

Guidance on Loan Production Offices and Deposit Production Offices

Loan Production Offices

A Loan Production Office (“LPO”) is a type of banking facility that conducts loan activities, including origination (assembling credit information, soliciting or processing applications, etc.), approval, and closing. The LPO, as well as all references to the LPO (e.g. on a bank’s website), must clearly identify the name of the bank and clearly identify that the location is an LPO.

The following activities are **not** permitted at an LPO:

- receiving deposits
- receiving loan payments¹,
- paying checks, and
- lending money²

¹Misdirected loan payments received at an LPO should be forwarded to the bank’s main office or detached facility.

²In-person disbursement of loan proceeds (cash and negotiable instruments) is not permitted. Electronic disbursement of loan proceeds is permitted.

An ATM may be located on the LPO premises, but all ATM activity must be performed by the customer.

Deposit Production Offices

A Deposit Production Office (“DPO”) is a type of banking facility that may solicit deposits, provide information about deposit products, and assist persons in completing application forms and related documents to open or maintain a deposit account. The DPO, as well as all references to the DPO (e.g. on a bank’s website), must clearly identify the name of the bank and clearly identify that the location is a DPO.

The following activities are **not** permitted at a DPO:

- receiving deposits,
- paying withdrawals,
- making loans, and
- in-person disbursement of funds.

An ATM may be located on the DPO premises, but all ATM activity must be performed by the customer.

Establishing a Loan Production Office or a Deposit Production Office

A bank's request to establish an LPO or DPO is accomplished through a written request to the Department. The request should include information on the proposed location, as well as a copy of the lease agreement, if applicable. The request must be accompanied by a Board Resolution authorizing the establishment of the LPO or DPO. If applicable, a bank's request for approval of non-adjacent property, an investment in a premises account, or to enter into an insider agreement may accompany the LPO or DPO request.

Neither an LPO nor a DPO shall be closer than 50 feet to a detached facility operated by any other bank nor closer than 100 feet to the principal office of any other bank.

Any combination of an LPO, DPO, and ATM at the same facility does not constitute a detached facility.