

VOLUME 12, CHAPTER 33: “FINANCIAL INSTITUTIONS AND MILITARY BANKING FACILITIES ON DOD INSTALLATIONS”

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by **blue** font.

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font***.

The previous version dated **August 2015** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All, Figure 33-1	Replaced references to the Department of Defense (DoD) Instructions 1000.11 with Title 32 Code of Federal Regulations Part 230.	Revision
1.2	Added authoritative guidance.	Addition
2.0	Added responsibilities.	Revision
2.2	Replaced Under Secretary of Defense (USD) Acquisition, Technology and Logistics, with the USD Research and Engineering.	Revision
3.1	Substantially updated the general policy provisions for the financial institutions on DoD installations section.	Revision
3.2	Updated the general policy provisions for security, including the guarding and escorting of cash.	Revision
3.3	Updated Component locator information.	Revision
3.10.1	Added clarification that cash-back transactions at point-of-sale terminals and check cashing are not considered prohibited retail banking operations activities.	Addition
3.11	Added general policy provisions for banking liaison officers.	Addition
3.12	Update the general policy provisions for in-store banking.	Revision
3.13	Added general policy provisions for the domestic military banking facilities.	Addition

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
4.7.4	Updated dollar threshold for construction projects requiring notification to Congress from \$750,000 to \$1,000,000	Revision
5.4	Added operations requirements.	Addition
6.1, 6.3	Revised credit union general and termination policies.	Revision
7.1.1	Revised overseas credit union policy to incorporate status of forces agreements, other intergovernmental agreements, and host-country law.	Revision

Table of Contents

VOLUME 12, CHAPTER 33: “FINANCIAL INSTITUTIONS AND MILITARY BANKING FACILITIES ON DOD INSTALLATIONS”	1
1.0 GENERAL	5
1.1 Purpose.....	5
*1.2 Authoritative Guidance	5
*2.0 RESPONSIBILITIES	5
2.1 The Under Secretary of Defense (Comptroller) (USD(C)) or designee must:	5
*2.2 The Under Secretary of Defense (Acquisition and Sustainment) (A&S) or designee must:.....	6
2.3 USD(P&R).....	6
2.4 The Director, Defense Finance and Accounting Service (DFAS) (or designee) must:.....	6
2.5 Secretaries of the Military Departments (or designees) must:.....	7
2.6 Commanders of the Combatant Commands must:	8
2.7 Commanders of Major Commands and Subordinate Installation Commanders must:.....	9
3.0 GENERAL POLICY PROVISIONS.....	10
*3.1 Financial Institutions on DoD Installations	10
*3.2 Security	12
*3.3 Central Locator Services.....	12
3.4 Advertising and Personal Solicitation.....	12
3.5 ATM Service.....	13
3.6 Domestic and International Treasury General Accounts	14
3.7 Staffing.....	14
3.8 Departure Clearance.....	15
3.9 Operating Agreements	15
3.10 Installation Financial Services	16
*3.11 Banking Liaison Officer	17
*3.12 In-Store Banking.....	18
*3.13 Domestic MBF	19
4.0 BANKS OPERATING ON DOMESTIC DOD INSTALLATIONS	20
4.1 General Policy.....	20
4.2 Establishment.....	20
4.3 Solicitations.....	21
4.4 Terminations	22
4.5 Use of Space, Logistical Support, and Military Real Property for Banks Operating on Domestic DoD Installations	24
4.6 Land Leases	25
4.7 Construction.....	25

Table of Contents (continued)

5.0	FINANCIAL INSTITUTIONS AND MILITARY BANKING FACILITIES OPERATING ON OVERSEAS DOD INSTALLATIONS	27
5.1	General Provisions of Financial Services Overseas.....	27
5.2	Establishment.....	27
5.3	Logistical Support.....	29
*5.4	Operations.....	31
5.5	Termination.....	34
6.0	CREDIT UNIONS OPERATING ON DOMESTIC DOD INSTALLATIONS	34
*6.1	General Policy.....	34
6.2	Establishment.....	34
*6.3	Terminations	35
6.4	Use of Space, Logistical Support, and Military Real Property for Domestic Credit Unions.....	37
6.5	Land Leases	38
6.6	Construction.....	38
7.0	OVERSEAS CREDIT UNIONS	39
7.1	General Policy.....	39
7.2	Establishment.....	39
7.3	Logistical Support Services	41
7.4	Travel.....	41
7.5	Operations	42
*Figure 33-1: Guidelines for Application of the Privacy Act to Financial Institution Operations		43
Figure 33-2: Sample Operating Agreement (OA) Between Installation Commanders and Financial Institutions (FI)		45
Figure 33-3: Sample Certificate of Compliance for Credit Unions.....		50

