Commander and Installation Bank and Credit Union Liaison Officer Desk Guide

Foreword

This guide was developed to serve as a reference tool for commanders and bank and credit union liaison officers (BLO/CULO) in fulfilling their responsibilities in accordance with DoD Financial Management Regulation 7000.14-R, Volume 5, Chapter 34, Procedures Governing Banks, Credit Unions, and Other Financial Institutions on DoD Installations.

Recommended changes to this guide should be forwarded to the respective military department (MILDEP) BLO/CULO at the following addresses:

Department of the Army:

Assistant Secretary of the Army (FM&C)
Attn: Financial Operations, Army Banking Officer
109 Army Pentagon, Room 3A322
Washington DC 20310-0109
Phone: (703) 693-2698; DSN: 223

Department of the Navy:

Office of the Assistant Secretary of the Navy
(Financial Management & Comptroller)
Office of Financial Operations
720 Kennon St, SE, Bldg 36, Room 115
Washington, DC 20374-5025
Phone: (202) 433-5946; DSN: 288

Department of the Air Force:

SAF/FMP (AFAFO)
Brookley Ave, Bldg 1602
B Wing, Suite 318
Andrews AFB MD 20762
Phone: (301) 981-7785; DSN: 858

The respective MILDEP will review and forward changes to:

DFAS Columbus
Attn: DFAS-JJFB/CO
P.O. Box 182317
Columbus, OH 43218-2317

Summary of Major Changes to BLO/CULO Guide	
Section	Change
References	Department of Defense Directive 1000.11 changed to Department of Defense Instruction 1000.11

Table of Contents

Page

Foreword i

Summary of Major Changes ii

Table of Contents iii

References iv

History 1

Commander Responsibilities 3

BLO/CULO Responsibilities 5

On-base Financial Institution (FI) Manager Responsibilities 6

Financial Education 7

Advertising and Solicitation of Noninstallation Entities 10

Morale, Welfare, and Recreation (MWR) Event Sponsorship 11

Servicemembers Civil Relief Act of 2003 (SCRA) 12

Appendices:

1. About the Overseas Military Banking Program Contract A-1
2. Overseas Bank Opening and Closing Procedures B-1
3. DoD Designated Foreign Geographic Franchise Assignment Listing C-1
4. Procedures for Establishing an Overseas Credit Union D-1
5. Sample BLO/CULO Appointment Memorandum E-1
6. Establishment of a Foreign Financial Institution on a DoD Installation F-1
7. Sample Memorandum of Agreement for Foreign Financial Institution's ATMs G-1
8. Limited Depositary Accounts (LDA) H-1
9. Solicitation Process for On-Base Financial Institutions I-1
10. Leasing Procedures J-1
11. In-Kind Consideration (IKC) K-1
12. In-store Banking L-1
13. Treasury General Account (TGA) Information and Application Form M-1
14. Advertising Clarification Memoranda N-1
15. Morale, Welfare, and Recreation (MWR) Sponsorship Memoranda O-1
16. OUSD (P&R) Financial Education Memorandum P-1
17. Renovating an Overseas Military Banking Facility Q-1

References

This guide primarily contains references to DoD Financial Management Regulation 7000.14-R, Volume 5, Chapter 34, Financial Institutions on DoD Installations (http://comptroller.defense.gov/fmr/05/05_34.pdf).

Other references include:

a. Department of Defense Instruction 1000.11, Financial Institutions on DoD Installations (http://www.dtic.mil/whs/directives/corres/pdf/100011p.pdf)

b. Department of Defense Overseas Military Banking Contract MDA210-02-D-0003. Copies of the contract may be obtained at https://dfas4dod.dfas.mil/systems/.

c. Department of Defense Financial Management Regulation 7000.14, Volume 5, Chapter 5, paragraph 050102, Depositaries (Treasury General Accounts)

d. All applicable federal and state banking and credit union regulations, status of forces agreements, and host-nation laws in countries where DoD is deployed overseas

e. Professional Associations:

(1) Defense Credit Union Council (www.dcuc.org)

(2) Association of Military Banks of America (www.ambahq.org)

(3) Armed Forces Financial Network (AFFN) (www.affn.org)

History

Domestic/Overseas Banking:

a. The history of the military banking program dates back several decades. Initially, the Treasury established the program under the Civil War Vintage National Bank Act of June 3, 1864, which was codified as Title 12 U.S.C. Section 90. During World War II, War Department planners realized that soldiers and civilians urgently needed some form of financial service. The country began mobilizing in 1941 and many military installations were located in remote areas. Military personnel and civilian employees at these locations needed a place to deposit money and cash checks. Disbursing officers (DOs) needed cash for payrolls.

b. The first stateside military banking facility (MBF) commenced in 1942 at Ft. Sill, Oklahoma. By June 1943, over 160 Army and Navy bases had military banking facilities. In 1946, the U.S. Army requested the U.S. Treasury provide limited financial services to the U.S. Forces stationed in the Pacific. Overseas military banking facilities commenced in 1947 to provide services to U.S. Occupation Forces following the end of World War II. In February 1947, the U.S. Treasury authorized the acceptance of deposits of military payment certificates, U.S. dollars, and U.S. financial paper for U.S. Forces stationed in Germany and Austria. The Treasury authorization also permitted a bank to act as a general depository of public funds and to establish local currency accounts for DOs and other custodians of public funds.

c. The Department of Treasury provided program management from 1947 to 1977. In 1977, management responsibility was transferred to the Office of the Under Secretary of Defense, Comptroller and in 1998, the Defense Finance and Accounting Service (DFAS) assumed responsibility of the program management, where it remains today.

Domestic/Overseas Credit Unions:

a. Historically, credit unions evolved from cooperative activities in 19th century Europe. The idea and concept were simple: People pooling their money and making loans to each other. As the 20th century began, the credit union idea surfaced in Canada and migrated to the United States, leading to passage of the first state credit union act in 1909.

b. A credit union is a cooperative financial institution, owned and controlled by the people who use its services. These people are members. Credit unions serve groups that share something in common (field of membership), such as where they work, live, go to church, their profession or trade. Credit unions are not-for-profit, and exist to provide a safe, convenient place for members to save money and to get loans at reasonable rates. An individual seeking to use the services of a credit union first must become a member through opening a nominal share (savings) account.

c. Credit unions, like other financial institutions, are closely regulated. The National Credit Union Share Insurance Fund, administered by the National Credit Union Administration, an agency of the federal government, insures deposits of credit union members

of both federal and state-chartered credit unions. Credit unions may be chartered either by state agencies or the federal agency, the National Credit Union Administration (NCUA).

d. Domestically, defense credit unions have been serving and supporting military and civilian personnel from the DoD establishment since 1928. Defense credit unions were introduced to the overseas environment after the House Committee on Banking and Currency conducted an investigation of U.S. and foreign loan companies, and discovered that military personnel were being charged as high as 200 percent and in the range of 30 to 40 percent for loans.

e. A formal program (the Patman Plan) was drafted in late 1965 by the Committee on Banking and Currency for the formation of Overseas Credit Unions. The first overseas defense credit union branch was operational in December 1967 with many others following in 1968. By the end of 1976, all of the locally organized, unchartered defense credit unions overseas had been merged or liquidated. Today, 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.

f. Credit unions overseas are operated under a geographical franchise. The ultimate decision to provide services overseas rests with the credit union itself once they've been granted the geographical franchise. The extension of credit union services overseas is encouraged consistent with the principles established for domestic credit unions, and must comply with applicable status of forces agreements, other intergovernmental agreements, or host-country law. Please see Appendix C for the current listing of geographic franchises.

Commander Responsibilities

Commanders at all levels (major area, base, and installation) play a critical role to ensure that suitable banking/credit union (here after referred to as financial institutions (FIs) unless specified) services are provided at their location. DoD Directive 1000.11, Financial Institutions on DoD Installations, establishes policy, applicability, and general responsibility for the operation of FIs on military bases, and DoDFMR, Volume 5, Chapter 34 provides the Department's guidance and procedures to ensure the Directive's policies are achieved and maintained. Paragraphs 340306 and 340307 of the DoDFMR contain specific responsibilities of commanders. Listed below are some of these highlights:

a. Appoint qualified personnel as BLO/CULO to monitor the banking/credit union programs within the command and forward a copy of the appointment letter to the Secretary of the MILDEP concerned (or designee). See Appendix E for sample BLO appointment memorandum.

b. Provide office space and logistical support such as, utilities, security, etc. in accordance with DoDFMR, Volume 5, Chapter 34, paragraphs 340603 (overseas banking), 340805 (overseas credit unions), 340704 A&B (domestic credit unions), and 340505.B (domestic banks). In the case of automated teller machines (ATMs) under the overseas military banking contract, the installation commander is responsible for funding requirements for the proposed ATM site, including required renovations or building construction, site preparation costs, alarm systems, security equipment, video monitors and recorders (if required), communication lines (data and class A phone service), telephone equipment and any periodic line costs (including upgrades), electrical power, uninterruptible power supply, heating and air conditioning equipment, and any periodic maintenance of installed equipment other than the ATM.

c. Seek the provision of financial services (as defined in DoDFMR, Volume 5, Chapter 34, paragraph 340914) from only on-base FIs.

d. Cooperate with FIs associations, leagues, and councils.

e. Encourage DoD personnel to serve on volunteer boards or committees of on-base FIs without compensation when neither conflict of duty, nor conflict of interest is involved.

f. Allow DoD personnel to attend conferences and meetings that bring together representatives from on-base FIs when neither a conflict of duty, nor a conflict of interest is involved.

g. Ensure that the community's interaction with the on-base FIs is kept open and effective.

h. Invite representatives of the on-base FIs to participate in newcomers' briefings to inform newly assigned personnel of available products and services.

i. Invite representatives of the on-base FIs to participate in financial education seminars designed to educate community personnel on personal financial management, checkbook management, and other available services. These forums are not intended for promoting specific products and services. Advance briefing texts should be submitted to the installation commander for approval.

j. Perform a periodic review of on-base FIs operating conditions to determine if any changes or improvements need to be made.

k. Ensure that on-base FIs operating agreements and real estate documents are current.

