



Office of the  
Comptroller of the Currency

COMPTROLLER'S LICENSING MANUAL

# BRANCH CLOSINGS

FEBRUARY 2023

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# Introduction

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This booklet of *Comptroller's Licensing Manual* discusses key policies and requirements for filings and customer notices pertaining to closing national bank, federal savings association (FSA), and covered savings association (CSA) branches.<sup>1</sup> The requirements referred to reflect provisions in existing statutes and regulations.<sup>2</sup> In this booklet, national banks, FSAs, and CSAs are collectively referred to as banks, unless otherwise noted. The booklet also includes a glossary of terms and a reference section.

Section 42 of the Federal Deposit Insurance Act (section 42), 12 USC 1831r-1, requires insured depository institutions to submit advance notice of any proposed branch closing to the institution's primary federal regulator. The Office of the Comptroller of the Currency (OCC) is the primary regulator of national banks, FSAs, and CSAs. Advance notification to the OCC and bank customers must follow specific timing and content requirements. The notice requirement helps the agency assess a bank's record of opening and closing branches. The OCC reviews this record in conjunction with its examination for compliance with section 42 and in assessing performance under the Community Reinvestment Act (CRA).

Section 42 requires insured banks to notify customers of a proposed closing by mail and by posting a notice at the branch to be closed. Section 42 also has additional notice requirements and provisions concerning an interstate bank proposing to close a branch in a low- or moderate-income area. The section 42 interstate bank notice requirements and provisions do not apply to an FSA. In addition, section 42 requires that insured banks adopt policies for branch closings.

Section 42 provides a mechanism for banks to notify the public about planned branch closures, but it does not establish a framework for the primary regulator to act on a planned branch closing. The OCC understands the important role a branch plays in a bank serving its community. The agency also recognizes that a bank must make decisions that allow it to both provide customers with access to banking services and operate in a safe and sound manner.<sup>3</sup>

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<sup>1</sup> A CSA seeking to close an existing branch is subject to the authorization, terms, and conditions that govern the closing of a national bank branch. Refer to OCC Bulletin 2019-31, "[Covered Savings Associations Implementation: Covered Savings Associations.](#)"

<sup>2</sup> This booklet also includes procedures that a filer must follow in connection with filing notices with the OCC. Such procedures are not substantive rules that establish decision criteria. Rather, they are steps a filer must take to allow the OCC to assess whether the filer has met the substantive requirements for the notice in existing statutes and regulations. Consistent with the Administrative Procedure Act, the OCC may issue guidance concerning licensing that contains binding procedural steps a filer must take to allow the OCC to assess a filer's notice. See 5 USC 553(b)(A).

<sup>3</sup> As discussed further below, in some instances the OCC may convene a meeting with representatives from other interested depository institution regulatory agencies, community leaders, and other appropriate individuals and organizations in an area affected by a branch closure to explore the feasibility of obtaining adequate alternate services for the area after the branch has closed. Refer to 12 USC 1831r-1(d)(2).

The OCC, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (FDIC) adopted a [“Joint Policy Statement on Branch Closing Notices and Policies”](#) (Joint Policy Statement) in June 1999 to provide guidance regarding the requirements of the branch closing statute.<sup>4</sup>

## Key Policies

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### Branch Closing Notice Requirements

#### Notice to the OCC

A bank that plans to close a branch must notify the OCC. OCC notification is generally a two-step process. The first step is a 90-day advance notice sent to the appropriate OCC licensing office. The second step is a final branch closing notice sent to the appropriate OCC licensing office stating the effective closing date.

#### Advance Closing Notice

A 90-day advance branch closing notice must be filed with the OCC in the following cases:

- A branch closes in the normal course of business.
- A branch closes as a result of a merger or other form of acquisition, such as a purchase and assumption, and no exception applies. Although either bank may give the required notice to customers, the selling bank generally notifies its regulator if the branch closes before the merger is consummated. If the branch closes after consummation, the purchaser typically notifies its regulator.
- A branch relocates outside its immediate neighborhood.<sup>5</sup>

An advance branch closing notice is not required when a branch is sold to another institution and the branch will continue to operate at the same location under the new owner.

