseas banks.
- 231.7 Procedures-domestic credit unions.
- 231.8 Procedures-overseas credit unions.
- 231.9 Definitions.

Subpart B—DoD Directive 1000.11

- 231.10 Financial institutions on DoD installations.

Subpart C—Guidelines for Application of the Privacy Act to Financial Institution Operations

- 231.11 Guidelines
 - Appendix A to Part 231—Sample Operating Agreement
 - Appendix B to Part 231—In-Store Banking

Appendix C to Part 231—Sample Certificate of Compliance for Credit Unions

Appendix D to Part 231—Foreign Geographic Field of Membership (Franchise) Assignment Listing

Authority: 10 U.S.C. 136.

Subpart A—Guidelines

§ 231.1 Overview.

(a) *Purpose.* This part implements DoD Directive 1000.1,¹ "Financial Institutions on DoD Installations," and prescribes guidance and procedures governing the establishment, support, operation, and termination of banks and credit unions operating on DoD installations worldwide, to include military banking facilities (MBFs). In addition, this part provides guidance intended to ensure that arrangements for the provision of services by financial institutions are consistent among DoD Components, and that financial institutions operating on DoD installations provide, and are provided support consistent with the guidance and procedures stated in this part.

(b) *Applicability.* This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff (JCS), the Combatant Commands, the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, the DoD Field Activities, and all nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities.

§ 231.2 Policy.

The policy pertaining to financial institutions operating on DoD installations is contained in DoD Directive 1000.11, "Financial Institutions on DoD Installations" (32 CFR part 230) and in § 231.4.

§ 231.3 Responsibilities.

(a) The Under Secretary of Defense (Comptroller) (USD(C)) shall develop and monitor policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to DoD Directive 1000.11.

(b) The Under Secretary of Defense (Acquisition and Technology) (USD(A&T)) shall develop and monitor policies and procedures governing logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

¹ Copies may be obtained at <http://web7.whs.osd.mil/corres.htm>.

(c) The Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) shall advise the USD(C) on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

(d) The Director, Defense Finance and Accounting Service (DFAS) shall:

(1) Develop procedures governing banks and credit unions on DoD installations for promulgation in this part.

(2) For domestic DoD installations, coordinate with the Secretaries of the Military Departments (or designees) on requests from subordinate installation commanders to establish or terminate banking offices or on-base credit unions. For overseas DoD installations, coordinate with the Secretary of the Military Department concerned (or designee) on requests from subordinate installation commanders to establish or discontinue the provision of financial services from the on-base financial institution under contract with the Department of Defense or to establish or terminate banking offices or credit unions located on DoD installations.

(3) In coordination with affected DoD Components, authorize the specific types of banking services that will be provided by overseas military banking facilities (MBFs) and specify the charges or fees, or the basis for these, to be levied on users of these services.

(4) Coordinate with the Fiscal Assistant Secretary of the Treasury on the designation of domestic and overseas MBFs as depositories and financial agents of the U.S. Government.

(5) Designate a technical representative to provide policy direction for the procuring and administrative contracting officer(s) responsible under the Federal Acquisition Regulation (FAR) for acquiring banking services required at overseas DoD installations.

(6) Serve as principal liaison with banking institutions having offices on overseas DoD installations. In this capacity, monitor MBF managerial and operational policies, procedures, and operating results and take action as appropriate.

(7) As necessary, assist in the formation of government-to-government agreements for the provision of banking services on overseas DoD installations, in accordance with DoD Directive 5530.3.²

(8) Provide procedural guidance to DoD Components, as required.

(9) Maintain liaison with financial institution trade associations, leagues, and councils in order to interpret DoD

policies toward respective memberships and aid in resolving mutual concerns affecting the provision of financial services.

(10) Coordinate with the USD(P&R), through the USD(C), on all aspects of morale and welfare and with the USD(A&T), through the USD(C), on all aspects of logistic support for on-base financial institutions.

(11) Monitor industry trends, conduct studies and surveys, and facilitate appropriate dialogues on banking and credit union arrangements and cost-benefit relationships, coordinate as necessary with DoD Components, financial institutions, and trade associations as appropriate.

(12) Maintain liaison, as appropriate, with financial institution regulatory agencies at federal and state levels.

(13) Ensure that recommendations of the Combatant Commands are considered before processing requests for overseas banking and credit union service or related actions.

(e) Secretaries of the Military Departments (or designees) shall:

(1) For domestic DoD installations, take action on requests from subordinate installation commanders to establish or terminate financial institution operations. For overseas DoD installations, take action in accordance with guidance contained herein on requests from subordinate installation commanders to establish or discontinue the provision of financial services from the DoD contracted bank, or to establish or terminate other financial institutions located on DoD installations.

(2) Provide for liaison to those financial institutions that operate banking offices on respective domestic DoD installations.

(3) Oversee the use of banking offices and credit unions on respective DoD installations within the guidance contained herein and in DoD Directive 1000.11.

(4) Evaluate the services provided by respective on-base banking offices and credit unions to ensure that they fulfill the requirements upon which the establishment and retention of those services were justified.

(5) Monitor practices and procedures of respective banking offices and credit unions to ensure that the welfare and interests of DoD personnel as consumers are protected.

(6) Assist on-base banking offices and credit unions to develop and expand necessary services for DoD personnel consistent with this part.

(7) Encourage the conversion of existing domestic MBFs on respective installations to independent or branch bank status where feasible.

(8) Provide logistical support to overseas MBFs under terms and conditions identified in this part as well as with the applicable terms of DoD contracts with financial institutions responsible for the operations of overseas MBFs.

(9) Refer matters requiring policy decisions or proposed changes to this part or DoD Directive 1000.11 to the USD(C) through the Director, DFAS.

(10) Supervise and encourage the use of financial institutions on DoD installations to:

(i) Facilitate convenient, effective management of the appropriated, nonappropriated, and private funds of on-base activities.

(ii) Assist DoD personnel in managing their personal finances through participation in programs such as direct deposit and regular savings plans. The use of on-base financial institutions shall be on a voluntary basis and should not be urged in preference to, or to the exclusion of, other financial institutions.

(11) Encourage and assist duly chartered financial institutions on domestic DoD installations to provide complete financial services to include financial counseling at no charge.

(12) Establish liaison, as appropriate, with federal and state regulatory agencies and financial institution trade associations, leagues, and councils.

(13) Provide debt processing assistance to on-base financial institutions in accordance with the Privacy Act guidelines in subpart B of this part.

(14) Recognize the right of DoD personnel to organize and join duly chartered credit unions.

(15) Permit DoD personnel to serve on credit union boards and committees on a voluntary basis, without compensation, when neither a conflict of duty nor a conflict of interest is involved, as stated in DoD Directive 5500.7.³

(16) Allow personnel to attend credit union conferences and meetings in accordance with DoD Directive 1327.5⁴, Subchapter 630 of the "DoD Civilian Personnel Manual," DoD 1400.25-M⁵, and Comptroller General Decision B-212457.

(f) The Commanders of the Combatant Commands (or designees) shall:

(1) Ensure the appropriate coordination of requests to:

(i) Establish financial institutions in countries not presently served. Such requests will include a statement that

² See footnote 1 to § 231.1(a).

³ See Footnote 1 to § 231.1(a).

⁴ See Footnote 1 to § 231.1(a).

⁵ See Footnote 1 to § 231.1(a).

the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation.

(ii) Eliminate any or all financial institutions on DoD installations within a foreign country. Such requests will include a statement that the U.S. Chief of Diplomatic Mission has been informed and appropriate arrangements to coordinate local termination announcements and procedures have been made with the U.S. Embassy.

(2) Monitor and coordinate military banking operations within the command area. Personnel assigned to security assistance positions will not perform this function without the prior approval of the Director, Defense Security Cooperation Agency (DSCA).

(g) The Commanders of Major Commands and subordinate installation commanders shall:

(1) Monitor the banking and credit union program within their commands.

(2) Coordinate requests to establish or construct bank and credit union offices or terminate logistical support to banks and credit unions within their commands. Personnel assigned to overseas security assistance positions will not monitor, coordinate, or assist in military banking operations without the prior approval of the DSCA.

(3) Assign, as appropriate, responsibility for paragraphs (g)(1) and (g)(2) of this section, to Comptroller or resource management personnel.

(4) Cooperate with financial institution associations, leagues, and councils.

(5) Recognize the right of all DoD personnel to organize and join credit unions and promote the credit union movement in DoD worldwide.

(6) Permit DoD personnel to serve on credit union boards and committees on a voluntary basis, without compensation, when neither conflict of duty nor conflict of interest is involved, as stated in DoD Directive 5500.7.

(7) Allow personnel to attend credit union conferences and meetings in accordance with DoD Directive 1327.5, Subchapter 630 of the DoD Civilian Personnel Manual (DoD 1400.25-M), and Comptroller General Decision B-212457.

(8) Seek the provision of financial services only from existing on-base financial institutions, proposing alternatives only where on-base financial institutions fail to respond favorably to legitimate requirements.

(9) Coordinate appropriate actions with the cognizant Combatant Command.

§ 231.4 General policy provisions.

(a) *Security.* The installation commander (or designee) and the on base financial institutions shall work with the installation security police to establish an understanding as to each entity's responsibilities. A written agreement shall be established outlining the security procedures that the financial institution will follow and the role that the security police will play with regard to alarms, movement of cash, and procedures to be followed should a robbery occur. The on-base financial institutions are encouraged to establish an ongoing relationship with the security police on all matters of asset protection.

(1) Cash and other assets in on-base banking offices and credit unions are the property of the financial institutions. Maintenance of alarms, escorting of cash or use of armored cars, and the guarding of cash is the sole responsibility of the on-base financial institution.

(2) Military guards, civilian guards (for use within the installation), military police or other protective service will be provided without charge in the following cases:

(i) For needed periods for paydays to guard shipments of money that primarily are for disbursing officer use.

(ii) At times of unusual risk to the financial institution, such as cash needed to stock remote automated teller machines.

(iii) To avoid undue insurance costs.

(b) *Central locator services.* Military locator services shall be provided per the guidelines in subpart B to this part.

(1) When appropriate, installations will process financial institution requests for central locator service to obtain military addresses of active duty personnel. This service will be used to locate persons for settling accounts, and recovering funds on checks that did not clear or loans that are delinquent or in default (see DoD Directive 1344.9⁶). If delinquent loans or dishonored checks are not recouped within 48 hours, financial institutions operating on DoD installations may bring this information to the attention of the local commander, bank liaison officer, or other designee for assistance in effecting restitution of the amount due, if not otherwise prohibited by law.

(2) The Department will assist financial institutions to locate DoD personnel whose whereabouts cannot be locally determined. The request should be on the financial institution's letterhead, include the Service member's name and social security

number (SSN), and cite the cognizant Military Department regulation that authorizes the use of locator services. If a financial institution needs immediate service, the institution should contact the bank or credit union liaison officer.

(i) For addresses of Department of the Army active, retired, separated and civilian personnel, financial institutions may telephone (703) 325-3732 or write to: Department of the Army WW Locator, U.S. Army Enlisted Record and Evaluation Center, 8899 E. 56th Street, Indianapolis, IN 46249-5301.

(ii) For addresses of Department of the Navy active, retired, separated and civilian personnel, financial institutions may telephone (901) 874-3388 or write to: Department of the Navy, Navy Personnel Command, PERS-312F, 5720 Integrity Drive, Millington, TN 38055.

(iii) For addresses of Department of the Air Force active, retired, separated and civilian personnel, financial institutions may telephone (210) 565-2660 or write to: Department of the Air Force Personnel Command, MSIMDL Suite 50, 550 C Street West, Randolph AFB, TX 78150.

(iv) For addresses of United States Marine Corps active, retired, separated and civilian personnel, financial institutions may telephone (703) 784-3942 or write to:

Active:

U.S. Marine Corps-CMC, HQ MC
MMS B 10, 2008 Elliot Road, Room
201, Quantico, VA 22134-5030

Retired-Separated:

Q U.S. MMRS-6, 280 Russell Road,
Quantico, VA 22134-5105

Civilian:

Commanding General, 15303 Andrew
Road, Kansas City, MO, 64147-1207

(c) *Advertising.* (1) On-base financial institutions may use the unofficial section of that installation's daily bulletin, provided space is available, to inform DoD personnel of financial services and announce seminars, consumer information programs, and other matters of broad general interest. Announcements of free financial counseling services are encouraged. Such media may not be used for competitive or comparative advertising of, for example, specific interest rates on savings or loans.