Bank Liaison Officer (BLO)/Credit Union Liaison Officer (CULO) Responsibilities

The BLO/CULOs provide a vital communication link between the on-base FI manager, the command, and their customers. DoDFMR, Volume 5, Chapter 34, paragraphs 340508 and 340709, contain the specific responsibilities of the BLO/CULO. Listed below are some of these highlights:

a. Develop and maintain regular contact with the on-base FI manager.

b. Provide the name and duty telephone number of the BLO for display in each FI facility.

c. Assist in resolving customer problems or complaints with the on-base FI.

d. Inform the on-base FI of pending developments that will impact operations and services (e.g., deployments).

e. Monitor on-base FIs services through personal observation of average waiting times, teller station staffing, customer service quality, ATM availability, customer complaints, etc. Work with the branch manager to resolve any concerns. Inform installation or community commanders of any deficiencies initially reported. Ensure timely resolution of all deficiencies.

f. Coordinate requests for changes of service with the on-base FIs.

g. Provide the managers of the on-base FI with the applicable policies and procedures governing the operation of FIs on DoD installations.

h. Attend financial workshops and conferences to stay informed on FI operations and issues.

i. Ensure the lease and operating agreements are current. Operating agreements must be reviewed jointly by the installation commander, officials of the designated financial institution, and the BLO/CULO at least every 5 years, and the current version of the operating agreement must be sent to the Secretary (or designee) of the MILDEP concerned. If the operating agreement has no changes, a memorandum documenting the review occurred with no changes shall be signed by all parties and sent to the Secretary (or designee) of the MILDEP concerned.

j. Ensure that appraisers for the Corps of Engineers, Naval Engineering Command, whether in-house or outsourced, are knowledgeable and apply the definition of Fair Market Value, as noted in DoDFMR, Volume 5, Chapter 34, paragraph 340911. Review proposed in-kind consideration and in conjunction with the base commander and on-base FI quantify the value of services that are recommended for approval. Where a MBF exists overseas, the operating agreement is not required because contract MDA-210-02-D-0003 is in place on how banking operations are performed.

On-base Financial Institution (FI) Manager Responsibilities

The installation FI manager is responsible for compliance with all applicable laws, rules, regulations, and policies and procedures governing FI operation on a DoD Installation. On installations, FIs are also encouraged to support the overall mission of the community through active participation in community events. Additionally, the on-base FIs should:

a. Maintain liaison with the installation commander, DoD personnel, customers/members, and the command BLO/CULO.

b. Inform the command and BLO/CULO about operational matters that will affect the community, such as new policies, internal changes in service, operational days and hours, products and services, etc.

c. Ensure the FI is adequately staffed.

d. Coordinate community requirements for additional services or changes in services (late service, holiday or training closures) and changes in regulations or provisions that might affect the community. This includes incoming briefings to new commanders and BLOs/CULOs.

e. Coordinate the bank/credit union facility requirements with the BLO/CULO in accordance with the appropriate regulations.

f. Coordinate with the community to provide information for military training requirements relating to financial services.

g. Coordinate lease and operating agreements with the BLO/CULO to ensure they are current.

Financial Education

The Department of Defense has established the Financial Readiness Campaign to give service members and their families a chance to learn more about personal finances and to encourage them to better manage their money. The campaign is directed toward junior enlisted service members who are most at risk and spouses of service members who have not received the personal finance information that is part of military training.

The financial well being of the force is a significant readiness issue. Today's complex financial environment demands wise choices about savings, credit, mortgages, Thrift Savings Program, and a host of fact of life issues. To further complicate financial readiness plans, the military lifestyle includes frequent relocations and deployments. Military service must not inhibit a service member's ability to build savings.

The DoD has partnered with the public and private sector for answers, and has established memoranda of understanding with several federal agencies and nonprofit organizations. These organizations have pledged to support the efforts of personnel at the installation who are responsible for providing financial education and financial counseling to service members and their families.

The financial readiness campaign is expected to continue over several years, with the department refining the approach and the partnerships over time. The overall objective will remain the same, to increase personal readiness by reducing the stressors related to poor financial habits. This campaign will seek to increase awareness, increase savings and reduce dependence on credit, and increase protection against predatory practices.

Financial well being is an important aspect of the social compact between the DoD, service members, and their families. The Department is committed to providing reliable financial information and assistance to our service members. The list of available Internet Web sites on the following page were compiled and vetted through the MILDEP BLOs and DFAS.

The role of defense credit unions and banks in the provision of financial education:

a. Banks and credit unions on DoD installations are encouraged to provide financial education and counseling services as an integral part of their financial service offerings to their customers and communities IAW Chapter 34, paragraph 340408.

b. Preference shall be given to the on-installation FIs to provide the education programs and information required by DoD policy. The installation commander shall review all materials and briefings prior to use ensure that the program is not used to promote services of a specific FI. Under no circumstances shall other commercial agents, including representatives of loan, finance, insurance, and investment companies be used to provide the educational programs and information required by DoD policy.

c. DoD policy on Personal Financial Management and Educational Programs on Personal Financial Affairs can be found in DoD Instruction (DoDI) 1342.27, Personal Financial Management for Service members, November 12, 2004, DoDD 1344.7, Personal Commercial Solicitation on DoD Installations and USD (P&R) and at Appendix P, OUSD (P&R) interim policy memo, dated April 29, 2002, respectively. (See paragraph E3.1.6 of DoDI 1342.17 (at link below) for further guidance on on-base FI's role in providing financial education.)

http://www.dtic.mil/whs/directives/corres/pdf/134227p.pdf

Financial Education Resources:

a. http://www.consumerfed.org - This Web site has informative press releases, studies, and brochures about how Americans handle their finances and tips for saving money, building wealth, and managing debt.

b. Federal Government (http://www.mymoney.gov) - This Web site, provided by the Department of Treasury, is dedicated to helping Americans understand how to save, invest, and manage money to meet personal goals.

c. Military Money ™ (http://www.militarymoney.com) - This is an online version of "Military Money" magazine. Military Money was created to address the lifestyle of the military family and to serve as an engaging financial resource for families with loved ones serving in the armed forces.

d. Federal Trade Commission's Military Sentinel (http://www.ftc.gov/sentinel/military/index.shtml) - This Web site is a joint initiative of the Federal Trade Commission and the DoD to identify and target consumer protection issues that affect members of the United States Armed Forces and their families. This Web site also provides a gateway to consumer education materials covering a wide range of consumer protection issues, from auto leasing, to identity theft, to work-at-home scams.

e. National Military Family Association (NMFA) (http://www.nmfa.org) - The NMFA provides a one-stop resource for military families and service members featuring a wide range of topics relevant to today's military lifestyle.

f. General Accounting Office (GAO) (http://www.gao.gov/new.items/d0593sp.pdf) - This document presents highlights from the Government Accountability Office Forum on financial literacy. This forum focused on the federal government's role in improving financial literacy.

g. Federal Deposit Insurance Corporation (FDIC) (http://www.fdic.gov) - The FDIC preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for up to $100,000.

h. VA Life Insurance (http://www.insurance.va.gov/sgliSite/forms/brochure.pdf) - This brochure provides important information about Service members' Group Life Insurance for members of the United States Armed Forces.

i. National Association of Insurance Commissioners (NAIC) (http://www.naic.org) - The NAIC was created to assist state insurance regulators in serving the public interest while protecting the public interest, promoting competitive markets, facilitating the fair and equitable treatment of consumers, promoting the reliability, solvency, and financial solidity of insurance institutions, and supporting and improving state regulation of insurance.

j. The Life and Health Insurance Foundation for Education (http://www.life-line.org) - This Web site is a one-stop resource for information about life, health, disability and long-term care insurance, and the essential role of these products within a sound financial plan.

k. Securities and Exchange Commission (SEC) (http://www.sec.gov/investor.shtml) - This link is to the SEC's Office of Investor Education and Assistance. They provide a variety of services to address the problems and questions you may face as an investor. They cannot tell you what investments to make, but they can educate you on how to invest wisely and avoid fraud.

Advertising and Solicitation of Noninstallation Entities

Solicitation of financial services on DoD installations has received a lot of attention in the past few years and has seen a lot of activity and change for the better. DoD issued new guidance through DoD Directive (DoDD) 1344.7, "Personal Commercial Solicitation on DoD Installations."

For regulatory guidance on advertising, refer to DoDFMR, Volume 5, Chapter 34, paragraph 340403. The most relevant information concerning advertising is contained in paragraphs E and G as stated below:

a. Off-base FIs are not permitted to distribute competitive literature or forms on the installation. These institutions, however, may use commercial advertising, mailings, or telecommunications to reach their customers.

b. Installation activities, including military exchange services and concessionaire outlets, shall not permit the distribution of literature from off-base FIs if there is an on-base FI. This does not prevent the military exchange services from distributing literature on affinity credit card services that those military exchange services may acquire centrally through competitive solicitation.

See the memoranda at Appendix N for further clarification on advertising.

Morale, Welfare, and Recreation (MWR) Event Sponsorship

There has been much discussion on this topic over the last several years. It has become apparent the biggest challenge we face in working with our installation MWR community is a simple misunderstanding and unfamiliarity with regulatory guidance and imposed limits for sponsoring events with outside (off-installation) entities. This section of the guide will hopefully clear up some of the confusion and provide the tools with which all can become smarter and aware of the regulations and published guidance.

The main challenges faced when an MWR-sponsored event takes place on an installation is the fact that off-installation FIs use the event in an attempt to gain access to collect information for solicitation of new business - this is simply not allowed (see OUSD(C) memo at Appendix O).

Specifically, many banks, credit unions, and other financial education foundations from off the installation sponsor MWR events and have held prize drawings, vacation giveaways, and other drawings to lure service members into their tents, areas, or stands. While there, they have attempted to collect personal information, contact data, and other necessary data so they may contact them at a later date. In some cases, businesses have gone so far as advertising their products and services and have attempted to gain new customers while at the event. This is a flagrant violation of the rules and something you should be aware of.

Other challenges include dealing with the sponsors' advertising and handout materials. Again, neither is authorized (see the Advertising and Soliciting section of this guide and Appendix N, OUSD(C) memo).

A better understanding of the limits placed on these sponsors will aide in the execution of your duties and responsibilities. Do not be intimidated by these corporations. If they are in the wrong, they need to know it and need to fix it. It behooves everybody to play by the rules.

Servicemembers Civil Relief Act

As amended October 2009

The Servicemembers Civil Relief Act of 2003 (SCRA) (50 U.S.C. App. §§ 501-596), formerly known as the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA), is a federal law that provides servicemembers in military service (generally that means on active duty) important protections. It covers such issues as rental agreements, security deposits, prepaid rent, eviction, installment contracts, interest rates, foreclosure, civil judicial proceedings, and income tax payments.