A bank’s 90-day advance notice to the OCC should have all of the information in the [advance branch closing notice](#). This includes the following items:

- Identification of the branch to be closed (popular name, address, county, and OCC-assigned branch number).
- The proposed closing date.
- A detailed statement of the reasons for closing the branch.

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<sup>4</sup> 64 FR 34844, June 29, 1999.

<sup>5</sup> Relocating a branch may require a separate application to the OCC. Refer to 12 CFR 5.30 (national banks) and 5.31 (FSAs). Please note that a CSA seeking to relocate an existing branch is subject to the authorization, terms, and conditions that govern the relocation of a national bank branch. Refer to the *Comptroller’s Licensing Manual* booklet [“Branches and Relocations.”](#)

- Statistical or other information that supports the reasons for closing the branch consistent with the bank’s written policies on branch closings.
- Confirmation that the required advance notice to customers has been or will be made.

In addition, the bank should include a copy of the 90-day advance notice that has been or will be provided to customers.

## **Final Branch Closing Notice to the OCC**

Immediately after the branch closes, the bank must submit a [final branch closing notice](#) to the appropriate OCC licensing office. The final notice should

- list the branch popular name, address, county, and OCC-assigned branch number.
- specify the date of the closing.
- for branches subject to the advance notice of branch closing requirements, include a statement that the bank gave the statutory 90-day advance notice of branch closing to its customers.

A final branch closing notice to the OCC is not required when the branch relocates outside of the immediate neighborhood and will continue to operate at a new location, but a 90-day advance notice of the closing *is* required. Although a final branch closing notice is not required in this situation, the bank should notify the OCC of the effective relocation date.

A bank should notify the OCC of the effective date of the sale when the bank sells a branch to an institution not regulated by the OCC. The notice permits the OCC to update its records of the selling bank’s branches.

## **Notice to Customers**

Unless an exception to the notice of branch closing requirements applies, a bank must provide affected customers notice by mail at least 90 days before the proposed branch closing. The notice may be included in the account statement mailing or sent in a separate mailing. In addition, the bank shall post the notice to branch customers in a conspicuous manner on the premises of the branch proposed to be closed at least 30 days before the proposed closing. In the case of a mobile branch or messenger service branch, the notice must be posted in a conspicuous place on the unit or vehicle. The notice shall remain posted on the branch premises until it closes.

The mailed notice to customers should state

- the location of the branch proposed to be closed.
- the proposed date of closing.
- information on where customers may obtain banking services following the closing, or a telephone number or website for customers to contact to determine alternate location(s) of services.

A bank is expected to develop a reasonable method of allocating customers to specific branches, such as a location where a deposit or loan account was opened or through use. However, the OCC recognizes that a reasonable method of allocation may result in certain facilities that technically constitute branches not being assigned customers. In such cases, a notice to the OCC that the branch will close and a posting of the notice on the branch premises suffices. The OCC does not require that a bank change its record-keeping system to make a reasonable determination of who is a customer of a branch.

If customers are assigned to a mobile or messenger service branch (mobile branch), normal customer notification requirements apply. If no customers are assigned to the mobile branch, then posting a notice on the mobile branch suffices.

## Applicability of Branch Closing Requirements

Section 42 applies to an insured depository institution's closing of a branch facility covered by the statute. The Joint Policy Statement defines a "branch" for purposes of 12 USC 1831r-1 as "a traditional brick-and-mortar branch, or any similar banking facility other than a main office, at which deposits are received, checks paid, or money lent."

## Facilities Not Covered

Closings of the following facilities are not covered by the branch closing notice requirements in section 42:

- Automated teller machines (ATM), including most interactive ATMs<sup>6</sup>
- Main or home offices
- Temporary branches<sup>7</sup>
- Intermittent branches
- Remote service units
- Night depositories/drop box
- Trust offices
- Loan or deposit production offices
- Administrative offices
- Data-processing offices
- Electronic facilities
- FSA agency offices

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<sup>6</sup> Refer to OCC Interpretive Letters 1161 (November 28, 2018) and 1165 (June 28, 2019). (If an interactive ATM involves more than delimited assistance from bank personnel or falls outside the facts and circumstances discussed in these letters, it may be considered a branch. Contact the appropriate OCC licensing office to discuss and determine its designation.)

