

SCHWARTZ & BALLEN LLP
1990 M STREET, N.W. • SUITE 500
WASHINGTON, DC 20036-3465
(202) 776-0700

FACSIMILE
(202) 776-0720

www.schwartzandballen.com

M E M O R A N D U M

March 20, 2008

To Our Clients and Friends

Re: OCC Interim Rule on Lending Limits

The Comptroller of the Currency (“OCC”) has issued an interim rule under which the OCC may establish a special lending limit for national banks when it determines that such loans are essential to address an emergency situation, such as maintaining financial market stability. The interim rule is effective March 20th and public comments are requested by April 21, 2008.

Generally, a national bank may lend a customer an amount equal to 15 percent of the bank’s capital and surplus. A bank may lend the customer an additional amount equal to 10 percent of its capital and surplus if the additional amount is secured by specified types of collateral. The OCC’s current rules exempt from lending limits loans made to banks, savings banks, trust companies and credit unions in emergency situations and with the approval of the OCC. In view of recent market conditions, the OCC has determined that emergency situations may exist where temporary exemptions from lending limits may be appropriate for loans to other parties. Accordingly, the OCC has adopted an interim amendment to permit national banks to make loans to any person subject to a special temporary lending limit established by the OCC if the OCC determines that such loans are essential to address an emergency situation, if they are for short durations and if they do not present unacceptable risk.

A copy of the OCC’s interim rule can be found on our web site at http://www.schwartzandballen.com/whats_new.html.

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox or Heidi Wicker at (202) 776-0700.