(2) On-base financial institutions may use installation bulletin boards, newsletters or web pages to post general information that complements the installation's financial counseling programs and promotes financial responsibility and thrift. Message center services may distribute a reasonable number of announcements to units for use on bulletin boards so long as this

⁶ See footnote 1 to § 231.1(a).

does not impose an unreasonable workload.

(3) On-base financial institutions may include a one page insert into the newcomer's package. This insert would benefit the installation's newcomers by letting them know what financial services are available on the installation.

(4) DoD Directive 5120.20⁷ prevents use of the Armed Forces Radio and Television Service to promote a specific financial institution.

(5) Off-base financial institutions will not be permitted to distribute competitive literature or forms on the installation. However, they may use commercial advertising, mailings or telecommunications to reach their customers.

(6) Advertising in government-funded (official) installation papers is not permitted with the exception of insert advertising in the *Stars and Stripes* overseas. Installation newspapers funded by local advertisers are not official publications and, thus, may include paid bank advertising.

(7) Installation activities, including Military Exchange and concessionaire outlets, shall not permit the distribution of literature from off-base financial institutions if there is an on-base financial institution. This does not prevent Military Exchange Services from distributing literature on affinity credit cards centrally acquired through competitive solicitation.

(d) On-base financial institutions are encouraged to install ATMs at those installation(s) on which they are located.

(1) Financial institutions that propose to install an ATM on DoD installations shall bear the cost of ATM installation, maintenance, and operation.

(2) ATM approval authority is as shown.

(i) The installation commander has approval authority when an on-base financial institution wishes to place an ATM on the installation. This approval should be reflected as an amendment to the operating agreement.

(ii) Where there is no on-base financial institution, follow the solicitation procedures to obtain financial services set forth in §§ 231.5(b) and 231.7(b).

(3) The availability of ATM service will not preclude the later establishment of a banking office should conditions change on an installation.

(4) Proposals by the installation commander to install ATMs from other than on-base financial institutions on domestic installations shall be considered only when ATM service is

unavailable or existing service is inadequate and the on-base financial institution(s) either declines to provide the service, fails to improve existing service so that it is adequate, or does not formally respond to the request for such service within 30 days of the date of the request. Additional ATM service from other than on-base financial institutions is considered an exception to policy and, therefore, must be submitted by the installation commander for approval to the USD(C) through the Secretary of the Military Department concerned (or designee) and the DFAS. The procedures to establish an on-base financial institution set forth in §§ 231.5(b) and 231.7(b) shall be followed when soliciting for the additional services. Proposals offering shared-access ATMs shall receive preference.

(5) ATM service from foreign banking institutions may be authorized on overseas installations with or without MBFs operated under contract where the installation or community commander determines that a bonafide need exists to support local national hires. In such instances, ATM connectivity shall be limited to host country networks and the ATMs shall dispense only local currency (no U.S. dollars). The operating agreement covering ATM service shall be negotiated by the installation or community commander and coordinated with the Secretary of the Military Department concerned (or designee) and the appropriate Combatant Command (or designee) prior to its execution. A copy of the operating agreement will be forwarded through DoD Component channels to the DFAS.

(6) *Domestic and International Treasury General Accounts.* In cases where authorization will be required for the banking office or on-base credit union to act as a Treasury General Account (TGA) domestic depository (on overseas installations—International Treasury General Account (ITGA) overseas depository), the financial institution must satisfy the risk management standard established by the Department of the Treasury. Local operating funds may be used if the on-base financial institution requests reimbursement for costs incurred. On-base financial institutions shall accept deposits for credit to the TGA (or ITGA) when so authorized.

(7) *Staffing.* (i) On-base financial institutions are expected to be staffed adequately commensurate with industry standards for similar numbers of accountholders and financial services rendered. Staffing at overseas MBFs

operated under contract shall be maintained within negotiated ceilings.

(ii) All staffing will comply fully with the spirit and intent of the DoD equal employment opportunity policies and programs in accordance with DoD Directive 1440.1.⁸

(iii) DoD personnel may not serve as directors of domestic or foreign banking institutions operating banking offices on those DoD installations where they are currently assigned. However, a member of a Reserve Component who has been serving as a director of a domestic or foreign banking institution operating a banking office on a DoD installation need not resign his or her directorship when called to active duty.

(iv) DoD personnel may not be detailed to duty with an on-base financial institution located on a DoD installation. However, off-duty personnel may be employed by an on-base financial institution subject to installation commander approval. Such employment must not interfere with the performance of the individual's official duties and responsibilities.

(e) *Departure clearance.* The installation commander establishes the clearance policy for all DoD personnel leaving the installation. The on-base financial institutions shall be included as places requiring clearance. The purpose of a clearance is to report change of address, reaffirm allotments or outstanding debts, and receive financial counseling, if desired or appropriate. Clearance may not be denied in order to collect debts or resolve disputes with financial institution management.

(f) *Financial education.* (1) Officials of on-base financial institutions shall be invited to take part in seminars to educate personnel on personal financial management and services of financial institutions. Financial institutions will be encouraged to provide financial education and counseling services as an integral part of their financial program. Officials of on-base financial institutions shall submit advance-briefing texts for approval by the installation commander to ensure that the program is not used to promote services of a specific financial institution.

(2) DoD personnel who tender uncollectable checks, overdraw their accounts or fail to meet their financial obligations in a proper and timely manner damage their credit reputation and adversely affect the public image of all government personnel. For uniformed personnel, military financial counselors and legal advisors shall

⁷ See footnote 1 to § 231.1(a).

⁸ See footnote 1 to § 231.1(a).

recommend workable repayment plans that avoid further endangering credit rating and counsel affected personnel to protect their credit standing and career. Counselors shall ensure that such personnel are aware of the stigma associated with bankruptcy and shall recommend its use only when no other alternative will alleviate the situation.

(g) *Operating agreements.* Before operations of an on base banking office or credit union begin, a written operating agreement (Appendix A to this part) shall be negotiated directly between the installation commander and officials of the designated financial institution. The operating agreement shall define the basic relationship between the on-base financial institution and the installation commander and identify mutual support activities such as hours of operation, service fees and security provided. The agreement shall not prescribe internal operations of the financial institution. One copy of the agreement shall be sent through command channels to the Secretary of the Military Department concerned (or designee). A copy of the agreement shall be maintained by the installation commander and the banking office or on-base credit union. At a minimum, the agreement shall include the following provisions:

(1) Identification of services to be rendered and the conditions for service. Full financial services shall be provided where feasible. Agreements, however, may not restrict either entity's right to renegotiate services and fees.

(2) Agreement that retail fees and services for products (to include related minimum balance requirements for noninterest checking, NOW and savings accounts) offered by financial institutions operating on domestic installations and domestic credit unions operating on DoD installations overseas shall not exceed 110 percent of the industry-wide averages for banks as identified in the "Annual Report to Congress on Retail Fees and Services of Depository Institutions," published by the Board of Governors of the Federal Reserve System. This report is submitted to the Congress pursuant to section 1002 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as amended by section 108 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 and is accessible through the Internet at <http://www.bog.frb.fed.us/boarddocs/RptCongress>.

(3) Agreement that, notwithstanding the provisions contained in paragraph (g)(2) of this section, on-base ATM service offered by financial institutions

operating on domestic installations and domestic credit unions operating on DoD installations overseas shall be provided without surcharge.

(4) Agreement by both parties that they will comply with this part.

(5) Agreement by the on base financial institution that it will furnish copies of its monthly financial reports and other local publications to the installation commander (or designee).

(6) Agreement that the on-base financial institution will indemnify and hold harmless the U.S. Government from (and against) any loss, expense, claim, or demand to which the U.S. Government may be subjected as a result of death, loss, destruction, or damage in conjunction with the use and occupancy of the premises caused in whole or in part by agents or employees of the on-base financial institution.

(7) Agreement that neither the Department of Defense nor its representatives shall be responsible or liable for the financial operation of the on-base financial institution or for any loss (including criminal losses), expense, or claim for damages arising from operations.

(8) Agreement by the on-base financial institution (or any successor) that it will provide no less than 180 days advance written notice before ceasing operations.

(9) Specification of the security services to be provided for guarding cash shipments for paydays, at times of unusual risk to the financial institution, and to avoid excessive insurance costs charged to that institution.

(10) Statement that the physical security for cash and negotiable items will be in a manner consistent with the requirements of the on-base financial institution's insurer. A copy of those requirements will be provided to the installation commander on request.

(11) Statement that the financial institution, whenever possible, will accommodate local command requests for lectures and printed materials for consumer credit education programs. Officials invited to participate in such programs shall not use the occasion to promote the exclusive services of a particular financial institution.

(12) Agreement of the installation commander to provide support as identified in this part.

(13) Statement that on-base financial institution operations shall be terminated in accordance with the provisions outlined in this part.

(h) *Installation financial services.* (1) Financial services provided on DoD installations will be as uniform as possible for all personnel.

(2) As separately negotiated, or based on a fee schedule, custodians of nonappropriated funds shall compensate on-base financial institutions for services received. Compensation may be made with compensating balances or paying fees based on the services provided or a combination of these payment mechanisms. Fees shall not exceed the charge customary for the financial institution less an offsetting credit on balances maintained. Banking offices shall classify nonappropriated fund accounts as commercial accounts.

(3) At a minimum, banking offices shall provide the same services to individuals and nonappropriated fund instrumentalities as are available locally.

(4) On-base financial institutions may conduct operations during normal duty hours provided they do not disrupt the performance of official duties. Operating hours shall be set, in consultation with the bank/credit union liaison officer, to meet the needs of all concerned. ATMs may be used to expand financial services and operating hours.

(5) DoD personnel may use their allotment of pay privileges to establish sound credit and savings practices through on-base financial institutions.

(i) On-base financial institution shall credit customer accounts not later than the value date of the allotment check or electronic funds transfer.

(ii) The initiation of an allotment is voluntary (see Volume 7A, section 4202, of DoD 7000.14-R). Thus, generally, a Service member cannot be required to initiate an allotment for the repayment of a loan. Allotments voluntarily established by a Service member for the purpose of repaying a loan or otherwise providing funds to an on-base financial institution shall continue in effect at the option of the allotter.

(6) In accordance with sound lending practice, policies on loans to individuals are expected to be as liberal as feasible while remaining consistent with the overall interests of the on-base financial institution. On-base financial institutions shall conform to the Standards of Fairness principles before executing loan or credit agreements. (See DoD Directive 1344.9).

(7) On-base financial institutions shall make financial education and counseling services available without charge to individuals seeking financial counseling. Such services shall include helping customers to budget and solve financial problems. Personnel in junior enlisted grades, or newly married couples who apply for loans, shall be given special attention and counseling.

(8) On-base financial institutions must strive to provide the best service to all customers. On-base financial institutions that evidence a policy of discrimination in their services are in violation of this part. In resolving complaints of discrimination, use the procedures specified in § 231.5(g)(7).

(9) All correspondence regarding on-base financial institutions, and questions concerning their operation that cannot be resolved locally shall be referred through command channels to the Secretary of the Military Department concerned (or designee) for consideration.

§ 231.5 Procedures—domestic banks.

(a) *Establishment.* (1) The following information shall be included in the installation commander's request to the Secretary of the Military Department concerned (or designee) for establishment of banking offices:

(i) The approximate number of DoD personnel at the installation, and other persons who may be authorized to use the banking office.

(ii) The distance between the installation and the financial institutions in the vicinity, and the names and addresses of those institutions.

(iii) Available transportation between the installation and the financial institutions listed in paragraph (a)(1)(ii) of this section.

(iv) The number of DoD personnel in duty assignments that confine them to the installation or who cannot obtain transportation (such as hospital patients).

(v) The approximate loss of duty time due to DoD personnel leaving the installation for banking services.

(vi) Sources from which the disbursing officer obtains operating and payroll cash, the frequency of these acquisitions, and the amount obtained monthly.

(vii) The name and location of the depository used to make official deposits for credit to the Treasury General Account (TGA).

(viii) The estimated savings to the disbursing officer if a banking office is established on the installation.

(ix) A list of organizational and nonappropriated fund accounts, the name and location of the financial institutions where deposited, and the average daily activity and balance of each account.

(x) A written description and photographs of the space proposed for banking office use.

(xi) A statement listing the requirements of the proposed banking office for safes and a vault; alarm

systems; and surveillance equipment, when necessary.