The SCRA protects active duty military members and reservists or members of the National Guard called to active duty and, in limited situations, dependents of servicemembers (e.g., certain eviction actions). To receive protection under some parts of the SCRA, the servicemember must generally show that military service has had a "material effect" on the legal or financial matter involved. Protection under the SCRA must be requested during the servicemember's military duty or within 30 to 180 days after military service ends, depending on the protection being requested. In many situations, the SCRA protections are not automatic, but require some action to invoke the Act. For example, to obtain a reduction of preservice interest rates, the servicemember must provide the lender/creditor a written request and a copy of the servicemember's mobilization orders.

Legal advice available.

Servicemembers may obtain free legal assistance if they believe their rights under the SCRA may have been violated or if they need to use its protection to delay civil proceedings, to reopen default judgments, to avoid foreclosure, to stop evictions, or to otherwise obtain the many protections it offers. Even those servicemembers who have left active duty may still be eligible for legal assistance for a period of up to twice the length of their deployment. Call Military One Source at 1-800-342-9647 or visit the Armed Forces legal assistance locator at http://legalassistance.law.af.mil/content/locator.php to find the nearest legal assistance office.

The Six Percent Interest Rate Cap.

One of the most widely known benefits under the SSCRA—and now the SCRA—is the ability to reduce preservice consumer debt and mortgage interest rates to 6% under certain circumstances. How does the 6 % interest rate cap work?

Consider this example: Three months ago, Mr. Smith and his wife bought a car for $13,000, paying $1,000 down and financing $12,000 at 9% interest. Last week, Mr. Smith was called to active duty as Staff Sergeant (SSG) Smith. **Before** entering active duty Mr. Smith earned $60,000 per year. As a staff sergeant with 12 years of service, he now earns about $50,000, including allowances. SSG Smith may ask the car financing company to lower the interest rate to 6% while he is on active duty because military service has *materially affected* his ability to pay: now he is earning less money on active duty than before. SSG Smith should inform the finance company of his situation in writing, provide a copy of the orders to active duty, and request immediate confirmation that the finance company has lowered his interest rate to 6% under the SCRA. The finance company must adjust the interest down to 6% unless a court rules

otherwise. In court, the finance company, not SSG Smith, would have to prove that SSG Smith's ability to pay the loan has *not* been materially affected by his military service. Under the SCRA, the 3% difference is forgiven or excused, and SSG Smith need not pay that amount. SSG Smith must continue making the monthly payments of principal and interest (at 6%) to avoid his account being considered delinquent. Continuing payments should also avoid any adverse credit reports from the finance company. SSG Smith has up to 180 days after leaving active duty to provide the finance company the required notice and documentation regarding his call to active duty.

In 2008, the SCRA was amended to extend the interest rate cap for 1 year *after* leaving active duty for preservice mortgage obligations, but the required notice and documentation must still be provided within 180 days of leaving active duty. **Note**: In some situations civilian employers have agreed to pay the military member the difference between the military pay and the civilian pay earned **before** the call to active duty. In most such situations, military service would not have materially affected the member's ability to pay; so it is unlikely that the SCRA 6% interest rate cap applies. Of course, if the servicemember's expenses increased (for example, the member must pay for a second apartment at the duty station or the member's spouse gave up her job to move with him), military service might have materially affected the member, and the SCRA 6% interest limit could apply.

What if instead of buying the car before he came on active duty, SSG Smith left his car at home for his wife and purchased a used car at his duty station? To do so, he borrowed $4,000 at 9% interest. Because SSG Smith incurred this debt **after** entering active duty, the SCRA 6% interest rate cap does not apply. (See 50 U.S.C. App. § 527.)

Delay of Court and Administrative Proceedings

The SCRA permits active duty servicemembers who are unable to appear in a civil action or proceeding due to their military duties, to postpone the proceeding for a mandatory minimum of 90 days upon the servicemember's request. The request must be in writing and (1) explain why the current military duty materially affects the servicemember's ability to appear; (2) provide a date when the servicemember can appear; and (3) include a letter from the commander stating that the servicemember's duties preclude his or her appearance and that he or she is not authorized leave at the time of the hearing. This letter or request to the court will not constitute a legal appearance in court. Further delays may be granted at the discretion of the court, but if the court denies additional delays, an attorney must be appointed to represent the servicemember. These protections are available up to 90 days after leaving active duty. (See 50 U.S.C. App. § 522.)

Default Judgment Protection

If a default judgment is entered against a servicemember during his or her active duty service, or within 60 days thereafter, the SCRA allows the servicemember to reopen that default judgment and set it aside. In order to set aside a default judgment, the servicemember must show that he or she was prejudiced by not being able to appear in person, and that he or she has good and legal defenses to the claims against him/her. The servicemember must apply to the court for relief within 90 days of the termination or release from military service. (See 50 U.S.C. App. § 521.)

Termination of Leases

Another significant change provided in the SCRA, is found in 50 U.S.C. App. § 535. The prior law only allowed the termination of preservice leases. The new provision in the SCRA allows termination of leases by active duty servicemembers who subsequently receive orders for a permanent change of station (PCS) or a deployment for a period of 90 days or more. The protections of the SCRA also apply to automobiles leased for personal or business use by servicemembers and their dependents. The preservice automobile lease may be cancelled if the servicemember receives active duty orders for a period of 180 days or more. The automobile lease entered into while the servicemember is on active duty may be terminated if the servicemember receives PCS orders to a (1) location outside the continental United States or from a location in a State outside the continental United States to any location outside that State; or (2) deployment orders for a period of 180 days or more. (See 50 U.S.C. App. § 535.)

In 2008, similar protections were extended to allow servicemembers to request the termination or suspension of cellular telephone service upon receipt of orders to deploy outside of the continental United States for not less than 90 days or for a permanent change of duty station within the United States if the deployment or mobilization materially affects the ability to satisfy the contract or use the services. (See 50 U.S.C. App. § 535A.)

Eviction for Nonpayment of Rent

Although the SCRA does not excuse servicemembers from paying rent, it does afford some relief if military service makes payment difficult. Servicemembers and their dependents (in their own right) have some **protection from eviction** under the SCRA. The landlord must obtain a valid court order to evict a military member or his or her dependents during a period of military service. Where the servicemember's ability to pay the agreed rent is materially affected by military service, the court must stay the eviction (90 days unless the court decides on a shorter or longer period in the interest of justice) when the military member or dependents request it. There is no requirement that the lease be entered into before entry on active duty. The requirements of this section are:

(1) The landlord is attempting eviction during a period in which the servicemember is in military service;

(2) The rented premises is used for housing by the servicemember, or his or her spouse, children, or other dependents; and

(3) The agreed rent does not exceed $2,958.53 per month for 2010. (The amount is subject to change in future years based on adjustments for inflation.) Servicemembers or their dependents threatened with eviction for failure to pay rent should immediately see a legal assistance attorney.

(See 50 U.S.C. App. § 531.)

Foreclosure.

In an action to enforce an obligation arising from a mortgage that originated before the period of active duty (preservice), a court, upon application of a servicemember whose ability to satisfy the obligation has been materially affected by military service, must postpone or stay the foreclosure proceeding as justice may require. This protection applies to any action filed during or within 9 months after a period of active duty.

In 2008, protections against foreclosures were extended from 90 days after leaving active duty to 9 months.

Furthermore, no sale, foreclosure, or seizure of property for a breach of an obligation described immediately above is valid if made during or within 9 months after the period of active duty unless pursuant to a valid court order. This has huge implications in the many States that permit foreclosures to proceed without involvement of the courts.

Servicemembers who miss any mortgage payments should immediately see a legal assistance attorney.

(See 50 U.S.C. App. § 533.)

Life Insurance Protection.

The SCRA also permits servicemembers to request deferment of certain commercial life insurance premiums and other payments for the period of military service and 2 years thereafter. If the Department of Veterans' Affairs approves the request, then the United States shall guarantee the payments, the policy shall continue in effect, and the servicemember will have 2 years after the period of military service to repay all premiums and interest. The SCRA increases the amount of insurance this program will cover to the greater of $250,000.00 or the maximum limit of the servicemembers Group Life Insurance. (See 50 U.S.C. App. § 541 et seq.)

State Taxation Clarification.

The SCRA provides that a nonresident servicemember's military income and personal property are not subject to State taxation if the servicemember is present in the State only due to military orders. The State is also prohibited from using the military pay of these nonresident servicemembers to increase the State income tax of the spouse. Under prior law, some states did not tax the nonresident servicemember directly, but did include the nonresident servicemember's income in the spouse's income, resulting in higher taxes for the spouse. (See 50 U.S.C. App. § 571.)

Health Insurance Reinstatement.

The SCRA further provides for the reinstatement of any health insurance upon termination or release from service. The insurance must have been in effect <u>before</u> such service commenced and terminated during the period of military service. The reinstatement of the health insurance is not subject to exclusions or a waiting period if the medical condition in question arose before or during the period of service, the exclusion or waiting period did not apply during the period of

coverage, and the medical condition has not been determined by the Secretary of the Veteran Affairs to be a disability incurred or aggravated by military service. The reinstatement of health insurance protection does not apply to a servicemember entitled to participate in employer-offered insurance (see rules regarding employer offered health insurance care in the Uniformed Services Employment and Re-employment Act). Finally, the servicemember must apply for the reinstatement of the health insurance within 120 days after termination or release from military service. The servicemember should submit the request to the insurance company in writing with a copy of the orders for active duty and release from active duty. (See 50 U.S.C. App. § 594.)

Appendix A

About the Overseas Military Banking Program (OMBP) Contract

Since 1976, the DoD has awarded a contract to provide financial services overseas. DFAS is the program manager and the contracting officer's representative, who is responsible for the administration of the OMBP contract. The current indefinite delivery, indefinite quantity cost-plus-fixed-fee contract is for 5 years with five 1-year options. The current contractor, Bank of America, is providing services at approximately 100 branch offices and 300 ATMs. These banking services directly improve the quality of life of our service members and their families who are stationed overseas.