<sup>7</sup> National banks and CSAs should refer to 12 CFR 5.30(d)(6).

## Certain Relocations and Consolidations Not Covered

The branch closing provisions of section 42 do not apply when

- one or more branches relocate within the immediate neighborhood of the branch, and this action does not substantially affect the nature of the business or customers served.<sup>8</sup> Consolidations of branches are considered relocations for the purposes of section 42 if the branches are located within the same neighborhood and the nature of the business or customer served is not affected.
- a branch closes in connection with an emergency acquisition or any assistance provided by the FDIC.<sup>9</sup>
- a bank acquires a branch of a failed institution per agreement with the FDIC and transfers the branch back to the FDIC pursuant to the terms of the agreement within 180 days of the acquisition.

## Interruption of Services

Branch closing requirements do not apply when a bank ceases operations at a branch because of events beyond the bank's control if the bank intends to restore branching services at the same location in a timely manner. Events beyond the bank's control generally include natural catastrophes, such as a fire or flood. If the bank decides not to reopen the branch following the incident, it must provide customer and regulatory notice as soon as possible after the decision is made.

A bank is not required to notify the OCC of a closing caused by a temporary interruption of service, but it would normally be sound practice to do so. Under certain circumstances, such as during emergencies, a bank may establish branches under expedited procedures. For further information on emergency branches, contact the appropriate OCC licensing office or refer to the "[Branches and Relocations](#)" booklet of the *Comptroller's Licensing Manual*.

## Reduction of Services

A bank may alter the operations conducted at a branch without being subject to the branch closing requirements if the facility remains a branch. For example, the branch's hours of operation may be reduced, or certain functions or services previously provided at that location may be eliminated. Nevertheless, a bank should consider giving customers appropriate advance notice of service changes as a good business practice even when statutory branch closing requirements are not applicable.

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<sup>8</sup> The Joint Policy Statement states that "relocations generally will be found to occur only when short distances are involved." "Short distance" is defined in 12 CFR 5.3 as (1) within a 1,000-foot radius of the current location of the branch if it is located within the principal city of a metropolitan statistical area (MSA); (2) within a one-mile radius of the current location of the branch if the branch is not located within a principal city, but is within an MSA; or (3) within a two-mile radius of the branch if it is not located in an MSA.

<sup>9</sup> Refer to 12 USC 1821(n) and 1823(c), (f), and (k).

## Mobile Branch/Messenger Service Operations

A mobile branch or messenger service branch is subject to the branch closing notice requirements if

- it will cease conducting branching transactions in the geographic area for which it was approved, or
- changes in services constitute a branch downgrade subject to branch closing requirements (e.g., a staffed mobile branch is replaced by a mobile remote service unit).

## Termination of Lease

A bank with a leased branch location may be informed by the location's owner that the lease will be terminated or not renewed. The loss of a lease arrangement does not exempt the bank from the branch closing notice requirements. The OCC does not waive or shorten the requirements. To give the bank sufficient time to comply with the 90-day notice provision of 12 USC 1831r-1, lease agreements should incorporate adequate safeguards, such as a 120-day advance notice provision for termination or nonrenewal.

## Requirements Applicable to Interstate National Banks and Interstate CSAs

For branch closing purposes, a national bank and CSA with branches in more than one state is an interstate bank.<sup>10</sup> Additional notice requirements apply to interstate national banks and CSAs proposing to close a branch located in a low- or moderate-income area.<sup>11</sup> In addition to the standard notice requirements, the notice to customers and the notice placed on the branch premises must contain

- the mailing address of the appropriate OCC licensing office.
- a statement indicating that comments on the branch closing may be mailed to that office.

The Joint Policy Statement recommends that the notice state that the OCC does not have the authority to approve or prevent the branch closing.