(xii) Reasons for use of space controlled by the General Services Administration (GSA). All the GSA-assigned space, whether leased space or federal office building space, is reimbursable to the GSA at a standard level user charge. As such, space occupied by a banking office to serve military needs will be assigned and charged by the GSA.

(xiii) Any other information pertinent to the establishment of a banking office.

(2) The Secretary of the Military Departments (or designee) shall:

(i) Review each request for the establishment of banking offices.

(ii) Conduct a solicitation for the services when warranted.

(iii) Approve proposals for banking offices.

(iv) Notify the selected financial institution either directly or through the installation commander. The selected banking institution will, in turn, obtain operating authority from their regulating agencies.

(v) Forward proposals to establish TGAs to the DFAS for subsequent forwarding to the Fiscal Assistant Secretary of the Treasury in accordance with this part.

(b) *Solicitations.* The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), shall conduct solicitations to include pre-proposal conferences for on-base banking. Subject to the criteria for selection outlined in paragraph (d) of this section, the preferred sources of on-base financial services at domestic installations are federally-insured state or federally-chartered banking institutions operating in the local area. No commitment may be made to any banking institution regarding its proposal until a designation is made by the appropriate regulatory agency.

(1) Solicitations for banking services shall be accomplished in the following order:

(i) Solicitation letters will be sent to local banking institutions and a solicitation announcement will be published in the local newspaper(s) and forwarded to financial institution associations.

(ii) If the Secretary of the Military Department concerned (or designee) or, where delegated, the installation commander, determines that the geographic scope of the solicitation needs to be expanded, a prospectus will be forwarded to financial institutions in a larger geographic area, as well as

financial institution associations and regulatory authorities in the state where the installation is located.

(iii) If the Secretary of the Military Department concerned (or designee) or, where delegated, the installation commander, determines that the geographic scope of the solicitation needs to be expanded further, the prospectus will be published in the Commerce Business Daily and financial institution trade journals.

(2) For solicitations conducted at the installation level, the installation commander shall review proposals to establish banking offices, select the banking institution making the best offer and forward a recommendation to the Secretary of the Military Department concerned (or designee) for final approval.

(3) Banking institutions will not be coerced when banking arrangements are under consideration or after banking offices are established. If otherwise proper, this prohibition does not preclude:

(i) Discussions with banking institutions prior to submitting a proposal for a new banking office.

(ii) Helping banking offices extend their operations in support of an installation requirement.

(iii) Discussions with banking institutions to improve services or to create savings for the bank or DoD personnel.

(iv) Seeking proposals for banking service as directed by the Secretary of the Military Department concerned (or designee).

(v) Negotiations preparatory to signing a banking agreement.

(4) When soliciting for banking services, proposals shall be evaluated on specific factors identified in the solicitation. These factors, at a minimum, will be predicated on the services to be provided as outlined in paragraph 3 of Appendix A to this part, service fees and charges, and the extent of logistical support required. Prior to issuance of the solicitation, the preparing office will identify (for internal use during the subsequent evaluation period) the weights to be applied to the factors reflected in the solicitation. Proposals will be evaluated and ultimate selection made based upon the factors and weights developed for the solicitation.

(5) The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), shall make the selection of the banking institution based on the provisions outlined in this section.

(c) *Terminations.* (1) Requests for termination of financial services shall be approved by the installation commander, substantiated by sufficient evidence and forwarded to the Secretary of the Military Department concerned (or designee). The installation commander only under one of the following conditions shall initiate the termination of banking office operations:

(i) The mission of the installation has changed, or is scheduled to be changed, thereby eliminating or substantially reducing the requirement for financial services.

(ii) Active military operations prevent continuation of on-base financial services.

(iii) Performance of the banking office in providing services is not satisfactory according to standards ordinarily associated with the financial services industry or is inconsistent with the operating agreements or the procedures prescribed in this section.

(iv) Merger, acquisition, change of control or other action results in violation of the terms and conditions of the existing operating agreement.

(2) The installation commander shall forward requests for terminations to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall coordinate such requests with the USD(C), through the Director, DFAS, before notification to the appropriate regulatory agency. Subsequent to this coordination process:

(i) The Secretary of the Military Department (or designee) shall inform the regulatory agency of the action.

(ii) The installation commander shall revoke the authority of the financial institution to operate. The lease will be terminated.

(3) Any banking office that intends to terminate its operations should notify the installation commander at least 180 days before the closing date. This notification should precede any public announcement of the planned closure. When appropriate, the commander shall attempt to negotiate an agreement permitting the banking office to continue operations until the installation has made other arrangements. Immediately upon notification of a closing, the commander shall advise the DoD Component headquarters concerned. If it is determined that continuation of banking services is justified, action to establish another banking office shall be taken in accordance with the guidance prescribed in this section.

(d) *Leases or permits for existing government structures.* (1) *Lease terms.*

(i) The charge for lease of an existing structure shall be determined by appraisal of fair market rental value.

(ii) The term shall be for 5 years subject to renewal by mutual agreement and with the understanding that the cognizant Assistant Secretary of the Military Department (Installations and Logistics) has the authority to terminate the lease per the cancellation provisions addressed in paragraphs (e)(3)(i) and (e)(3)(iii) of this section. Terms in excess of 5 years must be approved by the Secretary of the Military Department (or designee) following a determination that the longer term will aid the national defense or be in the public interest. If space occupied is assigned by GSA, charges to financial institutions for space and services shall be at the standard level user rate of GSA.

(iii) When banking institutions use their own funds to improve existing government space, leases, for a period not to exceed 5 years, may be negotiated for a period commensurate with the appraised value of the leasehold improvements divided by the annual lease fee. Terms in excess of 5 years must be approved by the Secretary of the Military Department (or designee) following a determination that the longer term will aid the national defense or be in the public interest.

(iv) Banking institutions shall perform all maintenance, repair, improvements, alterations, and construction on the banking premises.

(v) Banking institutions shall pay for all utilities and custodial, janitorial, and other services furnished by the government at rates set forth in the lease or by written agreement between the installation and the banking institution.

(vi) The banking office shall be housed in a building accessible to most DoD personnel on the installation and in a location permitting reasonable security.

(2) Leases executed before [effective date of the final rule] may not be altered solely as a result of the provisions of this part unless a lessee specifically requests a renegotiation under these provisions. Leases may not be negotiated or renegotiated, nor may any rights be waived or surrendered without compensation to the government. Compensation to the government may consist of added property value, added banking services, or both.

(e) *Land leases.* (1) A lease for construction of a building to house a bank shall be at the appraised fair market rental value. Charges shall apply for the term of the lease not to exceed 5 years. Terms in excess of 5 years shall be approved by the Secretary of the Military Department (or designee)

following a determination that the longer term will aid the national defense or be in the public interest.

(2) Banking institutions that participate in the construction of a shopping mall complex will be given a lease at fair market rental value for a term not to exceed 5 years. Terms in excess of 5 years shall be approved by the Secretary of the Military Department (or designee) following a determination that the longer term will aid the national defense or be in the public interest. The lease shall cover only land where the banking office physically is located.

(3) Leases shall include the following provisions:

(i) The government has the right to terminate the lease due to national emergency; installation inactivation, closing, or other disposal action; or default by the lessee.

(ii) The lessee shall provide written notice 180 days prior to voluntarily terminating the lease.

(iii) Upon a lease termination, the government has the option to cause the title of all structures and other improvements to be conveyed to the United States without reimbursement, or require the lessee to remove the improvements and restore the land to its original condition.

(4) If determined to be in the government's interest, an existing lease of land may be extended prior to expiration of its term. Passage of title to facilities shall be deferred until all extensions have expired. Such extensions shall be for periods not to exceed 5 years with lease payments set at the appraised fair market rental of the land only as determined on the date of each such extension. Banking institution lessees shall continue to maintain the premises and pay for utilities and services furnished.

(5) When under the terms of a lease, title to improvements passes to the government, arrangements normally will be made as follows:

(i) When the square footage involved exceeds that authorized in DoD 4270.1-M,⁹ the banking institution shall be given first choice to continue occupying the excess space under a lease that provides for fair market rental for the land underlying that excess space.

(ii) The charge for continued occupancy of improved space by a banking office shall be at fair market rental value only for the associated land. The lessee shall continue to maintain the premises and pay the cost of utilities and services furnished.

(6) Without exception, those leases executed before [effective date of the

⁹ See footnote 1 to § 231.1(a).

final rule] shall not be altered solely as a result of the provisions of this part unless a lessee specifically requests a renegotiation under these provisions. Lease contracts may not be negotiated or renegotiated, nor may any rights thereunder be waived or surrendered, without compensation to the government.

(f) *Construction.* Banking institutions may construct buildings subject to the following provisions:

(1) The building shall be solely for the use of the banking institution and may not provide for other commercial enterprises or government instrumentalities.

(2) Construction projects must meet the criteria in DoD 4270.1-M.

(3) Construction projects approval authority.

(i) Projects costing \$25,000 or more shall be approved by the Major Command (or Claimant) with an information copy sent to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) will have 30 days to provide comments to the Major Command (or Claimant) before final approval can be granted. Major Commands (or Claimants) may accept telephonic concurrence from the Secretary of the Military Department (or designee).

(ii) Projects costing less than \$25,000, to include interior alterations and room or office additions to existing banking offices, shall be approved by installation commanders. Copies of approvals, including the identification of project cost, shall be furnished to the Secretary of the Military Department concerned (or designee).

(4) In accordance with applicable Military Department regulations, the Congress must be notified of all construction projects using other than appropriated funds and costing over \$500,000.

(5) Proposals for construction of structures on installations at banking institution expense shall be reviewed and reported in accordance with cognizant Military Department regulations. The following information shall be listed to support each proposal:

(i) Number of DoD personnel at the installation plus others who may use the banking office.

(ii) Square footage of the proposed building.

(iii) Land area to be leased to the banking institution.

(iv) Term of the lease.

(v) Estimated cost of construction.

(vi) Estimated fair market value of the land to be leased.

(vii) A statement that the banking institution will be responsible for utility connections and other utility and maintenance costs.

(viii) A statement that the building will be used only for financial services.

(ix) A statement that management understands its potential loss of the building in the event of installation closure or other delimiting condition.

(x) Justification for a waiver of space criteria if the building exceeds that specified in DoD 4270.1-M.

(6) Banking institutions shall pay for interior alterations and maintenance as well as utilities, custodial, and other furnished services.

(7) Banking institutions shall pay all construction costs.

(g) *Bank liaison officer (BLO).* Each installation commander having a banking office shall appoint a BLO. The BLO's photograph, name and duty telephone number shall be displayed prominently at each banking office on the installation. As appropriate, the BLO's responsibility shall be assigned to comptroller or resource management personnel. Employees, officials or directors of a financial institution may not serve as BLOs. The duties of a BLO are to:

(1) Ensure that the banking institution operating the banking office has the latest version of this part.

(2) Ensure that traveler's checks and money orders are not being sold by other on-base organizations when banking offices are open for business. However, postal units and credit unions are exempt from this restriction.

(3) Attend financial workshops, conferences, and seminars as appropriate. Such gatherings offer excellent opportunities for personnel of financial institutions and the Department to improve the military banking program. Free discussion among the attendees gives an excellent forum for planning, developing, and reviewing programs that improve Military banking and financial services.

(4) Assist, when requested by the banking office manager or the installation commander, in locating and collecting from individuals tendering uncollectable checks, overdrawing accounts, or defaulting on loans (within the guidelines of subpart B of this part) if not otherwise prohibited by law.

(5) Maintain regular contact with the banking office manager to confer and discuss quantitative and qualitative improvements in the services provided. In executing this authority, the BLO shall not become involved in the internal operations of the banking institution.

(6) Review the schedule of fees annually, and ensure that the operating agreement is updated at least every 5 years. Renegotiate services and fees as necessary.

(7) Assist in resolving customer complaints about banking services.

(8) Assist in resolving complaints of discrimination with financial services by the banking institution. If a complaint cannot be resolved, a written request for investigation shall be forwarded to the appropriate regulatory agency. Any such request must document the problem and command efforts taken toward its resolution. Information copies of all related correspondence shall be sent through channels to the Secretary of the Military Department concerned (or designee) for transmittal to DFAS.

(9) Assist the installation commander to report to the appropriate regulatory agency any evidence suggesting malpractice by banking office personnel.