Locally, the banking facilities are called Community Bank and are operated by the current contractor in the following locations:

- Germany
- Netherlands
- United Kingdom
- Italy
- Japan/Okinawa
- Korea
- Diego Garcia
- Guantanamo Bay, Cuba
- Honduras
- Kwajalein

Contract MDA210-02-D-0003 establishes the OMBP requirements and the support and assistance provided by the DoD. The sections of the Contract are broken down as follows:

- Section A - Solicitation/Contract Form
- Section B - Supplies or Services and Prices/Costs
- Section C - Description/Specifications/Work Statement
- Section D - Packaging and Marking
- Section E - Inspection and Acceptance
- Section F - Deliveries or Performance
- Section G - Contract Administration Data
- Section H - Special Contract Requirements
- Section I - Contract Clauses
- Section J - List of Documents, Exhibits, and Attachments

Sections C, G, H, and J are of particular interest to the BLO. These sections provide detailed work specifications to the contractor regarding authorized customers, products and services, logistics support, bank locations, and hours of operation required for successful performance on the contract. Copies of the Contract may be obtained at: https://dfas4dod.dfas.mil/systems.

Appendix B

Overseas Bank - Opening Procedures

This section is intended to provide a general outline that describes the steps involved in establishing a MBF and ATMs in an overseas country that does not currently have service under contract MDA210-02-D-0003. For follow-on MBFs in the same country, some of the preliminary agreements/steps performed would not be repeated. The high level tasks listed here are not intended to be the only steps to opening a given MBF. Each country can have issues that result in a myriad of exceptions, but these baseline tasks are fairly consistently applied.

a. The overseas installation commander requests banking services through command channels to the MILDEP BLO. The installation commander appoints a BLO who provides support to and receives support from the MILDEP BLO. Note the installation is responsible for ensuring adequate logistics support (office space, utilities, security, etc.) is available. (For details see DoDFMR, Volume 5, Chapter 34, paragraph 340603).

b. The MILDEP BLO approves the request to add these services and forwards it to DFAS. DFAS ensures pertinent status of forces agreement, other intergovernmental agreements, or host-country law authorize establishment of MBFs in the country. DFAS determines the requested action is within the scope of the Contract and provides the recommendation to the MILDEP BLO.

c. DFAS issues a technical direction letter (TDL) to the banking contractor requesting a technical and cost proposal for requested products and services.

d. The contractor's proposal (including the project plan) is received and evaluated for technical adequacy and cost reasonableness by DFAS and all MILDEP BLOs. If a request for fee is included in the proposal, the contracting officer will evaluate/validate and work with the MILDEP BLOs because they are responsible for the funding of any fees by the contractor.

e. If the proposal is determined acceptable, another TDL is issued to direct the contractor to proceed.

f. The contractor orders and coordinates the necessary infrastructure for the product or service. DFAS, MILDEP BLOs, local BLO, and the contractor partner coordinate renovation (repair, rehabilitation, and alteration of real property) and/or minor construction requirements. Availability of installation and interstation telephone services and Internet connections is furnished, where available. Access to the Defense Data Network is provided. The base furnishes local command security forces. In the case of ATMs, the installation is responsible for funding requirements for the proposed ATM site, including required renovations or building construction, site preparation costs, alarm systems, security equipment, video monitors and recorders (if required), communication lines (data and class A phone service), telephone equipment and any periodic line costs (including upgrades), electrical power,

uninterruptible power supply, heating and air conditioning equipment, and any periodic maintenance of installed equipment other than the ATM.

g. Furniture, signage, and office equipment are ordered by the contractor in accordance with the Model Bank Concept.

h. The contractor develops back office support functions, location, and procedures. The general ledger account structure is established and accounting support procedures are developed. The financial reporting approach and procedures are completed.

i. The client information strategy (display of posters, public service announcements, etc.) is developed and executed by the contractor.

j. The contractor orders and distributes branch supplies, training materials, and establishes the correspondent bank relationships, if needed. The recruitment and hiring of the bank manager and associates are completed. The contractor also ensures that the MBF has U.S. and local currency.

k. DFAS accepts the completed service.

l. The branch formally exercises opening day.

Notes:

- Timeframes for completing the steps above cannot be measured precisely. Opening a new MBF as described above could reasonably be completed in as few as 6 months, but could also take several years to finish.

- For domestic banks, credit unions, and overseas credit unions opening procedures are defined in DoDFMR, Volume 5, Chapter 34, paragraphs 3405, 3407, and 3408 respectively.

Overseas Bank - Closing Procedures

This section is intended to provide a general outline that describes the steps involved in closing a MBF and ATMs. The high level tasks listed here are not intended to be the only steps to closing a MBF. Each closure will have issues that result in a myriad of other actions required, but these baseline tasks are fairly consistently applied.

a. The overseas installation commander requests the closure of a MBF through command channels to the installation BLO and the MILDEP BLO.

b. The MILDEP BLO approves the request to terminate banking services and forwards it to DFAS.

c. DFAS sends a TDL to the banking contractor requesting a technical and cost proposal be developed.

d. The contractor proposal is received and evaluated for technical adequacy and cost reasonableness by DFAS and all MILDEP BLOs. The proposal should include major timelines/milestones for staffing and transfer plans, disposition of employees, property, financial papers, cash, and account signature cards.

e. If the proposal is determined acceptable, another TDL is issued to direct the contractor to proceed. The following actions will take place:

(1) The contractor initiates necessary personnel actions in accordance with local legal requirements and mails out the first client notification to account holders.

(2) The contractor performs a pre-inventory of financial papers and equipment. Logistics and security termination contracts are negotiated.

(3) The second client notification is sent to account holders and a facility pre-inspection is conducted between the contractor and base Department of Public Works (DPW), facility engineering, or civil engineering personnel.

(4) Final closure schedule and contracts are completed by the contractor. The client information strategy (display of posters, public service announcements, etc.) is developed and executed by the contractor.

(5) Account signature cards are transferred to gaining banks. The bank is officially closed. Excess cash, coins, and financial papers are shipped to the main cash vault for that country. ATMs, furniture, equipment, on-line teller systems, and retention records are removed and transported to storage pending disposition instructions.

f. The local real estate office performs final inspection of the facility. Facility keys are returned to the installation commander.

Notes:

- Timeframes for completing the steps above cannot be measured precisely. Closing a MBF could reasonably be completed in a 5-6 month timeframe, but could also take more than a year to finish.

- For domestic banks, credit unions, and overseas credit unions, closing procedures are defined in DoD FMR, Volume 5, Chapter 34, paragraphs 3405, 3407, and 3408 respectively.

Appendix C

DoD Designated Foreign Geographic Franchise Assignment Listing

April 14, 2009

Subparagraph 340801 of Chapter 34 of Volume 5 of the "DoDFMR" establishes the Department's policy that credit union services to authorized persons and organizations may be provided by domestic on-base credit unions operating under a geographic franchise. Further, 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 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. The ultimate decision to provide services overseas rests with the credit union itself. Credit Union services to authorized persons and organizations on DoD installations overseas are provided by domestic defense credit unions operating under a geographic 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

DJIBOUTI
Navy Federal Credit Union

FEDERAL REPUBLIC OF GERMANY
Andrews Federal Credit Union:
State of Hessen
State of Nordrhein Westfalen
Hamlen Pymont – Sub District of Hannover County/District
State of Niedersachsen
Mainz – Sub District of County/District Rheinhessen
State of Rheinlandpfalz

Bad Kreuznach – Sub District of Koblenz County/District
State of Rheinlandpfalz
County/District of Unterfranken – State of Bayern

Pentagon Federal Credit Union:
(No Locations - SOFA Reference only)

Service Federal Credit Union:
State of Berlin
State of Baden–Wurttemburg
State of Saarland
State of Rheinlandpfalz excluding:
Bad Krueznach - Sub District of Koblenz
Mainz - Sub District of Rheinhessen
State of Bayern excluding County/District of Unterfranken

GREECE/CRETE
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, Navy, 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 Corp	Navy Federal Credit Union

PORTUGAL

Army and Air Force	Pentagon Federal Credit Union

SINGAPORE
Navy 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.

Appendix D

Procedures for Establishing an Overseas Credit Union

Excerpt from DoDFMR, Volume 5, Chapter 34:

340801. General Policy

A. Credit union services to authorized persons and organizations may be provided by domestic on-base credit unions operating under a geographic franchise.

B. 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.

C. 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. The ultimate decision to provide services overseas rests with the credit union itself.

340802. Establishment

A. Commanders shall notify the Secretary of the MILDEP concerned (or designee), through command channels, when overseas credit union services are needed. Such requests shall include:

1. Full information about available space and logistical support.

2. The name and location of the nearest credit union facility or branch.

3. The distance between the installation and the nearest credit union facility or branch.

4. The availability of any official or public transportation.

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

6. In countries not presently served, a statement concurred in by the cognizant 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 credit union operations and will indicate any conditions imposed by the host country with respect to those operations.

B. Subsequent to approval of the request from the installation or community commander to establish an overseas credit union facility, the Secretary of the MILDEP concerned (or designee)

shall solicit proposals for the provision of full credit union services under the following provisions:

1. Where there is a DoD designated geographic franchise with a specific field of membership, the Secretary of the MILDEP (or designee) shall direct the installation or community commander to contact the supporting 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. The Director, DFAS (or designee) shall maintain a listing of all geographic franchises assigned to credit unions serving DoD overseas installations.

2. Where there is no DoD designated geographic franchise, the Secretary of the MILDEP (or designee) shall:

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

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 the NCUA or applicable 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.

C. Where there is an existing field of membership, the Secretary of the MILDEP concerned (or designee) shall take the following actions:

1. If a credit union on an installation terminates operation, afford any other credit union having a geographic franchise within that country an opportunity to assume the franchise being vacated. If all such institutions decline, the geographic franchise shall be offered to the federally insured 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 (a) offers to provide service, (b) meets host country requirements (if any) and (c) is assigned the former geographic franchise or portion thereof, the NCUA or the applicable state regulatory agency shall be notified and requested to make appropriate field of membership adjustments.

2. When other credit union(s) having a geographic franchise within a country decline the opportunity, or there is no other credit union having a franchise within that country, the provisions of subparagraph 340802.B.2, above, apply.

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

Appendix E

Sample BLO/CULO Appointment

Letterhead

OFFICE SYMBOL DATE

MEMORANDUM FOR (APPLICABLE MILDEP BLO/CULO) (See Foreword for addresses)

SUBJECT: BANK/CREDIT UNION LIAISON OFFICER APPOINTMENT

Effective immediately, the following named individual is appointed as the Bank Liaison Officer/Credit Union Liaison Officer for the (please insert the DoD installation this individual is appointed as the BLO/CULO).