## Meetings

When an interstate national bank and an interstate CSA propose to close a branch in a low- or moderate-income area, the law provides a process for convening a meeting. According to 12 USC 1831r-1 and the Joint Policy Statement, the OCC convenes a meeting if all the following criteria are met:

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<sup>10</sup> Refer to 12 USC 1831r-1(d)(4)(A).

<sup>11</sup> Refer to the glossary in this booklet.

- The OCC receives a written request related to closing the branch from a person in the area where the branch is located.
- The request includes a statement of specific reasons for the request, including a discussion of the closing's adverse effect on the availability of banking services in the area affected by the branch closing.
- The OCC concludes that the request is not frivolous.

When all these criteria are met, the OCC consults with community leaders in the area affected by the closing and convenes a meeting of OCC representatives, representatives of other interested depository institution regulatory agencies, community leaders in the affected area, and other such individuals, organizations, and depository institutions as the agency deems appropriate. The meeting's purpose is to explore the feasibility of obtaining adequate alternate services for the affected area after the closing.

## Federal Savings Associations

The section 42 additional notice and process requirements for interstate banks closing branches in low- or moderate-income areas do not apply to an FSA. FSAs must follow the standard customer and regulatory notice requirements.

## Branch Closing Policy

Banks with one or more branches must adopt written policies for branch closings. The Joint Policy Statement provides guidance for banks developing branch closing policies and recommends that the policies meet the size and needs of the bank. During the normal supervisory process, the OCC determines whether a bank has adopted a branch closing policy.

## Community Reinvestment Act/Fair Lending

In its evaluation of a bank's performance under the CRA and the assignment of CRA ratings, the OCC

- reviews a bank's record of opening and closing offices.
- evaluates the effect of those openings and closings on the communities affected.
- considers comments received on branch closings.

The OCC considers CRA performance when acting on applications by a bank to merge with another institution, establish a new branch, or relocate a branch or a main or home office.

The OCC also considers a bank's placement of branches and history of branching practices in its Fair Lending examinations.

# Summary of Requirements

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Tables 1 and 2 illustrate the OCC’s specific branch closing notice requirements for various types of closings. In addition to any branch closing notice requirement, a branch relocation may also require an additional or separate application or notice.

**Table 1: Notice Requirements for National Banks and CSAs**

<b>National Banks and CSAs</b>	<b>Advance branch closing notice</b>	<b>Final branch closing notice</b>
Brick-and-mortar branch closing	Yes	Yes
Branch downgrade to ATM, including most interactive ATMs	Yes	Yes
Branch downgrade to night depository/drop box	Yes	Yes
Mobile branch closing	Yes	Yes
Messenger service closing	Yes	Yes
Intermittent branch	No	Yes
Branch consolidation (short distance only) <sup>a</sup>	No	Yes
Short-distance relocation	No	No
Relocation (not short distance)	Yes	No
Relocation or closing of a main office <sup>b</sup>	No	No
Trust office closing	No	No
Closing of a temporary branch	No	Yes
ATM and most interactive ATMs closing	No	No
Night depository closing	No	No
Emergency acquisitions/FDIC assistance <sup>c</sup>	No	Yes
Loan production/deposit production office closing	No	No
Remote service unit closing	No	No
Branch is sold to an institution not supervised by the OCC, but the branch continues to operate at the same location	No	Yes

<sup>a</sup> For the purposes of the branch closing rules, branch consolidations must meet the short-distance relocation definition in 12 CFR 5.3.

<sup>b</sup> Refer to 12 CFR 5.40 for application or notice requirements.

<sup>c</sup> Applies only to branches transferred back to the FDIC pursuant to a failed bank acquisition agreement if closed within the 180-day “put-back” period. Branch closings after the put-back period must follow branch closing procedures.