CHAPTER 33**FINANCIAL INSTITUTIONS AND MILITARY BANKING FACILITIES ON DOD
INSTALLATIONS****1.0 GENERAL****1.1 Purpose**

This chapter prescribes policies for the establishment, operation, and termination of financial institutions (FI) and Military Banking Facilities (MBF) on Department of Defense (DoD) installations worldwide to enable the DoD mission and provide availability of financial services to DoD personnel. In addition to the DoD Components cited in Chapter 1, this chapter applies to the Uniformed Services University of the Health Sciences, all DoD nonappropriated fund instrumentalities (NAFIs) including the Military Exchange Services and morale, welfare, and recreation (MWR) activities, and all other organizations within DoD.

***1.2 Authoritative Guidance**

Title 12 United States Code, section 265 (12 U.S.C. § 265) and section 1789a authorize banks and credit unions to be depositaries of public money and to be employed as fiscal agents of the United States. 10 U.S.C. § 2667 authorizes military departments and Defense agencies to lease non-excess property. 12 U.S.C. § 1770 authorizes agencies' discretion regarding space for the operation of credit unions in Federal buildings or Federal land. Title 32 Code of Federal Regulations Part 230, "Financial Institutions on DoD Installations" codifies policies and responsibilities for financial institutions that serve DoD personnel on DoD installations worldwide. DoD Directive (DoDD) 5118.03, "Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO" authorizes the USD(C) responsibility to establish policy pertaining to FIs and MBFs operating on DoD installations.

2.0 RESPONSIBILITIES*2.1 The Under Secretary of Defense (Comptroller) (USD(C)) or designee must:**

2.1.1. Develop policies governing the establishment, operation, and termination of FI and MBFs on DoD installations.

2.1.2. Coordinate with the USD Personnel and Readiness (P&R) on matters concerning FI and MBFs on DoD installations impacting the financial readiness, including consumer protection, of DoD personnel and families.

2.1.3. Take final action on requests to this chapter excluding requests for exception to subparagraph 3.1.1. Final action on requests for exceptions to subparagraph 3.1.1 is the responsibility of Assistant Secretaries of the Military Departments and may not be re-delegated, except as it pertains to temporary automatic teller machines (ATMs) not exceeding 30 days

identified in subparagraph 3.5.5, which may be re-delegated.

2.1.4. Approve duly processed issuance of Geographic Franchise designations for credit unions operating outside the continental United States (OCONUS) DoD installations.

*2.2 The Under Secretary of Defense (Acquisition and Sustainment) (A&S) or designee must:

2.2.1. Monitor policies and procedures governing logistical support furnished to FIs and MBFs on DoD installations, including the use of DoD real property and equipment.

2.2.2. Advise the USD(C) regarding FI and MBF matters involving logistical support, DoD real property, and equipment.

2.3 USD(P&R)

The USD(P&R) (or designee) must advise the USD(C) on matters concerning FIs and MBFs operating on DoD installations impacting the financial readiness and affecting the morale and welfare of DoD personnel and families, including consumer protection.

2.4 The Director, Defense Finance and Accounting Service (DFAS) (or designee) must:

2.4.1. Develop procedures governing FIs and MBFs on DoD installations for promulgation in this Regulation.

2.4.2. For domestic DoD installations, coordinate with the Secretaries of the Military Departments (or designees) on subordinate installation commanders' requests to establish or terminate on-base FI and MBFs. For overseas DoD installations, coordinate with the Secretary of the Military Department concerned (or designee) on subordinate installation commanders' requests to establish or discontinue the provision of financial services from the on-base FI under contract with DoD to operate MBFs or to establish or terminate other banks or credit unions located on DoD installations.

2.4.3. In coordination with affected DoD Components, authorize the banking services provided by overseas MBFs and specify the charges or fees, or the basis for these, to be levied on users.

2.4.4. Coordinate with the Fiscal Assistant Secretary of the U.S. Department of the Treasury (or designee) on the domestic and overseas MBFs designation as depositaries and financial agents of the U.S. Government.