Doe, Jane J.; Program Analyst; C-7; Directorate of Resource Management

Contact Information: E-mail Address
Phone Number
Fax Number

Authority: DoD Financial Management Regulation, Volume 5, Chapter 34, paragraphs 340508 and 340709.

Purpose: To perform duties as Bank Liaison Officer/Credit Union Liaison Officer between the (DoD installation listed above) and the on-base FI.

Period: Until officially relieved.

Point of contact for this action is the undersigned at DSN xxx-xxxx.

Signature block

Appendix F

(UNCLASSIFIED)
INFORMATION PAPER

SFFM-FC-ZA 06 May 2009

SUBJECT: Establishment of a Foreign Financial Institution (FI) on a DoD Installation

1. Purpose: To outline the general procedures in Department of Defense Financial Management Regulation (DoDFMR) Volume 5, Chapter 34, Financial Institutions on DoD Installations and FM 1-06 (FM 14-100), Financial Management Operations, when pursuing establishment of a foreign FI (physical branch) on an overseas contingency or wartime installation (i.e., FOBs, COBs, bases) where a Military Banking Facility (MBF) or other U.S. FI is not allowed or feasible.

2. Facts:

A. General information:

1) The numbers, enclosed in parenthesis, in the body of this paper relate to the applicable paragraph(s) of the DoD FMR, Volume 5, Chapter 34.

2) These procedures apply to banks classified as "Other Overseas Banking Offices" (340602B) where the banking and currency control laws, Status of Forces Agreement, or Defense Cooperative Agreement prohibit the establishment of a United States (U.S.) bank in the country.

3) The authority rests solely with the Secretary of the Army, or designee, in accordance with the DoD FMR, Volume 5, Chapter 34, and the DoDI 1000.11 to establish a physical bank branch on any base regardless of the location.

a. The Office of the ASA(FM&C) is the Secretary of the Army designee for banking issues addressed in this paper. The Deputy Assistant Secretary of the Army (Financial Operations) and the U.S. Army Finance Command (USAFINCOM) manage, advise, and facilitate actions on behalf of the ASA(FM&C) for banking operations, FM 1-06, paragraphs 2-3 through 2-5.

b. The Department of the Army (DA) Banking Officer, assigned to USAFINCOM is the point of contact for all banking issues. The DA Banking Officer, on behalf of the ASA(FM&C), coordinates with the FMC Director, the Defense Finance and Accounting Service (DFAS) DoD Banking Office, the U.S. Treasury, and other agencies as necessary to ensure the completion of all required steps for acquiring the services of a foreign FI prior to submission to the ASA(FM&C) for action.

4) The FMC Director or designee is the banking liaison in theater and negotiates with the banking industry of the host nation to establish Local Depository Accounts (LDA) and other banking services, FM1-06, paragraph 1-20. The FMC Director or designee is the liaison with the DA Banking Officer.

5) Overall establishment of banking services overseas (340602 A/B): Only formal written requests from installation commanders requesting financial services creates the requirement for the ASA(FM&C) to assist in acquiring banking services for authorized persons and organizations.

6) Establishment of a bank on base may include ATMs (340405): Establishing ATMs on a base involves the same procedures and requirements that a physical branch requires. However, if there is

already an on-base FI and the FI wishes to place an ATM on the installation, the approval authority is the installation commander. The FMC Director or designee will coordinate this action between the bank and commander to ensure the operating agreement is amended and notify the DA Banking Officer of the additional service(s).

7) Solicitations (340503): Solicitations are conducted in the local area of the base and expanded only when sufficient organizations are not available or do not respond to the initial request for services. This paragraph outlines the minimum standards when dealing with solicitations. This ensures selection of the right organization to meet the needs of the installation commander and to ensure fees and other negotiated items are at the best rates.

B. Steps to establish a foreign FI on a DoD installation (340602A1/B):

1) The installation commander must submit a signed formal written request through their ASCC, to ASA(FM&C), Attn: U.S. Army Banking Officer, 109 Army Pentagon, Washington, D.C., 20310, for approval. The request can be based off the needs of the installation or from an unsolicited proposal from a FI. The supporting finance office on behalf of the FMC Director, will prepare the request for the commander's signature to include coordination with other agencies on the installation that will utilize or support the foreign FI. Items that apply in paragraph 340602A1 should be addressed in the request.

2) Once the ASA(FM&C) approves the initial request, the FMC Director or designee begins the solicitation process (340503) to select the FI that can best support the mission. The final selection of the FI rests with the ASA(FM&C) with a recommendation from the installation commander.

3) Following the selection of the FI, the ASA(FM&C) coordinates with DFAS to seek the designation of the parent foreign banking institution as a depositary and financial agent by the U.S. Treasury. These banking offices cannot become operational until the foreign parent banking institution has been designated a depositary and financial agent of the U.S. Government. The FI shall indicate a willingness and ability to provide collateral, acceptable by DFAS and U.S. Treasury, backing for any official and nonappropriated fund U.S. dollar deposits. If a Limited Depository Account (LDA) is necessary, the provisions of DoD FMR, Volume 5, Chapter 14 describe this process.

4) Operating Agreements (OA) (340410/340604C). Once the FI has been approved by the ASA(FM&C), the FMC Director or designee negotiates services, fees and logistical support (340603B) with the FI. The items negotiated will be written in a formal OA and signed by the bank and the installation commander, after coordination through ASA (FM&C), legal, and DFAS for concurrence. The OA is not a contractual obligation.

3. Actions taken: Educating the financial management community on the proper process of requesting and opening a foreign FI on a DoD installation.

4. Conclusion: The process is detailed and involves different agencies. However, all the steps must be followed to ensure the FI is set up properly and all services are provided. We have completed this process in Kuwait and Afghanistan and are in the initial stages of approving additional sites in Iraq. Installation Commanders must fully support a foreign FI on their base.

POC: (703) 693-2698/DSN 426-2698
(614) 693-4344/DSN 869-4344
Approved by: COL Marlene Fey, Commander, USAFINCOM

Appendix G

Sample Memorandum of Agreement

Foreign Financial Institution's ATMs

If there is not a MBF or overseas credit union located on a foreign installation, and neither the OMBP nor the overseas credit union have authority to operate, and if ATM support is requested by the command, the following format will be used to request ATM services.

AUTOMATED TELLER MACHINE AGREEMENT

BETWEEN

UNITED STATES MILITARY TRAINING MISSION (USMTM)

&

THE SAUDI AMERICAN BANK

(DATE)

This Automated Teller Machine (ATM) Agreement is signed between the Saudi American Bank, a Saudi Joint Stock company located in Riyadh, Saudi Arabia, and the United States Military Training Mission (USMTM), a United States Military Agency, located in Riyadh as part of the military cooperation between Saudi Arabia and the United States Armed Forces.

Task:

a. Chief, USMTM has requested the Saudi American Bank to install an ATM at Eskan Village, Riyadh, Saudi Arabia.

b. The ATM is to satisfy the reasonable Saudi Riyals (SR) requirements of personnel based at Eskan Village through the use of their branded debit and credit cards issued abroad by their host bank.

Issues:

a. There are no electronic banking facilities currently at Eskan Village.

b. Cash is currently dispensed through the USMTM Finance Office. The ATM's role is to assist the finance office on dispensing cash during and after duty hours.

c. Personnel identified by the Saudi American Bank and whose names will be submitted to MODA through the USMTM Force Protection Office shall be granted access to the site to conduct routine service and cash replenishment of the machine.

Provision of Services:

a. Saudi American Bank will install an ATM at the agreed site in Eskan Village, Riyadh, Saudi Arabia that:

(1) Can be utilized by the specified brand of cards, both debit and credit. The initial phase of installation will service any card with access to:

(a) Cirrus Network/Logo

(b) Maestro Network/Logo

(c) Plus Network/Logo

(d) KSA local issued cards

(2) Will dispense SR and U.S. dollars. The cash configuration will consist of:

(a) SR 100.00

(b) SR 200.00

(c) SR 500.00

(d) $20 (initially)

(e) $100 (not initially)

(3) Will be operational 24 hours a day, except for routine service or unexpected equipment/communication failure. Saudi American Bank shall not be liable for any interruption in service.

(4) Will be clearly branded and positioned to satisfy the USMTM and Saudi American Bank's reasonable requirements.

(5) Will be routinely serviced by Saudi American Bank representatives specified by Saudi American Bank and agreed by MODA through the USMTM Force Protection office.

(6) Will have cash replenishment serviced by the Saudi American Bank or a designate. The Saudi American Bank and the USMTM Finance office will determine timing for replenishment and nominated representatives.

(7) Will be under the operational control of the Saudi American Bank.

(8) Will provide two STC lines with 64K digital capability.

b. The USMTM will provide:

(1) A suitable site for the Saudi American Bank's ATM at no cost to Saudi American Bank and subject to the Saudi American Bank's specifications and approval.

(2) Continuous power to the Saudi American Bank's site at no cost to Saudi American Bank.

(3) Power supply for ancillary equipment at the site at no cost to the Saudi American Bank.

(4) Preparation of the site to meet the site specification required by Saudi American Bank.

(5) Reasonable security for the ATM site as would be provided to other commercial facilities on site.

(6) Escort from Gate 1 to the ATM machine and back to Gate 1, when the Saudi American Bank representatives require access to the ATM machine for service or maintenance.

(7) Due to security reasons, there may be occasions where the Saudi American Bank representatives may not get access to Eskan Village. Personnel identified by the Saudi American Bank to conduct routine service and cash replenishment of the machine will be subject to MODA approval. In such cases, the Saudi American Bank will not be responsible for the lack of available funds during that period, machine malfunctions or hardware failure.

(8) USMTM will provide reasonable security to ensure the safe use of the Automated Teller Machine. USMTM will provide timely security response during any type of illegal use(s) of the ATM. USMTM will provide full cooperation with all authorities involved to settle such illegal use(s) of the ATM. This agreement between the USMTM, Eskan Village, Riyadh, Saudi Arabia and the Saudi American Bank relieves the U.S. Government of any liability associated with the operation of the ATM.