(h) *In-store banking.* Under the direction and approval of the installation commander, an on-base financial institution may provide in-store banking within the premises of the commissary, the Military Exchange Service or other on-base retail facility.

(1) Provision of the requested services and the associated stipulations arising from the provision of the requested services shall be documented as an amendment to the existing operating agreement between the installation commander and the on-base financial institution that will provide in-store services.

(2) The amendment to the operating agreement shall be drafted through close coordination between the requesting DoD Component representative, the on-base financial institution representative, and the installation commander. All three parties shall sign the amendment: the installation commander, the DoD Component that hosts the in-store banking operations, and the on-base financial institution.

(3) The installation commander shall extend the opportunity to provide the requested in-store banking services to all financial institutions located on the installation. The selection process is outlined in Appendix B of this part.

(4) Space shall be granted through a lease to the banking institution that will provide in-store service.

(i) *Domestic military banking facilities (MBFs)* (1) *Domestic MBF establishment.* Requests to establish MBFs should be made only when a need for services cannot be met by other means. During mobilization, however, MBFs may be designated as an emergency measure.

(ii) Installation commanders shall send requests for an MBF with justification for its establishment through the Secretary of the Military Department concerned (or designee) to the Director, DFAS, for coordination with the Department of the Treasury. The Department of the Treasury may approve the designation of an MBF under provisions of 12 U.S.C. 265.

(iii) MBF operations may begin only after approval for MBF status is granted by the Department of the Treasury.

(5) *MBF conversion.* (i) Where MBFs exist, installation commanders shall encourage their conversion to independent or branch banks.

(ii) Proposals from the on-base banking institution to convert an existing MBF to an independent or branch bank shall be sent through command channels to the Secretary of the Military Department concerned (or designee) for approval. The Secretary of the Military Department (or designee), shall forward the request to the Director, DFAS, for coordination with the Department of the Treasury.

(iii) Unsolicited proposals from banking institutions to establish independent or branch banks where an MBF exists shall be forwarded through command channels to the Secretary of the Military Department concerned (or designee). Each proposal shall be evaluated on its own merits.

(A) The installation commander shall inform the banking institution operating the MBF that an unsolicited proposal for a banking office has been received and shall offer that incumbent institution the opportunity to submit its own proposal.

(B) Preference to operate an independent or branch bank shall be given to the banking institution that has operated the MBF provided that prior banking service has been satisfactory and that the institution's proposal is adequate.

(6) *MBF termination.* The Director, DFAS, shall coordinate the termination of a financial institution's authority to operate an MBF with the Department of the Treasury.

§ 231.6 Procedures—overseas banks.

(a) *General provisions of banking services overseas.* The Department acquires banking services overseas for use by authorized persons and organizations by:

(1) MBFs operated under contract and authorized by the pertinent status of forces agreement, other intergovernmental agreements, or host-country law.

(2) Domestic and foreign banking institutions located on overseas DoD

installations. Each such institution shall be:

(i) Chartered to provide financial services in that country,

(ii) A party to a formal operating agreement with the installation commander to provide such services, and

(iii) Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law.

(b) *Establishment.* (1) *Overseas MBFs operated under contract.* Installation or community commanders requiring banking services will send a request through command channels to the Secretary of the Military Department concerned (or designee) for concurrence and subsequent transmittal to the Director, DFAS, for approval.

(i) Requests to establish MBFs will include, but are not limited to, the following information:

(A) The approximate number of DoD personnel at the installation and in the community and any other persons who may be authorized to use the MBF.

(B) The distance between the installation and the nearest MBF and credit union office, the names; addresses, and telephone numbers of the operators of those institutions; and the installations and communities where they are located.

(C) The availability of official and public transportation between the installation or community and the nearest MBF and credit union office.

(D) The approximate loss of duty time due to DoD personnel leaving the installation or community to obtain banking services.

(E) Sources from which the disbursing officer obtains operating and payroll cash, the frequency of these acquisitions, and the amount obtained monthly.

(F) The name and location of the depository used to make official deposits for credit to the TGA.

(G) The estimated savings to the disbursing officer if the MBF is established on the installation.

(H) A list of organizational and nonappropriated fund accounts, the name and location of the financial institutions where deposited, and the average daily activity and balance of each account.

(I) A written description and photographs or drawings of the space proposed for MBF use. The extent and approximate cost of required alterations, including the construction of counters and teller cages.

(J) A statement that recognizes the logistical support, including equipment, to be provided by the local command as

detailed in paragraph (c) of this section. The statement will include the costs of such equipment and the manner in which it will be acquired.

(K) In countries where no MBFs currently are operated under contract, a statement from the appropriate Combatant Command that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation in accordance with § 231.3(f)(1)(i).

(L) Any other pertinent information to justify MBF establishment.

(ii) As a general rule, MBFs may be established only when the installation or community population meets the following criteria:

(A) *Full-time MBF.* Except in unusual circumstances, a total of at least 1,000 permanent military personnel and DoD civilian employees is necessary to qualify for a full-time MBF.

(B) *Part-time MBF.* Except in unusual circumstances, a total of at least 250 permanent military personnel and DoD civilian employees is necessary to qualify for a part time MBF.

(iii) If the population at a certain remote area is not sufficient to qualify under the criteria for full-or part-time MBFs, the installation or community commander will explore all other alternatives for acquiring limited banking services before requesting establishment of an MBF as an exception to these provisions. Alternatives to limited banking services include installation of ATMs and check cashing and accommodation exchange service by disbursing officers and their agents.

(iv) Establishment of an overseas MBF is predicated on and requires:

(A) Designation of the MBF contractor as a depository and financial agent of the U.S. Government by the Department of the Treasury.

(B) The availability of banking contractors interested in bidding for the operation of the facility and the viability of such proposals.

(C) The availability of appropriated funds to underwrite such banking services.

(D) Establishment of a U.S. Dollar Currency Custody Account to support banking operations.

(2) *Other overseas banking offices.* Where a need for financial services has been identified; either the banking and currency control laws of certain host countries do not permit MBFs to operate on DoD installations or MBFs, where permitted, have not been established; and there is a desire to establish banking services the following applies:

(i) Installation or community commanders will send requests for banking services or unsolicited proposals from foreign banking institutions to their Major Commands (or Claimants) with supporting data as required in § 231.5 (a).

(ii) Major Commands (or Claimants) will forward installation or community commander requests to the Secretary of the Military Department concerned (or designee) for approval. The Secretary of the Military Department concerned (or designee) will coordinate with DFAS to seek the designation of the parent foreign banking institution designated as a depository and financial agent of the U.S. Government by the Department of the Treasury.

(iii) Banking offices in this category will become operational only after the foreign parent banking institution has been designated a depository and financial agent of the U.S. Government. The institution also must indicate a willingness and ability to provide collateral backing for any official and nonappropriated fund U.S. dollar deposits. Any collateral pledged must be in a form acceptable to DFAS and the Department of the Treasury.

(c) *Logistical support.* (1) *Overseas MBFs operated under contract.* (i) Installation or community commanders will provide logistical support to MBFs. Such support normally includes:

(A) Adequate office space, including steel bars; grillwork; security doors; a vault, safes, or both; security alarm systems and camera surveillance equipment (where deemed necessary) that meet documented requirements of the contractor's insurance carrier; construction of counters, teller cages, and customer and work areas; necessary modifications and alterations to existing buildings; and construction of new MBF premises, if necessary.

(I) The size and arrangement of space should permit efficient operations. Space assigned may not exceed that prescribed in DoD 4270.1-M.

(2) All maintenance, repair, rehabilitation, alterations, or construction for banking offices shall comply with guidelines established by the installation commander.

(B) Office space in a building that is accessible to the most users and permits the maximum security.

(C) Office space for MBF area and district administrations and storage space for retention of records, files, and storage of supplies.

(D) DoD housing on a rental basis to key MBF personnel who are unable to find suitable, reasonably priced housing in the vicinity of the DoD installation, subject to the assignment procedures

and other requirements of DoD 4165.63-M¹⁰

(E) Air-conditioning, which is considered a normal utility for banking offices located at installations that qualify for air-conditioning under applicable regulations. Banking space is classified as administrative space at Military installations.

(F) Utilities (i.e., electricity, gas, water and sewage), heating, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal).

(G) Defense Switching Network (DSN) voice and data communication to include Internet access.

(H) Military guards, civilian guards (for use within the installation), military police, or other protective services to accompany shipments of money. This level of protective service also shall be provided at other times as required to include alarm system failures and to avoid undue risks or insurance costs on the part of the MBF.

(I) U.S. Military Postal Service access under DoD Directive 4525.6¹¹. Use of free intra-theater delivery system (IDS) is authorized for all routine mail sent and received between Army Post Offices (APOs) and Fleet Post Offices (FPOs) within a theater.

(J) Office equipment and furniture on memorandum receipt if available from local stock. If office equipment or furniture is unavailable, statements of nonavailability will be issued.

(K) Vehicle registration and fuel sales from government-owned facilities for bank-operated vehicles if not in conflict with host government agreements. Vehicle registration will be subject to normal fees.

(L) The local commander for official may issue issuance of invitational travel orders that authorize travel at no expense to the U.S. Government on site visits by U.S. based banking institution officials.

(ii) Suggestions for changes to the contract under which logistical support is granted may be forwarded through command channels to the Director, DFAS, for consideration.

(2) *Other overseas banking offices.* (i) Logistical support provided to such offices will be negotiated with the parent foreign banking institution and incorporated into the written operating agreement.

(ii) Logistical support will not exceed that provided to contract MBFs as specified paragraph (c)(1) of this section.

¹⁰ See footnote 1 to § 231.1(a).

¹¹ See footnote 1 to § 231.1(a).

(d) *Operations.* (1) *General conditions of MBF operation.* (i) Before initiating MBF operations, a written agreement shall be directly negotiated and signed by the installation or community commander and management of the banking contractor or other financial institution concerned. One copy of the agreement with U.S. banking contractors and two copies of the agreement with institutions other than U.S. banking contractors will be forwarded through command channels to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall forward one copy of the agreement with institutions other than U.S. banking contractors through command channels to the Director, DFAS. A copy of the agreement also shall be maintained at all times by the installation or community commander and the banking institution manager.

(ii) For MBFs operated by U.S. banking contractors, the agreement shall state operating details not set forth in the contract. Though the contract limits the number of operating hours per week, local commanders and MBF managers should set days and hours of operation to best meet local needs. Operating times may include Saturdays and evening hours when necessary to complement other retail services for DoD personnel, provided the contractor can implement that service at no additional cost to the government. When added cost is involved, the commander will send a request including reasons for expanded or modified times of operation, through command channels, to the Secretary of the Military Department concerned (or designee) for action. If approved, the request, with recommendations, will be forwarded to the Director, DFAS.

(2) *Overseas MBFs operated under contract.* (i) *General.* Overseas MBFs shall operate under terms and conditions established at the time of annual contract negotiations and confirmed in respective contracts or contracting officer determinations.

(ii) *Authorized customers.* DoD banking contracts specify the personnel authorized to receive service. Additionally, overseas major commanders may approve banking services for other individuals that qualify for individual logistic support under the regulations of the DoD Component concerned, provided that the use of banking services is not prevented by status of forces agreements, other intergovernmental agreements, or host-country law.

(iii) *Services rendered.* DoD banking contracts specify the services to be

rendered and related charges.

Suggestions for expansion or modification of authorized services, fees or charges may be forwarded through DoD Component channels to DFAS.

Proposals for any new service must be coordinated with the appropriate Combatant Command and U.S. Chief of Diplomatic Mission or U.S. Embassy to make certain that the proposal does not conflict with the status of forces agreements, other intergovernmental agreements, or host-country law.

(iv) *Regulation to be provided.* The DFAS shall advise each U.S. banking contractor operating an overseas MBF of this part and furnish a copy to the contractor.

(v) *Conditions of operation.* (A) Part-time and payday service MBFs will provide limited services that mirror, to the extent feasible, those provided by full-time MBFs. Since part-time MBFs operate out of nearby MBFs, installation or community commanders shall provide and fund transportation and guards for their operation.

(B) Any deficiency of banking services under DoD banking contracts shall be reported to the manager of the MBF within 7 calendar days of noting the deficiency. If the problem has not been corrected within 30 calendar days after being noted, the commander shall report the problem through DoD Component channels to DFAS.

(C) The MBF contractor and military disbursing officers shall establish cash management practices that minimize the cash required to conduct business.