**Table 2: Notice Requirements for FSAs**

<b>FSAs</b>	<b>Advance branch closing notice</b>	<b>Final branch closing notice</b>
Brick-and-mortar branch closing	Yes	Yes
Branch downgrade to ATM, including most interactive ATMs	Yes	Yes
Branch downgrade to a night depository/drop box	Yes	Yes
Mobile branch closing	Yes	Yes
Messenger service closing <sup>a</sup>	No	No
Branch consolidation (short distance only) <sup>b</sup>	No	Yes
Short-distance relocation	No	No
Relocation (not short distance)	Yes	No
Relocation or closing of a home office <sup>c</sup>	No	No
Closing of a temporary branch	No	Yes
ATM and most interactive ATMs closing	No	No
Night depository closing	No	No
Agency office closing	No	No
Emergency acquisitions/FDIC assistance <sup>d</sup>	No	Yes
Remote service unit closing	No	No
Branch is sold to an institution not supervised by the OCC, but the branch continues to operate at the same location	No	Yes

<sup>a</sup> FSAs are authorized to provide messenger services to facilitate customer transactions, including deposits. However, messenger services are not branches for FSAs.

<sup>b</sup> For the purposes of the branch closing rules, branch consolidations must meet the short-distance relocation definition in 12 CFR 5.3.

<sup>c</sup> Refer to 12 CFR 5.40 for application or notice requirements.

<sup>d</sup> Applies only to branches transferred back to the FDIC pursuant to a failed bank acquisition agreement if closed within the 180-day “put back” period. Branch closings after the put-back period must follow branch closing requirements.

# Procedures

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## Filing Branch Closing Notices

1. Refer as needed to this booklet and the “[General Policies and Procedures](#)” booklet of the *Comptroller’s Licensing Manual* for guidance on the filing requirements for branch closings.
2. Submit an [advance branch closing notice](#) to the appropriate OCC licensing office at least 90 days before the closing date. The notice should include all required information.
3. Notify customers of the proposed branch closing date by mailing notices with the required information in the “Notice to Customers” section of this booklet at least 90 days before the closing date; for a sample customer notice, see [Customer Notice of Branch Closing](#). In addition, a copy of the notice sent to customers must be sent to the appropriate OCC licensing office.
4. Post a notice of the branch closing conspicuously on the premises of the branch to be closed at least 30 days before the closing date; for a sample customer notice, see [Customer Notice of Branch Closing](#).
5. Send a [final branch closing notice](#) to the appropriate OCC licensing office immediately after the branch closes, as appropriate.

All forms and booklets are available on the [Comptroller’s Licensing Manual](#) page on OCC.gov.

# Glossary

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**Advance branch closing notice:** A bank’s written notice to the OCC and the bank’s customers, at least 90 days in advance of a branch closing, required by 12 USC 1831r-1. With limited exceptions, each insured institution is required to issue this notice when it intends to close a branch.

**Agency office:** An FSA office established or maintained to conduct any of the following activities:

- Servicing, originating, or approving loans and contracts.
- Managing or selling real estate owned by the FSA.
- Conducting fiduciary activities or ancillary activities.
- Other activities approved by the OCC for an agency office, except for payments on savings accounts.

Agency offices of FSAs are not branches.

**Branch:** For the purposes of applying 12 USC 1831r-1, a location, other than the bank’s main or home office, at which deposits are received, checks paid, or money lent. Main or home offices, remote service units, ATMs, loan or deposit production offices, intermittent branches, and temporary branches are not branches for purposes of 12 USC 1831r-1 and do not require the advance branch closing notice.

**Branch consolidation:** Generally occurs when one or more branches close and the customers of the closed branch are served by other existing branches of the bank. For the purposes of determining whether an advance branch closing notice is given, a branch consolidation is defined as a combination of branches in the same neighborhood that does not substantially affect the nature of the business or customers served. Branch consolidations occurring where the affected branches are located within the short-distance definition in 12 CFR 5.3 do not require advance branch closing notices.

**Branch downgrade:** Reduction in the services provided at a branch that results in the location no longer being a branch. For example, this situation includes conversion of a full-service branch to a remote service unit. Branch closing procedures apply because branch services are no longer provided at the location.