Cost of the Services:

a. Saudi American Bank will incur all cost related to the ATM, its maintenance and service.

b. The Saudi American Bank will not charge the customer with any direct fees for usage of the ATM, unless the law or bank regulations dictate such requirement. The normal customer's transaction cost will only reflect their own bank charges, as agreed by them with their respective host bank.

c. In the event the Saudi American Bank sees the need to charge the customer any additional fees for the usage of the ATM, both the Saudi American Bank representative and the USMTM Finance representative will meet and review the ATM agreement.

d. The Saudi American Bank will have no additional charges due to the location or the unique configuration of the ATM.

Movements of Parts and Money:

a. The Saudi American Bank will organize and pay for the transportation of money to/from the site.

b. Saudi American Bank representative or engineers will be required to transport computer parts to/from the ATM in order to provide operational service for the ATM, as agreed by the Saudi American Bank and the USMTM Finance office.

Goodwill:

Both of the Saudi American Bank and the USMTM are entering into this relationship in good faith. The maintenance of this good relationship requires parties to be transparent and open in all their dealings.

Review of Service:

In order to ensure that the service offered by the Saudi American Bank to the USMTM is being fulfilled to the satisfaction of both parties, a review meeting should be conducted at least every 6 months.

Termination of Relationship:

Either party may terminate the service agreement by providing a 30-day written notice of their intent.

This ATM agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia and both parties agree that any dispute arising thereunder shall be submitted exclusively to the appropriated courts and/or committees in the Kingdom of Saudi Arabia for final resolution.

_____	_____
First Party	Second Party
(Name of Manager)	(Name of Commander)
General Manager	MG, SERVICE
Saudi American Bank	Chief, US Military Training Mission

Appendix H

Limited Depositary Accounts (LDA)

The MILDEP BLOs are somewhat removed from the process of establishing and maintaining these type of accounts. However, as the subject does arise on a recurring basis, it was thought best to include the requirements below for general information and processes. DFAS, in coordination with the U.S. Treasury, Financial Management Services has the lead on approval and implementation of LDAs.

Guidance on requesting approval of an LDA is provided below:

a. References:

(1) U.S. Treasury Financial Manual, Volume 1, Part 4, Chapter 9000, Section 9030, Designated Depositaries

(2) Department of Defense Financial Management Regulation (DoDFMR) Volume 5, Chapter 14.

b. All requests should include at a minimum, the following:

(1) The disbursing station symbol number (DSSN)

(2) Justification for the account, to include the reason(s) why ITS.gov will not support mission requirements

(3) Location

(4) Name of the currency

(5) Criteria for determining the preferred bank and reasons for recommending its selection (i.e., results of the competitive process)

(6) Name of the bank to be designated (regardless of possible previous designation)

(7) Bank address

(8) Name and title of bank official and telephone number(s)

(9) Percentage of ownership by a U.S. bank

(10) Name of the correspondent bank in the U.S., the account number, and a point of contact (name, title, and telephone number)

(11) A statement of compliance with subparagraphs 140101 – 140103 of the DoDFMR, Volume 5, Chapter 14, or reasons for noncompliance.

c. Except for LDAs in U.S. dollars established under Title 10, United States Code, Section 127 10 U.S.C. for Intelligence Contingency Fund purposes, LDAs in U.S. dollars may not be established unless specific authority is first obtained from the Director for Accounting and Finance Policy, Office of the Under Secretary of Defense (Comptroller), through the Director, Defense Finance and Accounting Service-Indianapolis (DFAS-IN), ATTN: DFAS-NPD/IN, 8899 E. 56th Street, Column 329F, Indianapolis, IN 46249-0500. Requests for U.S. dollar accounts must include documentation indicating the DO requested and received a commitment to pledge collateral from the bank suggested for selection. If the bank agrees to pledge collateral, then the DO may request a U.S. dollar operating account; otherwise, the DO may request only a U.S. dollar zero-balance account.

d. All DoD DOs must forward requests for an LDA to:

DFAS Indianapolis
ATTN: DFAS-NPD/IN
8900 East 56th St.
Indianapolis IN 46249-0500

e. POC for DFAS is DFAS-NPD/IN, DSN 699-6998, or commercial (317) 510-6998, or mailbox disbursing-debtmanagementpolicy@dfas.mil**.** Requests may be scanned and e-mailed to the mailbox above to expedite the requests.

f. POCs for Disbursing and Debt Management Policy are:

Comm: (317) 510-6998

Comm: (317) 510-3609

Appendix I

Solicitation Process for On-Base Financial Institutions

Regarding in-store banking and ATM solicitations on the installation, the following procedures apply:

a. Commands must formally offer opportunities to on-base FIs first.

b. If there are currently FIs on base, they must be allowed to compete for the government's requirement.

c. If on-base FIs do not wish to provide the service, the major command must obtain and forward to the respective MILDEP BLO a written declination from the FIs and justification for permission to conduct solicitation for an additional FI to come on the installation to provide the required service.

d. If approved, a solicitation is conducted IAW DoDFMR, Volume 5, Chapter 34, paragraph 340503. Steps will follow the basic process below:

(1) The MILDEP can conduct the solicitation or delegate to the installation commander (IC). The latter is the norm. If the IC conducts the solicitation, the MILDEP reviews the solicitation process and provides final approval (reference DoDFMR, Volume 5, Chapter 34, paragraph 340503B).

(2) Solicitations are accomplished by filing a notice/advertisement with "Federal Business Opportunities" (FedBizOpps). An announcement is submitted on-line at www.fbo.gov. Instructions and a contact telephone number are provided to assist users on the Web page. Advertisements are to run for 30 days.

(3) Alternative solicitation advertising procedures can be found in the paragraph above. They include expanding the solicitation to other industry publications and trade association notification.

Note: Solicitation procedures when there is no FI on the installation are the same as above in paragraph d(1-3).

Sample Solicitation Letter

Dear Sir or Madam:

The Commanding Officer of XXXX Air Force Base is seeking the establishment an on-base financial institution (bank or credit union) with Automated Teller Machine (ATM) services, which is insured with an organization specifically qualified by the Secretary of the Treasury. *Attached is pertinent information about the base that may be beneficial if you choose to prepare a proposal. The Department of the Air Force Comptroller will grant final approval based on the Commanding Officer's, XXXX AFB, evaluation of the proposals received. All financial institutions on Department of Defense (DoD) military installations must follow the policies outlined in the DoD Financial Management Regulation (FMR), Volume 5, Chapter 34 and the DoD Instruction 1000.11 (http://www.dtic.mil/whs/directives/corres/pdf/100011p.pdf). The DoD FMR is available for review at: http://www.dod.mil/comptroller/fmr/05/

The proposal must include a schedule of offered services, fees and charges, and the extent of logistical support required. Additional information you desire to be considered may also be addressed in your proposal.

The Air Force's decision will be based on which financial institution offers the best overall value to the government. In evaluating the proposals, the Department of the Air Force will consider range of services offered, fees, and past performance. Proposals must include schedule of branch and ATM implementation and frequency of ATM servicing. The selected financial institution must enter into a lease and execute an operating agreement with the base. Appendix C of the DoDFMR, Volume 5, Chapter 34 contains a sample operating agreement.

Your proposal should be forwarded by (insert date) to the address listed below. Additionally, any questions should be directed to (insert name) at (insert telephone number).

Sincerely,

John S. Doe

* Attachment shall include information provided in DoDFMR, Volume 5, Chapter 34, paragraph 340502 – Establishment (A 1-10).

Appendix J

Leasing Procedures

Leases and Out Grants of Real Property:

Lease information regarding banks and credit unions on DoD installations can be found at DoDFMR, Volume 5, Chapter 34, paragraphs 340505-07 (domestic banks) and 340704-06 (domestic credit unions).

There are various differences between leases for banks and credit unions, but both must have the following provisions at a minimum:

a. 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.

b. The lessee shall provide written notice 180 days prior to voluntarily terminating the lease.

c. 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.

Appendix K

In-Kind Consideration (IKC)

In-Kind Consideration:

Property is leased for use by FIs under the authority of 10 USC 2667. For on-installation credit unions, property may be leased without charge for rent or services if at least 95 percent of the credit union's membership is comprised of federal employees. For other financial institutions, there is no provision in law for DoD to charge less than fair market value consideration for lease. However the consideration may be in-kind provided by the lessee. The types of IKC which may be accepted by the military service are as follows:

(1) Maintenance, protection, alteration, repair, improvement, or restoration (including environmental restoration) of property or facilities

(2) Construction of new facilities

(3) Provision of facilities

(4) Facilities operation support

(5) Provision of such other services, (such as financial services provided by banks and credit unions) relating to activities that will occur on the leased property. This in-kind consideration may be accepted on any property or facility under the control of the respective service secretary that is executing the out lease.

It is imperative therefore that you work closely with the command and other real estate personnel on your installation to ensure the agreements are in accordance with service standards.

IKC is intended to reduce cash payment by the FI only if they can demonstrate a service or savings to the government based on a sound case of comparing local off-installation FIs costs to their own and only if the additional cost is due to being on the installation or to the services above the industry standard as requested by the government. Calculations should be based on services offered at the branch(s) on the installation asking for the IKC only; not based on the entire FI's corporate structure of products and expenses and not based on services which are an "industry standard."

Negotiations for IKC to be considered may take quite some time. Therefore, the process should start no later 8-12 months prior to lease renewal date. All items should be addressed between the real estate attorneys/representatives and the on-installation FI's management prior to finalizing any lease agreement.

IKC Procedures:

a. The FI provides a request as part of the Report of Availability or separate to the BLO/CULO with a list of items that may be promoted by the FI as a consideration item and the amount of benefit that was received by the government. Detailed supporting data should be included as enclosures.

b. The installation command (or designee) will evaluate the FI's submission and respond. After this, a face-to-face meeting is recommended to discuss line items not considered by the command for IKC, if any. Complete negotiations. The BLO/CULO, in conjunction with the on-base FI, validates and certifies the value of services to be accepted as IKC and submits to the respective service real estate agency for review and decision to finalize the lease.

The ultimate decision authority for IKC varies between the services:

a. Army: The decision and approval process is coordinated between the U.S. Army Corps of Engineers District Commander and the installation commander, with the final authority residing with the former.

(See http://www.usapa.army.mil/pdffiles/r405_80.pdf (paragraph 2-12a, 1-3)).

b. Dept of Navy: If the in-kind consideration consists of maintenance, protection, alteration, construction of new facilities, provision of facilities, or facilities operation support, final authority rests with the Naval Facilities Engineering Command. If the consideration consists of the provision of other services, final authority rests with DASN (I&F).

c. U.S. Air Force: Final authority rests with the installation commander (or designee (AFI 32-9003 1.5 and 2.1)).