(D) Commanders shall assist MBF contractors to develop and update contingency plans for banking services in the event of hostilities or other emergencies.

(E) MBF provision of foreign currency shall be in accordance with Volume 5, Chapter 13 of DoD 7000.14-R.

(3) *Other overseas banking offices.* (i) *Authorized customers.* The list of authorized customers shall be negotiated between the installation commander and the bank and shall be reflected in the bank operating agreement. Those customers identified as authorized in the operating agreement shall be in accordance with applicable status of forces agreements, other intergovernmental agreements, or host-country law.

(ii) *Services rendered.* Services and charges shall parallel, whenever practical, the services and charges of MBFs operated under contract. Specific services shall be negotiated and included in the agreement with the foreign banking institution. A copy of the agreement shall be sent through DoD Component channels to the DFAS.

(iii) *Operating agreements.* Before agreements are executed, they will be coordinated with and approved by the appropriate Combatant Command (or designee).

(iv) *Conditions of operation.* A banking institution shall provide equipment (except that furnished by the installation or community), supplies, and trained bank personnel.

(4) *Relocation of MBF.* (i) When an MBF is moved from one location to another at the same installation or community, the commander shall notify the cognizant Military Department, through command channels. The Military Department shall forward the information to the DFAS.

(ii) For all other relocations, prior approval from the DFAS must be obtained through DoD Component channels.

(5) *Comments.* Installation or community commanders shall send their banking comments through DoD Component channels to the DFAS for any of the following:

(i) Major changes in installation population that would affect use of the MBF.

(ii) Opinion that the space assigned is not adequate for the efficient operation of the MBF. Include a statement concerning corrective action.

(iii) Suggestions that might improve the MBF operation, increase efficiency, or decrease costs.

(iv) Pending developments that may have a material impact on the MBF operation.

(6) *Bank liaison officer.* The duties of the BLO are outlined in § 231.5 (g).

(e) *Termination.* Requests to eliminate any or all MBFs in a foreign country must include documentation that the U.S. Chief of Diplomatic Mission has been informed and arrangements for local termination announcements and procedures have been made with the U.S. Embassy.

(1) *Overseas MBFs operated under contract.* In cases where an installation or community no longer can justify overseas MBF operations, the commander shall notify the Secretary of the Military Department concerned (or designee) through command channels.

(i) The report shall state whether a part-time MBF should be established and specify the days each week that the MBF would be needed.

(ii) The Secretary of the Military Department (or designee) shall send this report with recommendations to the DFAS.

(2) *Other overseas banking offices.* Termination actions, when required, shall be taken in accordance with the applicable clauses in the operating

agreement. Notice of intent to terminate, including the closing date, shall be sent through DoD Component channels to DFAS, which shall notify the Department of the Treasury so that the foreign banking institution's authority as a depository and as a financial agent of the U.S. Government at that location may be revoked.

§ 231.7 Procedures—domestic credit unions.

(a) *General policy.* Given their role in promoting morale and welfare, on base credit unions shall be recognized and assisted by DoD Components at all levels. These credit unions shall provide services to DoD personnel of all ranks and grades within their respective fields of membership.

(b) *Establishment.* A demonstrated need for credit union services may be addressed by establishing a new full-service credit union or by opening a branch office or facility of an existing credit union under the common bond principle.

(1) DoD personnel seeking to establish a new full-service credit union shall submit a proposal to the installation commander for review. In addition to the information identified in § 231.5(a)(1), the proposal shall include a request for the establishment of a field of membership that includes all personnel at the installation. Upon installation commander concurrence, the proposal shall be forwarded through DoD Component channels to the Secretary of the Military Department (or designee).

(2) The Secretary of the Military Department concerned (or designee) shall:

(i) Obtain a list of credit unions that are eligible to serve the installation's military members and civilian employees from the National Credit Union Administration (NCUA) Regional Office that has geographic jurisdiction and the appropriate state regulatory agency.

(ii) Prepare and send formal solicitation letters to eligible credit unions informing them of an opportunity to establish a branch office at the installation.

(iii) In coordination with the installation commander, establish the criteria for selection of a specific credit union in accordance with § 231.5(b)(4). Proposals shall be evaluated, and a selection made, based upon the factors and weights developed for the solicitation.

(3) Upon approval by the Secretary of the Military Department (or designee), the NCUA or appropriate state regulatory agency shall be notified and

asked to establish or amend the selected credit union's charter to include the new location. For Federal credit unions, no specific NCUA approval is required to open a branch.

(4) No commitment may be made to a credit union regarding its proposal until the appropriate regulatory agency has announced a selection.

(c) *Terminations.* (1) *Voluntary credit union terminations.* (i) When a credit union plans to end operations on a DoD installation, it shall be required to notify the installation commander 180 days before the closing date. Such notification shall be required to precede public announcement of the planned closure. When appropriate, the commander shall attempt to negotiate an agreement permitting the credit union to continue operations until the installation has made other arrangements.

(ii) The installation commander shall inform the Secretary of the Military Department concerned (or designee) immediately upon receiving notification of a closing. The report shall include a recommendation about continued credit union service on the installation. Paragraph (b) of this section applies if continued service is needed.

(2) *Termination for cause.* If, after discussion with credit union officials, an installation commander determines that the operating policies of a credit union are inconsistent with this part, a recommendation for termination of logistical support and space arrangements may be made through the Secretary of the Military Department concerned (or designee). A credit union shall be removed from the installation only with approval of the Secretary of the Military Department (or designee) after coordination with DFAS and the appropriate regulatory agency.

(3) *Termination in the interest of national defense.* At the option of the government, leases may be terminated in the event of national emergency or as a result of installation deactivation, closing, or other disposal action.

(d) *Use of space, logistical support, and military real property for domestic credit unions.* (1) *Criteria for use of space on Government-owned real property.* (i) Criteria governing the assignment of space and construction of new space for credit unions are in DoD 4270.1-M.

(ii) A credit union may be furnished space on a DoD installation at one or more locations for periods not to exceed 5 years. Terms in excess of 5 years must be approved by the Secretary of the Military Department concerned (or designee) following a determination that the longer term will aid the national

defense or be in the public interest. The cumulative total of space furnished shall be subject to the limitations of DoD 4270.1-M.

(A) The furnishing of office space (including ATM placement) to on-base credit unions is governed by the Federal Credit Union Act (12 U.S.C. 1751). The provision of no-cost office space is limited to credit unions having a membership at least 95 percent of which is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families. This percentage criterion applies only to members who use the on-base office, not to the total credit union membership. A written statement, prepared on the credit union's letterhead and signed by either the president of its board of directors or its general manager to the effect that the credit union meets the 95 percent criterion, shall be required to justify and document the allotment of free government space. A certification also shall be required whenever there is a merger, takeover, or significant change in a field of membership. This certification shall be required to serve as justification and documentation for the continued allocation of free government space including space renovated with credit union funds. The statement shall be updated on renewal of lease. (See Appendix A to this part for a sample format of the statement.)

(B) Credit unions that fail to meet the 95 percent criterion shall be charged fair market rental for space provided. Except where more than one credit union exists on an installation prior to July 1, 1999, credit unions giving less than full service or not serving all assigned DoD personnel are not authorized free space.

(C) When a credit union that meets the 95 percent criterion uses its own funds to expand, modify, or renovate government-owned space, it may be provided a no-cost permit or license for a period not to exceed 5 years. Duration of the permit or license shall be commensurate with the extent of the improvements as determined by the DoD Component concerned. Terms in excess of 5 years must be approved by the Secretary of the Military Department concerned (or designee) following a determination that the longer term will aid the national defense or be in the public interest. The permit or license shall be effective until the agreed date of expiration or until the credit union ceases to satisfy the 95 percent criterion. In this latter case, the no-cost permit shall be cancelled in favor of a lease immediately negotiated at fair market value under the provisions of paragraph

(d) of this section. If the credit union desires, this lease at fair market value may extend through the period identified in the original license not to exceed 5 years. When the term proposed exceeds 5 years, the Secretary of the Military Department concerned (or designee) must approve the longer term following a determination that the longer term will aid the national defense or be in the public interest.

(D) Similarly, a credit union not meeting the 95 percent criterion that uses its own funds to expand, modify, or renovate government-owned space, may be provided a lease at fair market value for a period not to exceed 5 years. Duration of this lease shall be commensurate with the extent of the improvements as determined by the DoD Component concerned.

(2) *Logistical support.* When available, custodial and janitorial services, heating and air conditioning, utilities (i.e., electricity, gas, water, and sewage), fixtures, and maintenance shall be furnished at no cost to credit unions occupying free space in government buildings. However, credit unions shall be required to pay for all communication services to include telephone lines, long distance data services and Internet connections. Credit unions also shall pay for space alterations. Should a credit union fail to meet the 95 percent membership criterion, any logistical support furnished shall be on a reimbursable basis.

(e) Credit unions offering ATM service shall do so in accordance with § 231.4(d) except that the installation commander may provide ATMs to on-base credit unions under certain circumstances such as when it is advantageous to the government to have one or more ATMs but the acquisition cost to the credit union is prohibitive. In all such cases, installation costs and all logistics support must be borne by the credit union.

(f) *Staffing.* (1) On-base credit unions shall provide full service. To do so, credit union offices shall be staffed by:

(i) A loan officer authorized to act for the credit committee.

(ii) An individual authorized to sign checks.

(iii) A qualified financial counselor available to serve members during operating hours.

(2) Exceptions to paragraph (f)(1)(i) of this section may be approved by the installation commander with advice from the Secretary of the Military Department concerned (or designee) in the case of newly organized credit unions.

(3) When an on-base credit union can support only minimum staffing, one of the positions required in paragraph (f)(1)(i) or (f)(1)(ii) of this section also may be subsumed under the counselor duties.

(4) Credit union remote service locations at the same installation may be staffed with one person alone, provided that a direct courier or an electronic or automated message service links each remote location to the credit union's main office.

(5) All credit union staffing shall comply fully with the spirit and intent of the DoD equal employment opportunity policies and programs, in accordance with DoD Directive 1440.1.

(g) *Credit union liaison officer (CULO)* When a credit union office is located on an installation, the commander shall appoint a CULO. As appropriate, the CULO responsibility should be assigned to comptroller or resource management personnel. The CULO's photograph, name and duty telephone number shall be displayed conspicuously at each credit union office on the installation. Anyone who serves as a credit union board member or in any other official credit union capacity may not serve as a CULO. The duties of a CULO are the same as the duties listed for a BLO (see § 231.5(g)).

(h) *In-store banking.* In-store banking services may be provided in accordance with § 231.5(h) except that:

(1) Credit unions interested in submitting proposals to provide requested in-store banking services shall provide a statement from the National Credit Union Administration (NCUA) certifying the credit union's authority to offer the requested financial services to the commissary, the Military Exchange Services, or other on-base facilities.

(2) Space granted to a credit union selected to provide in-store banking services should be issued through a no cost license in accordance with the Federal Credit Union Act (12 U.S.C. 1751).

§ 231.8 Procedures—overseas credit unions.

(a) *General policy.* (1) Credit union services to authorized persons and organizations may be provided by domestic on-base credit unions operating under a geographic field of membership (franchise). The Foreign Geographic Field of Membership (Franchise) Assignment listing is included at Appendix D to this part.

(2) The extension of credit union service overseas is encouraged consistent with the principles prescribed for domestic credit unions and with applicable status of forces

agreements or other intergovernmental agreements, or host-country law. Where permitted by the applicable status of forces agreement or other intergovernmental agreements, or host-country law, the ultimate decision to provide services overseas rests with the credit union itself.

(3) Where permitted by the status of forces agreements or other intergovernmental agreements, or host-country law, only Federal credit unions or federally insured state chartered credit unions may operate on overseas DoD installations.

(b) *Establishment.* (1) Commanders shall notify the Secretary of the Military Department concerned (or designee), through command channels, when overseas credit union services are needed. Such requests shall include:

(i) Full information about available space and logistical support.

(ii) The name and location of the nearest credit union facility or branch.

(iii) The distance between the installation and the nearest credit union facility or branch.

(iv) The availability of any official or public transportation.

(v) The number of DoD personnel in duty assignments that confine them to the installation or who cannot obtain transportation (such as hospital patients).

(vi) In countries not presently served, a statement concurred in by the Combatant Command that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy. The statement shall include that the host country will permit the operations, with any conditions imposed by the host country identified.