**Covered savings association (CSA):** A federal savings association may elect to be a CSA under 12 USC 1464a and 12 CFR 101.3(a)(1). Pursuant to 12 CFR 101.4(a), the CSA is subject to the authorization, terms, and conditions that govern the establishment, relocation, or closing of a national bank branch, and may operate the branch under the national bank branching regulation subject to the same authorization, terms, and conditions as a similarly located branch of a similarly located national bank. Refer to OCC Bulletin 2019-31, [“Covered Savings Associations Implementation: Covered Savings Associations.”](#)

**Final branch closing notice:** A notice a bank submits to the OCC with the date a branch is scheduled to close.

**Low- or moderate-income area:** As provided in 12 USC 1831r-1, a census tract for which the median family income is either (1) less than 80 percent of the median family income for the metropolitan statistical area (MSA) in which the census tract is located or (2) for a census tract not located in an MSA, less than 80 percent of the median family income for the state in which the census tract is located, as determined without taking into account family income in MSAs in that state.

**Messenger service:** Any service, such as a courier service or armored car service, that a national bank and its customers use to pick up from and deliver to specific customers at locations, such as their homes or offices, items relating to transactions between the bank and those customers.

**Metropolitan statistical area (MSA):** The Office of Management and Budget (OMB) defines an MSA as “an area containing a large population nucleus and adjacent communities that have a high degree of integration with that nucleus.”<sup>12</sup> These standards are then applied to census data to delineate the MSAs.

**Mobile branch:** A facility, other than a messenger service, that does not have a single, permanent site and includes a vehicle that travels to public locations to conduct branching transactions.

**Night depository:**<sup>13</sup> A secure drop box or unit where bank customers may place cash or checks for bank personnel to retrieve and deposit later. The night depository may be attached to or integrated with an office of the bank, such as the main office or a branch.

**Principal city:** An area that the OMB designates as a “principal city.”<sup>14</sup>

**Remote service unit (RSU):** An automated or unstaffed facility, operated by a customer of a bank with at most delimited assistance from bank personnel, that conducts banking functions such as receiving deposits, paying withdrawals, or lending money. A national bank may establish and operate an RSU pursuant to 12 USC 24(Seventh). An RSU includes an ATM, automated loan machine, automated device for receiving deposits, personal computer, telephone, other similar electronic devices, and drop boxes. An RSU may be equipped with a telephone or tele-video device that allows contact with bank personnel. An RSU is not a “branch” within the meaning of 12 USC 36(j) and is not subject to state geographic or operational restrictions or licensing laws.

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<sup>12</sup> Refer to 75 FR 37246.

<sup>13</sup> 12 CFR 7.1027 defines a “remote service unit” to specifically include an unstaffed location such as a drop box or night depository.

<sup>14</sup> A list of principal cities of MSAs can be found on the [Delineation Files](#) page of Census.gov. Refer to 12 CFR 5.3 when applying this information to a short-distance relocation.

**Temporary branch:** A branch of a national bank or CSA that is located at a fixed site and is scheduled to, and will, permanently close no later than one year after the branch is first opened as specified in the branch application and the public notice. A temporary branch may be established in response to an emergency or for other reasons. An FSA may also establish a temporary branch, but the FSA is not subject to the one-year closing rule.

**Short-distance relocation:** Moving the premises of a branch or main office of a national bank or a branch or home office of an FSA within a (1) 1,000-foot radius of the site if the branch, main office, or home office is within a principal city of an MSA; (2) one-mile radius of the site if the branch, main office, or home office is not located within a principal city, but is located within an MSA; or (3) two-mile radius of the site if the branch, main office, or home office is not located within an MSA.

# References

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In this section, “NB” and “CSA” denotes that the referenced law, regulation, or issuance applies to national banks and covered savings associations, and “FSA” denotes that the reference applies to federal savings associations.

## **Branches**

Law 12 USC 36 (NB), 12 USC 1464(m), 1464(r) (FSA)  
Regulation 12 CFR 5.30 (NB and CSA), 12 CFR 5.31 (FSA)

## **Branch Closings**

Law 12 USC 1831r-1 (NB and FSA)

## **Community Reinvestment Act of 1977**

Law 12 USC 2901 et seq. (NB and FSA)  
Regulation 12 CFR 25 (NB and CSA)

# Table of Updates Since Publication

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Reason	Affected pages
Policy clarification and corrections.	Throughout the booklet