The following provides more detail on the types of financial services, maintenance, security, and other items for which IKC could be considered, but are not all inclusive. All items must be supported with quantifiable cost savings data on the value provided to the government and be based on the circumstances at that installation:

Possible IKC Line Items:

(1) ATMs: The density of ATMs on the installation exceeds the normal average by population; such as when ATMs are provided at the request of the command for military need or the convenience of the installation population.

(2) Parking Lot Maintenance: Annual striping of the parking lot, periodic pothole repair, and other maintenance. The coverage includes areas deemed the responsibility of the installation.

(3) Building Construction: When a FI constructs a building using their own funds.

(4) Building Maintenance: Annual cost of maintaining the facility. This should only apply if the facility is a federally owned facility. If this is the FI's facility, maintenance of the nonfederal facility would not be an in-kind item.

(5) Building Improvements: Interior construction of offices or other permanent upgrades to a federal facility. This could include additional costs associated with historic property or environmental restoration, if applicable.

(6) Security Services: When the installation is unable to provide security such as for the movement of cash on the installation where the installation previously supported this service and the on-base FI must provide.

(7) Landscaping Service: The FI contracts with a private company for landscaping services normally covered by the government. Where the coverage includes areas seemed the responsibility of the installation.

(8) Nonprofit Accounts: Accounts are provided at reduced or no charge rate for organizations such as youth groups and wives' clubs or for installation quality of life activities.

(9) Special Program for Service Members: Costs associated with "No Interest Repayment Plans," "Overdraft Assistance," or special loan programs can be considered.

(10) ATM Noncustomer Surcharge: Charges less-than-industry rate to noncustomers who utilize its ATMs on base in support of the mission of the government. An example would be if the on-base FI did not charge a surcharge to a government travel cardholder, thereby reducing the reimbursable expense to the government.

(11) Financial Education: When the on-base FI provides financial education at the commands request. An example is when the FI supports the DoD Financial Readiness Campaign to improve mission readiness that is above and beyond the requirements contained in the DoDFMR.

(12) Miscellaneous Service Charges: Many customer and noncustomer services are provided for free or at a less than industry standard. Examples of these services are a no account balance requirement that triggers a charge for checks written on the account, cashier's checks, check cashing, nonsufficient fund fees, money orders, stop payments, and wire transfers. Calculate approximate annual loss of revenue for these services.

(13) Treasury General Accounts: If the on-base FI (see Appendix M) accepts the TGA responsibility, calculate the savings to the government for the on-base institution to provide armored courier service versus the alternative of using an off-base FI at a significant cost for armored carrier services to pick up and deliver funds.

Appendix L

In-store Banking

The installation commander approves in-store banking. An amendment will be prepared to the existing operating agreement between the commander and the on-base FI.

If on-base FIs do not wish to provide the service, the major command must obtain and forward to the respective MILDEP BLO a written declination from the FIs and justification for permission to conduct solicitation for an additional FI to come onto the installation to provide the required service (see Appendix I of this guide for the solicitation process).

See regulatory excerpt below:

DoD FMR, Volume 5, Chapter 34, paragraph 340509 (Banks) and paragraph 340710 (Credit Unions). http://www.dod.mil/comptroller/fmr/05/05_34.pdf

340710. In-Store Banking.

In-store banking services may be provided in accordance with paragraph 340509, above, except that:

A. Credit unions interested in submitting proposals to provide requested in-store banking services shall provide a statement from the NCUA or applicable state regulatory agency certifying the credit union's authority to offer the requested financial services to the commissary, Military Exchange, or other on-base facilities.

B. Space granted to a credit union selected to provide in-store banking services should be issued through a no-cost license in accordance with section 170 of the Federal Credit Union Act (12 U.S.C. 1770) (reference (t)).

Appendix M

Treasury General Account (TGA)

The installation commander is the decision authority for approving an institution on base for TGA activity. The local DO or BLO will send in the formal change request. The request will go through DFAS Columbus to the Treasury. If the TGA is for a credit union on post, they will need an approval letter from NCUA to assume a TGA account (or be approved for an in-store banking agreement).

To establish a TGA, reference DoD FMR, Volume 5, Chapter 5, paragraph 050102C, to submit request.

See regulatory excerpt below:

DoD Financial Management Regulation Volume 5, Chapter 5, September 2008
http://www.dod.mil/comptroller/fmr/05/05_05.pdf

050102. Depositaries

B. General Depositaries.

As described by the Department of the Treasury Financial Manual for Guidance of Departments and Agencies (reference (m)), general depositaries are commercial banks or other FIs which have been specifically designated and authorized by the Treasury Department to maintain a demand account in the name of Treasury for the purpose of accepting deposits to the TGA. These depositaries will be designated only at locations where they are needed to receive deposits of public funds for credit to the TGA or to furnish cash to DOs for official disbursements. Making deposits to a TGA eliminates processing floats. If more than one bank, or a bank and credit union, have been authorized at a base, station, installation, or command, the local commander, if asked, should give equal recognition when recommending designation of authorized FIs as TGA depositaries. After approval by the Treasury Department, the commander should make an effort to reasonably distribute official financial transactions among the approved depositaries. Public funds shall not be deposited in a FI that has not been approved as a general depositary except as provided in subparagraph 050102.E below. Deposits shall not be mailed to a general depositary unless specifically authorized by the Treasury Department.

C. Requests to Deposit with or Change General Depositary.

DOs shall formally request authorization to deposit collections with a general depositary or to change from one authorized depositary to another. This requirement includes those instances when on-base banks or credit unions undergo changes, such as acquisitions or mergers. DOs shall send the request to the Defense Finance and Accounting Service, DoD Banking and Credit Union Office (DFAS-JJFB/CO), P.O. Box 182317, Columbus, Ohio 43218-2317. After review and approval of the request, DFAS-JJFB/CO will forward the request to the

Financial Management Service, Department of the Treasury, Chief Depositary Review Section, Banking Operations Branch, 3700 East-West Highway, Hyattsville, Maryland 20782. The request should be sent at least 90 calendar days prior to the requested effective date to allow the Treasury Department enough time to make the necessary arrangements and issue appropriate instructions to the depositary.

The request shall contain the following information:

1. Name and location of the depositary currently used

2. Time and manner that deposits are made with the current depositary

3. Name and location of the proposed depositary (specify the name and location of the particular branch office, if applicable)

4. Time and manner that deposits will be made with the proposed depositary

5. Total dollar amount deposited monthly

6. Total number of checks (including Treasury checks) deposited monthly

7. Dollar amount and number of Treasury checks deposited monthly

8. Amount of cash deposited monthly

9. Number of returned checks per month

10. Number of SF 215s per month

11. A brief justification statement outlining distances involved and savings in time and money to be gained by approval of the request

Treasury General Account (TGA) Application

AGENCY PROFILE SHEET

Disbursing officers shall formally request authorization to deposit collections with a general depositary or to change from one authorized depositary to another.

AGENCY INFORMATION:

Agency Name:
Agency Location Code (four or eight digits):
Agency Contact Name (Local):
Agency Phone Number:
Agency Address:

FREQUENCY Daily or Weekly	AVERAGE Monthly Deposit ($)	AVERAGE Monthly Currency Deposit ($)	AVERAGE Monthly checks volume (#) * Excluding Treasury checks	Delivery Method: Armored Car, Courier or Walk-up (If Armored Car or Courier, please provide name of company)
*Treasury checks: checks volume (#) checks value ($)				

Approximate start date for first deposit:
Are the deposits mixed deposits (checks and cash)?
Approximate number of returned items per month:
Returned item/adjustment address if different from above:

CURRENT BANK INFORMATION:

Name & Address of Current Banking Location:
Banking location point of contact, phone, and e-mail address:
ABA Number:

REQUESTED BANK INFORMATION (If needed attach additional choices):

Name & Address of Current Banking Location:
Banking location point of contact, phone, and e-mail address:
ABA Number:

JUSTIFICATION: A brief statement outlining distances involved and savings in time and money to be gained by approval of the request.

DISBURSING OFFICER SIGNATURE: _____

Please complete this form IAW DoD FMR, Volume 5, Chapter 5, paragraph 050102C and fax to:

DFAS Columbus
Attn: DFAS-JJFB/CO
P.O. Box 182317
Columbus, OH 43218-2317 Fax: (216) 367-3388

Appendix N

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
FINANCIAL MANAGEMENT AND COMPTROLLER
109 ARMY PENTAGON
WASHINGTON DC 20310-0109

REPLY TO ATTENTION OF

April 25, 2002

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Clarification of Advertising Policy Guidance Contained in the DoD Financial Management Regulation (FMR), Volume 5, Chapter 34

References:

a. DoD Financial Management Regulation (FMR), Volume 5, Chapter 34, Paragraph 340403, Sep 00.

b. OUSD(C) memorandum, March 29, 2002, subject: Clarification of Advertising Policy Guidance Contained in Chapter 34, Volume 5, of the DoD Financial Management Regulation ("DoDFMR") (Attached).

Recently several issues regarding the interpretation of the advertising section of the DoD FMR Volume 5, Chapter 34, paragraph 340403, have been brought to my attention, particularly Internet advertising by off-post financial institutions. I addressed these concerns to Mr. Ronald L. Adolphi, the Acting Director for Finance and Management Policy, OUSD(C), and asked that he provide clarification of the advertising policy. Reference b is that clarification.

In Reference b, Mr. Adolphi states, "This policy, when extended to Internet advertising, precludes the display of electronic banners advertising an off-base financial institution on the home (e.g., default) page of Internet terminals located on-base including those offered by a third party without a fee. This policy does not preclude on-base personnel from accessing websites established by off-base financial institutions from such terminals nor does it prohibit off-base financial institutions from any other form of advertising on the Internet."