(2) Subsequent to approval of the request from the installation or community commander to establish an overseas credit union facility, the Secretary of the Military Department concerned (or designee) shall solicit proposals for the provision of full credit union services as follows:

(i) Where there is a DoD designated geographic field of membership (franchise) with a specific field of membership, the Secretary of the Military Department (or designee) shall direct the installation or community commander to contact the servicing defense credit union and request that a branch or facility be established. The basic decision concerning such extensions of service rests with the servicing credit union.

(ii) Where there is no DoD designated geographic field of membership (franchise), the Secretary of the Military Department (or designee) shall:

(A) Coordinate requests, through the DFAS, to obtain a geographic field of membership (franchise). A geographic field of membership (franchise) is the authorization granted to a credit union by the Office of the Under Secretary of Defense (Comptroller) to provide financial services in a specific geographic region located outside the United States and its territories.

(B) Solicit proposals from credit unions currently operating on DoD installations.

(C) Review proposals of interested credit unions.

(D) Coordinate with field commands, as needed.

(E) Recommend selection to National Credit Union Administration (NCUA) or appropriate state regulatory agency with a copy to the DFAS and the OUSD(C), requesting that the appropriate field of membership adjustment be made. Such a recommendation shall identify the primary installations on which the credit union would operate and, if applicable, the contiguous geographic boundaries for future facilities and branches.

(3) Where there is an existing field of membership, the Secretary of the Military Department concerned (or designee) shall take the following actions:

(i) If a credit union on an installation terminates operation, afford any other credit union having a geographic field of membership (franchise) within that country an opportunity to assume the franchise being vacated. If all such institutions decline, the geographic field of membership (franchise) shall be offered to the federally insured defense credit union community. If, as a result of a credit union decision to decline service to an installation or a termination action, another credit union is assigned the former geographic field of membership (franchise) or portion thereof, the NCUA or the applicable state regulatory agency shall be notified and requested to make appropriate field of membership adjustments.

(ii) When other credit union(s) having a geographic field of membership (franchise) within a country decline the opportunity, or there is no other credit union having a franchise within that country, the provisions of paragraph (b)(2)(ii) of this section apply.

(4) No commitment may be made to a credit union regarding its proposal until the appropriate regulatory agency has announced a selection.

(c) *Logistical support.* Installation or community commanders will provide logistical credit union support. Such support normally shall include:

(1) Adequate office space, including steel bars; grillwork; security doors; a vault, safes or both; security alarm systems and camera surveillance equipment (where deemed necessary) that meet documented requirements of the contractor's insurance carrier; construction of counters, teller cages, and customer and work areas; necessary modifications and alterations to existing buildings; and construction of a new premises, if necessary. The size and arrangement of space should permit efficient operations. The credit union shall pay for all improvements to the space given. Space assigned may not exceed that prescribed in DoD 4270.1-M.

(2) DoD housing on a rental basis to key credit union personnel unable to find suitable, reasonably priced housing in the vicinity of the DoD installation, if available.

(3) Utilities (i.e., electricity, gas, water and sewage), heating, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal).

(4) Defense Switched Network (DSN) voice and data communication to include internet access.

(5) U.S. Military Postal Service support under DoD Directive 4525.6 (reference (q)). Use of free intra-theater delivery system (IDS) is authorized for all routine mail sent and received between Army Post Offices (APOs) and Fleet Post Offices (FPOs) within a theater.

(d) *Travel.* Travel by credit union officials must be at no expense to the U.S. Government. Overseas commanders may issue invitational travel orders for official on-base visits by credit union officials at no cost to the U.S. Government.

(e) *Operations.* (1) An overseas credit union shall confine its field of membership to individuals or organizations eligible by law or regulation to receive services and benefits from the installation. Services shall not be provided to those personnel precluded such services by applicable status of forces agreements, other intergovernmental agreements, or host-country law.

(2) The Department assigns overseas credit unions a prescribed geographic field of membership (franchise). However, any credit union may continue to serve its members stationed overseas by mail or telecommunications.

(3) A credit union proposing any new service not authorized by the operating agreement must coordinate the establishment of the new service

through the cognizant Component command to the Combatant Command. The new service can be offered only after the appropriate command's approval and coordination with the U.S. Chief of Diplomatic Mission or U.S. Embassy to ensure that the service does not conflict with the status of forces agreements, other intergovernmental agreements, or host-country law.

(4) Credit unions that operate full service branches shall have U.S. currency and coin available for member transactions. In areas served by currency custody accounts, transactional U. S. currency and coins shall be made available from the servicing MBF with no direct or analysis charge to the credit union, provided settlement is made via the local MBF account or equivalent arrangements are made with the MBF.

(5) In countries served by MBFs operated under contract, credit unions shall purchase foreign currency only from the servicing MBF.

(i) The bulk rate purchase price shall apply to currency used by the credit union to make payments to vendors or to make payroll payments.

(ii) Credit unions that desire and are authorized to provide accommodation exchange services to its members shall acquire foreign currency from the servicing MBF at the MBF accommodation rate and sell it at a rate of exchange no more favorable than that available to customers of the MBF.

(6) The NCUA may review operations of overseas credit union offices either when it examines the main credit union or at other times of its choosing. For federally insured, state chartered credit unions, the applicable state regulatory agency also may examine credit unions operations.

§ 231.9 Definitions.

Automated teller machine (ATM). An electronic machine that dispenses cash, and may perform such other functions as funds transfers among a customer's various accounts and acceptance of deposits. Equipment generally is activated by a plastic card in combination with a personal identification number (PIN). Typically, when the cardholder's account is with a financial institution other than that operating the ATM, its use results in the assessment of a fee from the ATM network (Armed Forces Financial Network (AFFN), Cirrus, PLUS) handling the transaction. Shared access, which is predicated on a formal agreement between financial institutions, refers to ATMs that may be used by cardholders of more than one financial institution without being assessed a network fee.

Banking institution. An entity chartered by a state or the federal government to provide financial services.

Banking office. A branch bank, or independent bank operated by a banking institution on a domestic DoD installation or by a foreign banking institution on an overseas DoD installation.

Branch bank. A separate unit chartered to operate at an on-base location geographically remote from its parent banking institution.

Credit union. A cooperative nonprofit association, incorporated under the Federal Credit Union Act, 12 U.S.C. 1751 *et seq.*, or similar state statute, for the purposes of encouraging thrift among its members and creating a source of credit at a fair and reasonable rate of interest.

Credit union facility. A facility employing a communications system with the parent credit union to conduct business at remote locations where a full-service credit union or credit union branch is impractical. Credit union facilities need not provide cash transaction services but must disburse loans and shares by check or draft and provide competent financial counseling during normal working hours.

Defense credit union. A state or federally insured credit union with a field of membership composed primarily of DoD personnel.

Discrimination. Any differential treatment in provision of services, including loan services, by a financial institution to DoD personnel and their dependents on the basis of race, color, religion, national origin, sex, marital status, age, rank, or grade. However, if uniformly applied, the amount of credit extended may be directly based on an applicant's total income.

DoD Component. For the purposes of this part, DoD Components include the Office of the Secretary of Defense, the Military Departments, the Joint Chiefs of Staff, the Joint Staff and the supporting Joint Agencies, the Combatant Commands, the Inspector General of the Department of Defense, the Uniformed Services University of the Health Sciences, the Defense Agencies, the DoD Field Activities, and all nonappropriated fund instrumentalities including the Military Exchange Services, and Morale, Welfare and Recreation activities.

DoD Personnel. All military personnel; DoD civil service employees; other civilian employees, including special government employees of all offices, Agencies, and Departments performing functions on a DoD installation (including nonappropriated

fund instrumentalities); and their dependents. On domestic DoD installations, retired U.S. military personnel and their dependents are included.

Domestic DoD installation. For the purposes of this part, a military installation located within a state of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

Fair Market Rental. A reasonable charge for on-base land, buildings, or building space. Rental is determined by a government appraisal based on comparable properties in the local civilian economy. However, the appraiser will consider that on-base property may not always be comparable to similar property in the local commercial geographic area. Examples of circumstances that may affect fair market rental include limitations of usage and access to the financial institution by persons other than those on the installation, proximity to the community center or installation business district, and the government's right to terminate the lease or take title to improvements constructed at the financial institution's expense.

Field of membership. A group of people entitled to credit union membership because of a common bond of occupation, association, employment, or residence within a well-defined neighborhood, community or rural district. A field of membership is defined in the credit union's charter by the appropriate regulatory agency.

Financial institution. This term encompasses any banking institution, credit union, and subordinate office or facility, each as separately defined in this section.

Financial services. Those services commonly associated with financial institutions in the United States, such as electronic banking (e.g., ATMs and personal computing banking), in-store banking, checking, share and savings accounts, funds transfers, sales of official checks, money orders, and travelers checks, loan services, safe deposit boxes, trust services, sale and redemption of U.S. Savings Bonds, and acceptance of utility payments and any other services provided by financial institutions.

Foreign banking institution. A bank located outside the United States chartered by the country in which it is domiciled.

Full service credit union. A credit union that provides full-time counter transaction services, to include cash operations, and is staffed during normal working hours by a loan officer, a person authorized to sign checks, and a

qualified financial counselor. In overseas areas, "full service" includes cash operations where not prevented by:

(a) Status of forces agreements, other intergovernmental agreements, or host-country law.

(b) Physical security requirements that cannot be resolved by the credit union or local command.

Geographic field of membership (franchise). Authorization granted to a credit union by the Office of the Under Secretary of Defense (Comptroller) to provide financial services in a specific geographic region located outside the United States and its territories.

Independent bank. A bank specifically chartered to operate on a DoD installation or DoD installations whose directors and officers usually come from the local business and professional community. Such operations are thus differentiated from county-wide or state-wide branch systems consisting of a head office and one or more geographically separate branch offices.

In-store banking. An expansion of financial services provided by an on-base financial institution within the premises of the commissary, exchange, and/or other on base retail facility.

Malpractice. Any unreasonable lack of skill or fidelity in fiduciary duties or the intentional violation of an applicable law or regulation or both that governs the operations of the financial institution. A violation shall be considered intentional if the responsible officials know that the applicable action or inaction violated a law or regulation.

Military banking facility (MBF). A banking office located on a DoD installation and operated by a financial institution that the Department of the Treasury has specifically authorized, under its designation as a "Depository and Financial Agent of the U.S. Government," to provide certain banking services at the installation.

National bank. An association approved and chartered by the Comptroller of the Currency to operate a banking business.

On-base. Refers to physical presence on a domestic or overseas DoD installation.

Operating agreement. A mutual agreement between the installation commander and the on-base financial institution to document their relationships.

Overseas DoD installation. A military installation (or community) located outside the states of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

Part-time MBF. A MBF that operates fewer than 5 days a week exclusive of

additional payday service. When only payday service is provided, the MBF may be termed a "payday service facility."

Regulatory agency. Includes the Office of the Comptroller of the Currency, Department of the Treasury; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the respective Federal Reserve District Banks; the National Credit Union Administration; the various state agencies and commissions that oversee financial institutions; and, for military banking facilities (MBFs), the Fiscal Assistant Secretary of the Treasury (or designee).

State bank. An institution organized and chartered under the laws of one of the states of the United States to operate a banking business within that state.

Surcharge. A fee typically assessed on nonaccountholders to access an ATM. In accordance with Federal Reserve Board Regulation E, such a fee must be disclosed at the ATM either through a sign or screen disclosure. For the purposes of this chapter, surcharges are limited to ATMs.

Subpart B—DoD Directive 1000.11

§ 231.10 Financial institutions on DoD installations.

(a) Purpose. This subpart:

(1) Updates policies and responsibilities for financial institutions that serve Department of Defense (DoD) personnel on DoD installations worldwide. Associated procedures are contained in DoD 7000.14-R.

(2) Ensures that arrangements for the provision of services by financial institutions are consistent among the DoD Components, and that financial institutions operating on DoD installations provide, and are provided, support consistent with the policies stated in this subpart.

(b) **Applicability.** This subpart applies to the Office of the Secretary of Defense, the Military Departments, the Joint Chiefs of Staff, the Joint Staff and the supporting Joint Agencies, the Combatant Commands, the Inspector General of the Department of Defense, the Uniformed Services University of the Health Sciences, the Defense Agencies, the DoD Field Activities, and all nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities.

(c) **Definitions.** Terms used in this subpart are set forth in Volume 5 of DoD 7000.14-R.