My point of contact for this action is (703) 693-2766

William M. Landrum III
Colonel, Finance Corps
Acting Deputy Assistant Secretary of
the Army (Financial Operations)

Attachment

Appendix O

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

NOV 27 2002

MEMORANDUM FOR DIRECTOR FOR FINANCE, DEFENSE FINANCE AND ACCOUNTING SERVICE

SUBJECT: Commercial Sponsorship of On-base Community Events by Other Than the Financial Institution Authorized to Operate on a Military Installation

Recently, you requested policy guidance regarding commercial sponsorship of on-base community events by other than the financial institution authorized to operate on a Military installation. Your request resulted from the issuance of a legal opinion by the Office of the Staff Judge Advocate, Headquarters, United States European Command (USEUCOM), that permitted morale, welfare and recreation (MWR) activities to accept commercial sponsorship from unauthorized financial institutions in support of on-base community events. The opinion offered by the USEUCOM Office of the Staff Judge Advocate is predicated on paragraph E9.1.1. of DoD Instruction 1015.10, "Programs for Military Morale, Welfare, and Recreation (MWR)," which authorizes MWRs to enter into commercial sponsorship agreements with individuals, agencies, associations, companies, corporations or other entities. You indicated that this opinion appears to conflict with Volume 5, Chapter 34, subparagraphs 340403.E, "Advertising," and 340403.G, "Distribution of Literature," of the DoD Financial Management Regulation ("DoDFMR") which prohibit unauthorized financial institutions from distributing literature on an installation when an authorized financial institution is operating on the installation, and paragraph 4.1.1. of DoDD 1000.11, "Financial Institutions on DoD Installations," that limits the number of financial institutions on an installation to one bank and one credit union.

Your request was forwarded for review to the Office of the Deputy General Counsel (Fiscal) (ODGC(F)). As you will note, the ODGC(F)'s opinion (copy attached) mirrors that expressed by your office. Also attached is a copy of the revised opinion from the USEUCOM Office of the Staff Judge Advocate that is consistent with that of the ODGC(F). Given that the USEUCOM Office of the Staff Judge Advocate's opinion, as revised, is no longer in conflict with the aforementioned issuances governing banks and credit unions, this office's action on your request for policy guidance is assumed to be completed.

staff contact for this matter may be reached by telephone at (703) 697-3193.

Associate Director for Accounting and Finance
Policy and Analysis

Attachments

DEPARTMENT OF DEFENSE
OFFICE OF GENERAL COUNSEL
1600 DEFENSE PENTAGON
WASHINGTON, DC 20301-1600

01 NOV 2002

MEMORANDUM FOR DIRECTOR, ACCOUNTING, FINANCE POLICY & ANALYSIS, OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: First Command Bank

This responds to your 15 August 2002 request for a legal opinion concerning a commercial sponsorship agreement between the Heidelberg Military Community and the First Command Bank, in which the First Command Bank provided funds for a Holiday Bazaar in return for the opportunity to advertise its services on a military installation. First Command Bank is not an accredited financial institution authorized to operate on military installations in USEUCOM. Those banks and credit unions that are authorized to operate on USEUCOM installations have complained that commercial sponsorship agreements with unauthorized financial institutions such as First Command Bank violate their operating agreements and reduce their profits. In none of the Status of Forces Agreements (SOFAs) in Europe has the command accredited First Command Bank as an authorized financial institution to operate on United States military installations in support of armed forces stationed there.

It is our view that the commercial sponsorship agreement with First Command Bank violated DoD Directive 1000.11, paragraph 4.2.2, which limits financial services at overseas DoD installations to chartered institutions with an operating agreement and SOFA accreditation; and DoD Financial Management Regulation, DoD 7000.14-R, volume 5, chapter 34, paragraphs 340403.E. and G., which prohibit unauthorized financial institutions to distribute literature on a military installation if an authorized financial institution is operating on the installation. Furthermore, DoD Instruction 1015.10, Programs for Military Morale, Welfare and Recreation (MWR), which authorizes commercial sponsorship agreements, requires at paragraph E9.1.2. that any public recognition or advertising media permitted as a result of the agreement be reviewed for consistency with DoD and component policies, and be otherwise appropriate.

In sum, the subject commercial sponsorship agreement is inconsistent with the governing SOFA, and with longstanding DoD policy that limits the number of banks and credit unions operating on installation in return for commitments of certain levels of financial services to members of the armed forces. The proponent office for DoD Instruction 1015.10 has reviewed the opinion and concurs.

the staff contact for this matter may be reached
by telephone at (703) 697-7228.

Deputy General Counsel (Fiscal)

CF: Staff Judge Advocate, USEUCOM

Appendix P

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

APR 29 2002

PERSONNEL AND READINESS

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (M&RA)
ASSISTANT SECRETARY OF THE NAVY (M&RA)
ASSISTANT SECRETARY OF THE AIR FORCE (MR)

SUBJECT: Educational Programs on Personal Financial Affairs

This memorandum provides interim DoD policy for educational programs on personal financial affairs. It supplements the policy found in DoDD 1344.7, Personal Commercial Solicitation on DoD Installations, subparagraph 6.7.1, and will be included in the next revision of that directive. This memorandum rescinds the memorandum, Subject as above, dated November 21, 2001.

The Military Departments shall develop and disseminate information and provide educational programs for members of the Military Services on how to conduct their personal financial affairs, including such subjects as the Truth-in-Lending Act, insurance, Government benefits, savings, and budgeting. Use of non-governmental organizations to fulfill this requirement is limited by this policy.

Representatives of and materials provided by credit unions and banks located on military installations may be used to provide the educational programs and information required by this policy, subject to the following conditions:

– All prospective educators must agree to use appropriate disclaimers in their presentations and on their materials clearly indicating that they do not endorse or favor any commercial supplier, product or service.

– If the organization has any affiliation with a company that sells or markets insurance or other financial products, the approval authority shall consider that company's history of complying with DoDD 1344.7.

– All presentations and educational materials must include appropriate disclaimers clearly indicating that the Department of Defense does not endorse or favor any commercial supplier, product or service.

– Presentations shall be conducted only at the express request of the installation commander.

Under no circumstances shall other commercial agents, including representatives of loan, finance, insurance or investment companies, be used to provide the educational programs and information required by this policy. This limitation does not apply to educational programs and information regarding the Survivor Benefit Program and other governmental benefits provided by tax-exempt organizations under section 501(c) (23) of Title 26, United States Code, or by any organization providing such a benefit pursuant to a contract with the government.

Educators from non-governmental, non-commercial organizations expert in personal financial affairs and their materials may, with appropriate disclaimers, provide the educational programs and information required by this policy if approved by a Presidentially-appointed, Senate-confirmed civilian official of the Military Department concerned. Presentations by approved organizations shall be conducted only at the express request of the installation commander.

The following criteria shall be used when considering whether to permit a non-governmental, non-commercial organization to present an educational program or provide materials on personal financial affairs:

- The organization must qualify as a tax-exempt organization under section 501(c)(3) of Title 26, United States Code.

- If the organization has any affiliation with a company that sells or markets insurance or other financial products, the approval authority shall consider that company's history of complying with DoDD 1344.7.

- All prospective educators must agree to use appropriate disclaimers in their presentations and on their educational materials clearly indicating that they do not endorse or favor any commercial supplier, product or service.

- All prospective educators must agree to use appropriate disclaimers in their presentations and on their educational materials clearly indicating that the Department of Defense does not endorse or favor any commercial supplier, product or service.

Please direct questions to MWR Policy Office. They may be reached by telephone at (703) 602-5001 or DSN 332-5001.

Appendix Q

DEFENSE FINANCE AND ACCOUNTING SERVICE
P.O. BOX 182317
COLUMBUS, OHIO 43218-2317

MAR 2 0 2007

Bank of America, N. A.
Overseas Division
300 Convent Street, Suite 400
San Antonio, TX 78205-3701

Dear

The control number for this technical direction letter is FY07006c for Contract MDA210-02-D-0003. Please reference Clauses F-1, F-6, and H-31 of the Contract. This letter supersedes TDL 200302041.e, dated May 3, 2005, in its entirety.

Each approved annual operating budget identifies specific projects for maintenance, repair, rehabilitation, and alteration of real property and/or minor construction. These projects are for overseas MBFs in need of renovation prior to installing furniture and fixtures in accordance with the Model Bank concept currently being deployed at various sites.

The following steps shall be observed in accomplishing renovation of overseas MBFs:

a. The bank notifies the installation BLO and installation engineers of the OMBP's request to renovate the facility. The bank requests current "as-built" drawings and any other documents to verify the current layout (including square feet) and condition of the facility to be rehabilitated.

b. Upon receipt of the drawings/documents, the bank, in coordination with the installation BLO and the COR, submits a recommended facility floor plan (test fit) and a work order to the base engineers. This floor plan will reflect renovations needed to meet Model Bank concept design.

c. The local engineers will use the facility floor plan/test fit and work order submitted to develop a statement of work and an Independent Government Cost Estimate (IGCE) for renovating the facility and forward to the bank and the installation BLO. The bank and installation BLO will work with the local military community to ascertain if funds are available to complete the renovation.

(1) If local base funds are available, the project documents will be forwarded to base contracting and the bank will notify the COR when this action takes place.

(2) If installation funds are not available, a statement to that effect will be prepared and furnished by the installation BLO. This document becomes part of a package (containing the test fit drawings, the government statement of work, and the IGCE) prepared by the bank and the installation BLO which is forwarded through the BLO chain of authority (command and military department BLOs) to the COR.

d. Once the military department BLO has provided concurrence, the COR, within limits of authority, will issue a TDL authorizing the bank to fund the renovation as an operating cost to the program. The check shall be delivered to the installation BLO ,who will ensure funds are transmitted to the installation's DFAS support organization (or equivalent) for the base-level contracting officer's use in funding the effort. Once an award is executed by the base-level contracting officer, the selected contractor will start work. As a side note, a separate TDL will be issued requesting the bank to submit a proposal for supplying the renovated facility with Model Bank concept furnishings and fixtures.

e. The installation BLO and local engineers will track and control maintenance, repair, rehabilitation, and alteration of real property and/or minor construction costs, and the bank will track and control all costs associated with Model Bank furnishings and fixtures.

f. When work is completed on the project, the installation BLO and base engineers will work directly with the local DFAS support organization (or equivalent) to perform a final reconciliation of project costs. The installation BLO will notify the COR of any unused funds and will be responsible to ensure a return check is furnished to the bank. The bank will place these excess funds back into operating income.

The bank shall update progress under a separate section of the monthly TDL Status Report. All documents associated with maintenance, repair, rehabilitation, and alteration of real property and/or minor construction projects will be kept at each location where renovation occurs or by the assigned theater manager.

If you have any questions, please contact the undersigned
by telephone at (614) 693-4354.

Sincerely,

Contracting Officer's Representative
Overseas Military Banking Program

cc:
DCAA
DCMA
DFAS-HCOBB/CO