(d) **Policy.** (1) The following pertains to financial institutions on domestic DoD installations:

(i) Except where they already may exist as of July 1, 1999, no more than one banking institution and one credit union shall be permitted to operate on a DoD installation.

(ii) Upon the request of an installation commander and with the approval of the Secretary of the Military Department concerned (or designee), duly chartered financial institutions may be authorized to provide financial services on DoD installations to enhance the morale and welfare of DoD personnel and facilitate the administration of public and quasi-public monies. Arrangement for the provision of such services shall be in accordance with this subpart and related issuances.

(iii) Financial institutions, or branches thereof, shall be established on DoD installations only after approval by the Secretary of the Military Department concerned (or designee) and the appropriate regulatory agency.

(A) Only banking institutions insured by the Federal Deposit Insurance Corporation (FDIC) and credit unions insured by the National Credit Union Share Insurance Fund (NCUSIF) shall operate on DoD installations. These financial institutions may be either state or federally chartered. Foreign banking institutions operating on overseas DoD installations and chartered to provide financial services in that country are excepted from this requirement.

(B) Military banking facilities (MBFs) shall be established on DoD installations only when a demonstrated and justified need cannot be met through other means. Normally, MBFs shall be authorized only at overseas locations. They may be considered for use at domestic DoD installations only when DoD Components have been unable to obtain, through normal means, financial services from a state or federally chartered financial institution authorized to operate in that state. In times of mobilization, it may become necessary to designate additional MBFs as an emergency measure. The Director, Defense Finance and Accounting Service (DFAS) may recommend the designation of banking facilities to the Department of the Treasury under provisions of 12 U.S.C. 265.

(C) Retail banking operations shall not be performed by any DoD Component. Solicitations for such services shall be issued, or proposals accepted, only in accordance with the policies identified in this subpart. DoD Components shall rely on commercially available sources in accordance with DoD Directive 4100.15.¹²

(D) Retail fees and services for products (to include related minimum balance requirements for noninterest checking, Negotiable Order of Withdrawal (NOW) and savings accounts) offered by financial institutions operating on domestic installations and domestic credit unions operating on DoD installations overseas shall not exceed 110 percent of the industry-wide averages for banks in the "Annual Report to Congress on Retail Fees and Services of Depository Institutions," published by the Board of Governors of the Federal Reserve System.

(iv) Installation commanders shall not seek the provision of financial services from any entity other than the on-base banking office or credit union. The Director, DFAS, with the concurrence of the Under Secretary of Defense Comptroller (USD(C)), may approve exceptions to this policy. Such requests for exception shall be proposed through the Secretary of the Military Department concerned (or designee).

(v) Financial institutions authorized to locate on DoD installations shall be provided logistic support as set forth in Volume 5 of DoD 7000.14-R.

(vi) Military disbursing offices, nonappropriated fund instrumentalities including MWR activities, the Military Exchange Services and other DoD Component activities requiring financial services shall use on-base financial institutions to the maximum extent feasible and consistent with sound management practice.

(vii) The Department encourages the delivery of retail financial services on DoD installations via nationally networked automated teller machines (ATMs). ATMs are considered electronic banking services and, as such, shall be provided only by duly chartered financial institutions.

(A) Notwithstanding the provisions contained in paragraph (d)(1)(iii)(D) of this section, on-base ATM service offered by financial institutions operating on domestic installations and domestic credit unions operating on DoD installations overseas shall be provided without surcharge.

(B) Proposals by the installation commander to install ATMs from other than on-base financial institutions shall comply with the provisions of paragraph (d)(1)(iv) of this section and will be considered only when ATM service is unavailable or existing service is inadequate and the on-base financial institution(s) either declines to provide the service, fails to improve the existing service so that it is adequate or does not formally respond to the request within 30 days of the date of the request.

(viii) Expansion of financial services (to include in-store banking) provided by on-base financial institutions must be approved by the installation commander. Such requests for expansion of services should be coordinated with the installation bank/credit union liaison officer prior to the commander's consideration. Approved expansion of services will be documented as an amendment to the existing operating agreement between the installation commander and the on-base financial institution. The amendment to the operating agreement and any required lease (to include a change to an existing lease) shall be in place prior to the initiation of new financial services or offices.

(ix) The installation commander shall ensure, to the maximum extent feasible, that all financial institutions operating on his or her installation are given the opportunity to participate in pilot programs to demonstrate new financial-related technology (e.g., smart cards) or establish new business lines (e.g., in-store banking) where a determination has been made by the installation commander that the offering of such services is warranted.

(x) Requests for termination of financial services must be approved by the installation commander, substantiated by sufficient evidence and forwarded to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall coordinate such requests with the Under Secretary of Defense (Comptroller), through the Director, DFAS, before notification to the appropriate regulatory agency.

(2) The following pertains to financial institutions on overseas DoD installations:

(i) The extension of services by MBFs and credit unions overseas shall be consistent with the policies stated in this subpart and with the pertinent status of forces agreement, other intergovernmental agreement, or host-country law.

(ii) The policies governing the operation of financial institutions on domestic DoD installations identified in paragraph (d)(1) of this section shall apply to financial institutions operating overseas.

(iii) Financial services at overseas DoD installations may be provided by:

(A) Domestic on-base credit unions operating overseas under a geographic franchise and, where applicable, as authorized by the pertinent status of forces agreement, other intergovernmental agreement, or host-country law.

¹² See footnote 1 to § 231.1(a).

(B) MBFs operated under and authorized by the pertinent status of forces agreement, other intergovernmental agreement, or host-country law.

(C) Domestic and foreign banks located on overseas DoD installations that are:

(1) Chartered to provide financial services in that country, and

(2) A party to a formal operating agreement with the installation commander to provide such services, and

(3) Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law.

(iv) Financial institutions authorized to locate on DoD installations shall be provided logistical support as set forth in the Volume 5 of DoD 7000.14-R.

(v) In countries served by MBFs operated under contract, nonappropriated fund instrumentalities and on-base credit unions that desire and are authorized to provide accommodation exchange services shall acquire foreign currency from the MBF at the MBF accommodation rate; and shall sell such foreign currency at a rate of exchange that is no more favorable to the customer than that available from the MBF.

(vi) Additional guidance pertaining to financial services overseas is set forth in Volume 5 of DoD 7000.14-R.

(e) *Responsibilities.* (1) The Under Secretary of Defense (Comptroller) (USD(C)) shall develop and monitor policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to this subpart.

(2) The Under Secretary of Defense (Acquisition and Technology) (USD(A&T)) shall develop and monitor policies and procedures governing logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

(3) The Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) shall advise the USD(C) on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

(4) DoD Component responsibilities pertaining to this Directive are set forth in Volume 5 of DoD 7000.14-R.

Subpart C—Guidelines for Application of the Privacy Act to Financial Institution Operations

§ 231.11 Guidelines.

(a) The following guidelines govern the application of DoD Directive

5400.11 to those financial institutions that operate under this subpart:

(1) Financial institutions and their branches and facilities operating on DoD military installations do not fall within the purview of 5 U.S.C. 552 *et seq.*

(i) These financial institutions do not fit the definition of "agency" to which the Privacy Act applies, that is, any executive department, Military Department, government corporation, government-controlled corporation, or other establishment in the executive branch of the government (including the Executive Office of the President), or an independent regulatory agency (5 U.S.C. 552(e) and 552a(a)(1)).

(ii) These financial institutions are not "government contractors" within the meaning of 5 U.S.C. 552a(o), as they do not operate a system of records on behalf of an agency to accomplish an agency function. According to the Office of Management and Budget Privacy Act Guidelines, the provision relating to government contractors applies only to systems of records actually taking the place of a Federal system which, but for the contract, would have been performed by an agency and covered by the Privacy Act. Clearly, the subject institutions do not meet these criteria.

(iii) Since the Act does not apply to them, these financial institutions are not required to comply with 5 U.S.C. 552a(e)(3) in obtaining and making use of personal information in their relationships with personnel authorized to use such institutions. Thus, these institutions are not required to inform individuals from whom information is requested of the authority for its solicitation, the principal purpose for which it is intended to be used, the routine uses that may be made of it, or the effects of not providing the information. There also is no requirement to post information of this nature within on-base banking and credit union offices.

(2) The financial institutions concerned hold the same position and relationship to their account holders, members, and to the government as they did before enactment of OMB Circular A-130. Within their usual business relationships, they still are responsible for safeguarding the information provided by their account holders or members and for obtaining only such information as is reasonable and necessary to conduct business. This includes credit information and proper identification, which may include social security number, as a precondition for the cashing of checks.

(3)(i) Financial institutions may incorporate the following conditions of disclosure of personal identification in

all contracts, including loan agreements, account signature cards, certificates of deposit agreements, and any other agreements signed by their account holders or members:

I hereby authorize the Department of Defense and its various Components to verify my social security number or other identifier and disclose my home address to authorized (name of financial institution) officials so that they may contact me in connection with my business with (name of financial institution). All information furnished will be used solely in connection with my financial relationship with (name of financial institution).

(ii) When the financial institution presents such signed authorizations, the receiving military command or installation shall provide the appropriate information.

(4) Even though an agreement described in paragraph (a)(3) of this section has not been obtained, the Department of Defense may provide these financial institutions with salary information and, when pertinent, the length or type of civilian or military appointment, consistent with DoD Directives 5400.11 and 5400.7. Some examples of personal information pertaining to DoD personnel that normally can be released without creating an unwarranted invasion of personal privacy are name, rank, date of rank, salary, present and past duty assignments, future assignments that have been finalized, office phone number, source of commission, and promotion sequence number.

(5) When DoD personnel with financial obligations are reassigned and fail to inform the financial institution of their whereabouts, they should be located by contacting the individual's last known commander or supervisor at the official position or duty station within that particular DoD Component. That commander or supervisor either shall furnish the individual's new official duty location address to the financial institution, or shall forward, through official channels, any correspondence received pertaining thereto to the individual's new commander or supervisor for appropriate assistance and response. Correspondence addressed to the individual concerned at his or her last official place of business or duty station shall be forwarded as provided by postal regulations to the new location. However, once an individual's affiliation with the Department of Defense is terminated through separation or retirement, the Department's ability to render locator assistance (i.e., disclose a home address) is severely curtailed unless the public

interest dictates disclosure of the last known home address. The Department may, at its discretion, forward correspondence to the individual's last known home address. The Department may not act as an intermediary for private matters concerning former DoD personnel who are no longer affiliated with the Department.

(b) Questions concerning this guidance should be forwarded through channels to the Deputy Chief Financial Officer, Office of the Under Secretary of Defense (Comptroller), The Pentagon, Washington, DC 20301-1100.

Appendix A to Part 231—Sample Operating Agreement

Operating Agreement Between Military Installations and Banks/Credit Unions

Note: The following operating agreement template identifies general arrangement and content. Content of the actual operating agreement may vary according to the circumstances of each installation.

Operating Agreement Between (Name of Installation), (State or Country Installation Located) and (Name of Bank/Credit Union).

This Agreement is made and entered into this day by and between the installation commander of (Name of Installation) in his or her official capacity as installation commander, hereinafter referred to as the "Commander" and the (Name of Bank/Credit Union), having its principal office at (Location of Home Office) hereinafter referred to as the "Bank/Credit Union," together hereinafter referred to as "the parties." Whereas the Commander and the Bank/Credit Union enter into this Operating Agreement upon the mutual consideration of the promises, covenants, and agreements hereinafter contained:

1. The parties understand and agree that this Agreement shall in no way modify, change, or alter the terms and conditions of Lease Number (number of lease) covering the use of real property described therein, and this Agreement shall continue, subject to the termination provisions herein-after set forth, during the terms of said lease and any extensions thereof. In the case of a bank operating a military banking facility (MBF) overseas, this agreement will not change the conditions of the contract between the bank and the Department of Defense.

2. The Bank/Credit Union agrees to operate a (State Bank, National Bank, Independent Bank, Branch Bank, Military Banking Facility or Credit Union) on-base in accordance with the policies and procedures set forth in Volume 5, Chapter 34 of the *DoD Financial Management Regulation* or, for the Overseas Military Banking Program (OMBP), the policies and procedures set forth in Volume 5, Chapter 34 of the *DoD Financial Management Regulation* and the applicable DoD contract. The hours of operations shall be between (Hour Office Opens) and (Hour Office Closes), and on the following days (Week Days Office Open), except on government holidays when the Bank/Credit Union may be closed. The Program Office for the OMBP shall notify the commander of any changes to the DoD contract.

3. The Bank/Credit Union shall provide the following services:

a. *Services for Individuals*

- (1) Demand (checking) account services.
- (2) Cashing personal checks and government checks for accountholders.
- (3) Maintaining savings accounts and (any other interest-bearing accounts).
- (4) Selling official checks, money orders, and traveler's checks.
- (5) Selling and redeeming United States savings bonds.
- (6) Providing direct deposit service.
- (7) Electronic banking (Automated Teller Machines).

b. *Services for Disbursing Officers*

- (1) Furnishing cash (if the financial institution's terms for doing so is consistent with sound management practices).
- (2) Accepting deposits for credit to the Treasury General Account (where the financial institution has entered into an agreement with the Department of the Treasury).

c. *Services for Nonappropriated Fund Instrumentalities and Private Organizations*

- (1) Demand (checking) account services, including wire transfers.
- (2) Savings accounts and nonnegotiable certificates of deposit or other interest-bearing accounts offered by the bank.
- (3) Currency and coin for change.

4. Service charges shall be as follows:

a. *Service for Individuals.*

(1) No fees shall be charged to individuals for the services listed in subpara graph 3.a.(2), 3.a.(5) and 3.a.(7), above, except that checks drawn on other financial institutions may be treated in accordance with the financial institution's established policy. Any charge to cash a government check shall not exceed that typically charged by financial institutions in the vicinity of the installation.

(2) Checking and savings accounts. Fees for individual checking and savings accounts shall be the customary service charges of the bank/credit union or those negotiated for base personnel per the attached schedule.

(3) Sale of official checks, money orders, traveler's checks and other types of financial paper. Charges for these services shall be the customary charges of the financial institution operating the on-base banking/credit union office.

b. *Service for Disbursing Officers.* No charge shall be made for the services listed in subparagraph 3.b.(2), above. Compensation to the financial institution shall be per its separate agreement with the Department of the Treasury. Charges, if any, for the services stated in subparagraph 3.b.(1) shall be as locally negotiated with the financial institution.

c. *Nonappropriated Fund Instrumentalities and Private Organizations.* State the charges or refer to a schedule of charges for funds and organizations that do not participate in a central banking program. For those activities participating in a central banking program, determine the compensation to the financial institution by account analysis.

5. It is agreed that the Bank/Credit Union shall:

a. Notify the Commander of any proposed changes to the attached schedule of fees and

services at least 30 days prior to implementation.

b. Follow the requirements in Volume 5, Chapter 34 of the *DoD Financial Management Regulation* and any changes thereto.

c. Comply with Department of the Treasury requirements for establishment and operation of a Treasury General Account where the bank/credit union agrees to act as a depository for government funds.

d. Absolve the (Military Service) and its representatives of responsibility or liability for the financial operation of the bank/credit union; and for any loss (including losses due to criminal activity), expenses, or claims for damages arising from bank/credit union operations.

e. Indemnify, and hold harmless the United States from (and against) any loss, expense, claim, or demand, including attorney fees, court costs, and costs of litigation, to which the government may be subjected as a result of death, loss, destruction, or damage in connection with the use and occupancy of (Military Service) premises occasioned in whole or in part by officers, agents or employees of the institution operating a bank/credit union office.

f. Favorably respond, whenever feasible, to reasonable local command requests for lectures and printed materials to support consumer credit education programs, financial management program and newcomer's briefings.

g. Prominently post in the lobby of the bank/credit union the name, duty telephone number and photograph of the Bank/Credit Union Liaison Officer.

h. Allow, with reasonable notification, authorized auditors or installation comptroller representatives to verify financial operational data provided by the institution at the request of the installation commander.

i. Accept the government travel card in all on-base ATMs operated by the bank/credit union.

j. Abide by the installation fire protection program, including immediate correction of fire hazards noted by the installation fire inspector during periodic fire prevention inspections.

6. The Commander shall provide the following space and support:

a. Space requirements for bank/credit union operations will be administered in accordance with the existing lease. (Show Number of Lease).

b. Utilities (i.e., electricity, gas, water and sewage), heating, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal) on a reimbursable basis.

c. Assistance in locating military personnel and civilian employees who tender uncollectable checks, overdraw their accounts, default on loans, or otherwise owe money to (or are owed money by) the Bank/Credit Union.

d. Making recovery of funds in such cases as allowed by regulation.

7. Termination of this Agreement shall be consistent with the termination provision of

the real property lease and Volume 5, Chapter 34, of the *DoD Financial Management Regulation*. The Secretary of the (Military Department) shall have the right to terminate this Agreement at any time. Any termination of the right of the Bank/Credit Union to operate on the installation shall render this Agreement terminated without any applicable action by the Commander.

8. Any provision of this Agreement that is contrary to or violates any laws, rules, or regulations of the United States, its agencies, or the state of (State Bank/Credit Union Located) that apply on federal installations shall be void and have no force or effect; however, both parties to this Agreement agree to notify the other party promptly of any known or suspected continuing violation of such laws, rules, or regulations.

9. So long as this Agreement remains in effect, it shall be reviewed jointly by the Commander and the Bank/Credit Union at least once every 5 years to ensure compatibility with current DoD issuances and to determine if any changes are required to the Agreement.

In witness whereof, the Commander, and the Bank/Credit Union, by their duly authorized office, have hereunto set their hands this day of (Day, Month, Year).

Bank/Credit Union Official

Installation Commander

Appendix B to Part 231—In-Store Banking

A. Selection Process. The purpose of this guidance is to assure an impartial and thorough process to select the best on-base financial institution to provide in-store banking services when such services are desired and approved by the installation commander.

1. Consistent with DoD Component delegation, the final decision to solicit for an in-store banking office rests with the installation commander.

2. The DoD Component seeking in-store banking (e.g., Defense Commissary Agency, Military Exchange Services and MWR activities) shall draft the solicitation letter.

3. The solicitation letter shall be reviewed by the installation legal counsel prior to its release.

4. Close coordination among all cognizant DoD elements is essential throughout the selection process.

5. The Bank/Credit Union Liaison Officer(s) shall be the focal point(s) of the selection process.

6. During the selection process, all communication between requesting DoD Component and the financial institutions shall be channeled through the Bank/Credit Union Liaison Officer(s).

B. Specific Procedures:

1. The need for in-store banking service may be identified from either:

- An unsolicited proposal from an on-base financial institution,
 - A DoD Component's request, or
 - An installation commander's request.
2. The cognizant installation commander is responsible for assessing the environment

and authorizing the Bank/Credit Union Liaison Officer(s) to pursue the acquisition of in-store banking services. If no authorization is given, no further action is required.

3. The cognizant installation commander shall determine whether a solicitation is required. (A solicitation shall be required whenever there is two or more financial institutions on a DoD installation). If no solicitation is required, then the Bank/Credit Union Liaison Officer shall work directly with the on base financial institution to obtain the requested services. Where there is neither a banking office nor an on-base credit union, the solicitation process outlined in paragraph 340502, as supplemented by the provisions outlined in paragraph A, above, apply.

4. The requesting DoD Component shall prepare a solicitation letter and present the letter, through the Bank/Credit Union Liaison Officer, to the installation commander for signature. The solicitation letter shall identify the financial services being requested and classify these services as either mandatory or optional. In addition, the solicitation letter shall highlight any services that will be weighed as more important than others during the evaluation of the proposals. Any space consideration and terms of the proposed agreement also shall be identified in the letter.

5. In order to maintain the integrity of the solicitation process, all communications among the requesting agency, the installation commander, and the interested financial institutions shall be directed through the Bank/Credit Union Liaison Officer(s). The Bank/Credit Union Liaison Officer(s) shall forward the solicitation letter to both on-base financial institutions. All proposals shall be referred to the requesting DoD Component for evaluation and subsequent selection. Credit union proposals must contain certification from the NCUA or appropriate state regulatory agency that the provision of the requested services complies fully with regulatory guidelines and statute. The requesting DoD Component shall submit a written recommendation, and supporting rationale, to the installation commander for final approval. The installation commander shall approve or disapprove the requesting DoD Component's recommendation and notify the requesting agency of that decision.

6. The Bank/Credit Union Liaison Officer(s) shall notify in writing the selected financial institution and request that institution to coordinate with the proper activity to begin any construction, modifications or renovations necessary to open the in-store banking office. The cognizant facility management personnel shall begin the process of obtaining the necessary outgrant instruments. Concurrently, the requesting DoD Component representative and the financial institution representative shall draft the appropriate amendment to the operating agreement. The amendment shall contain provisions regarding: (a) the roles and responsibilities of all parties involved, (b) the financial services to be provided, and (c) the logistical support arrangements to include custodial services and security provisions. The amendment shall be coordinated with the Bank/Credit

Union Liaison Officer(s) prior to forwarding that document to the installation commander for signature. The amendment shall be signed by the installation commander and the appropriate representatives from the financial institution and the requesting DoD Component.

Appendix C to Part 231—Sample Certificate of Compliance for Credit Unions

Certificate of Compliance

I, (name), general manager of the (credit union), located at (place), certify that this credit union complies with the requirements of the Federal Credit Union Act, section 124 (12 U.S.C. 1770), for the allotment of space in Federal buildings without charge for rent or services. At least 95 percent of the (credit union and branch) current membership is composed of persons who are now, or were when they joined this credit union, military personnel or Federal employees, or members of their families.

Date _____

Name _____
(President of the board of directors or general manager)

(Note: The Certificate of Compliance is posted on credit union letterhead)

Appendix D to Part 231—Foreign Geographic Field of Membership (Franchise) Assignment Listing

Credit Union services to authorized persons and organizations on DoD installations overseas are provided by domestic defense credit unions operating under a geographic field of membership (franchise). The DoD geographic fields of membership (franchises) are as follows:

Bahrain

Navy Federal Credit Union

Belgium

Andrews Federal Credit Union

Canada

Navy Federal Credit Union

Cuba

Navy Federal Credit Union

Diego Garcia

Navy Federal Credit Union

Federal Republic of Germany

Andrews Federal Credit Union:

State of Hessen

State of Nordrhein Westfalen

Hameln Pymont—Sub District of Hannover

County/District State of Niedersachsen

Mainz—Sub District of County/District

Rheinessen State of Rheinlandpfalz

Bad Kreuznach—Sub District of Koblenz

County/District State of Rheinlandpfalz

County/District of Unterfranken—State of

Bayern

Finance Center Federal Credit Union:

State of Bayern excluding County/District

of Unterfranken

Pentagon Federal Credit Union:

State of Hamburg

State of Schleswig Holstein

State of Bremen
State of Niedersachsen excluding Hamlen
Pymont Sub District Hannover County/
District
Service Federal Credit Union:
State of Berlin
State of Baden-Wuerttemberg
State of Saarland
State of Rheinlandpfalz excluding:
Bad Krueznach—Sub District of Koblenz
Mainz—Sub District of Rheinhessen
Greece/Crete
Army and Air Force Mather Federal Credit
Union
Navy and Marine Corps—Navy Federal
Credit Union
Hong Kong
Navy Federal Credit Union
Iceland
Navy Federal Credit Union
Italy
Army and Air Force—Global Credit Union
Navy and Marine Corps Navy—Federal
Credit Union

Japan
Army and Air Force—United Services of
America Federal Credit Union
Navy and Marine Corps—Navy Federal
Credit Union
Korea
United Services of America Federal Credit
Union
The Netherlands
Andrews Federal Credit Union
Okinawa (Prefecture of Japan)
Army and Air Force—Pentagon Federal
Credit Union
Navy and Marine Corps—Navy Federal
Credit Union
The Philippines
Army and Air Force—Alaska USA Federal
Credit Union
Navy/Marine Corps—Navy Federal Credit
Union
Portugal
Pentagon Federal Credit Union
Spain
Army and Air Force—Pentagon Federal
Credit Union

Navy and Marine Corps—Navy Federal
Credit Union
Turkey
Pentagon Federal Credit Union
United Kingdom
Army and Air Force—Keesler Federal Credit
Union
Navy/Marine Corps—Navy Federal Credit
Union
World-Wide
Tower Federal Credit Union (representative
offices only)
Security Service Federal Credit Union
(representative offices only)
Note: Questions concerning this guidance
should be forwarded through channels to the
Deputy Chief Financial Officer, Office of the
Under Secretary of Defense (Comptroller),
The Pentagon, Washington, DC 20301-1100.
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