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

2.4.6. Serve as principal liaison with the FIs under contract operating MBFs on overseas

DoD installations. Monitor MBF managerial and operational policies, procedures, and operating results and **take action** as appropriate.

2.4.7. As necessary, assist in the formation of government-to-government agreements for the provision of **financial** services on overseas DoD installations, in accordance with **DoDD 5530.3**, “International Agreements.”

2.4.8. Provide procedural guidance to DoD Components, as required.

2.4.9. **Liaise** with **FI** trade associations, leagues, and councils to interpret DoD policies toward respective memberships and aid in resolving **items of** mutual concern **regarding** the provision of financial services **on DoD installations**.

2.4.10. Coordinate with the USD(P&R) **(or designee)**, through the USD(C) **(or designee)**, on all aspects of morale and welfare and with the USD(A&S) **(or designee)**, through the USD(C) **(or designee)**, on all aspects of logistic support, **equipment, and real property** for on-base **FIs and MBFs**.

2.4.11. Monitor industry trends, conduct studies, and **engage** as necessary.

2.4.12. **Liaise**, as appropriate, with **FI** regulatory agencies at federal and state levels.

2.4.13. **Consider** Combatant Command **recommendations** before processing requests for **MBF** operations, credit union **geographic franchises**, or related actions.

2.4.14. **Provide USD(C) recommendation for adjudication of geographic franchise actions**. Maintain a geographic franchise **listing of all** credit unions **operating on** DoD overseas installations.

2.5 Secretaries of the Military Departments (or designees) **must**:

2.5.1. **Act on subordinate installation commanders’** requests to establish or terminate **FI** operations **on domestic DoD installations** in accordance with this guidance. **Act on subordinate installation commanders’ requests** to establish or discontinue providing financial services **via MBF operations**, or to establish or terminate other **FI** located on **overseas** DoD installations. The Secretary of the Military Department must coordinate all termination requests with the USD(C) **(or designee)**, through the Director, DFAS **(or designee)**, before approving or denying the request. The appropriate regulatory agency will be notified by the Secretary of the Military Department **(or designee)** if the termination request is approved.

2.5.2. Oversee **FI** use on respective DoD installations within the guidance contained herein.

2.5.3. **No less than annually, review or cause review of operating days and hours, services provided, related charges, and fees of FIs operating on DoD installations to ensure that they align with operating agreements established.**

2.5.4. Monitor practices and procedures of **FIs** operating on DoD installations to ensure **DoD personnel** welfare and interests are protected.

2.5.5. **Engage, if necessary, in discussion with domestic on-base FIs** to develop and expand **financial** services for DoD personnel.

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

2.5.7. Provide logistical support to overseas MBFs under terms and conditions identified in this Regulation **and** with the applicable terms of DoD contracts with the **FIs operating** overseas MBFs.

2.5.8. Refer policy decisions or proposed changes to this Regulation to the USD(C) (or designee) through the Director, DFAS (**or designee**).

2.5.9. **Ensure use of on-base FIs and MBFs** on DoD installations **by DoD personnel for personal banking activity** is on a voluntary basis and **is** not to be urged in preference to, or to the exclusion of, other **FIs**.

2.5.10. Encourage **FIs** on domestic DoD installations **to provide an offering of competitive banking services comparable to local off-base FIs, including** basic financial information **offered without charge**. **Basic financial information is defined as information on** budgeting, **account** balancing, and reconciliation, benefits of savings, prudent use of credit, how to start a savings program, how to shop and apply for credit, and the consequences of excessive credit.

2.5.11. **Liaise** with federal and state regulatory agencies and **FI** trade associations, leagues, and councils.

2.5.12. Make military locator services available to on-base **FIs and MBFs** in accordance with the Privacy Act guidelines in Figure 33-1.

2.5.13. **Take final action on requests for exceptions to subparagraph 3.1.1, an authority that may not be re-delegated, except as it pertains to temporary ATMs not exceeding 30 days identified in subparagraph 3.5.5, which may be re-delegated.**

2.6 Commanders of the Combatant Commands must:

2.6.1. Ensure the appropriate **coordination on** the following types of requests:

2.6.1.1. **Establishment of FI or MBF operations** in countries not presently served. Such requests **must** include a statement that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host-country **permits** the operation.

2.6.1.2. **Elimination of** any or all **FI or MBF operations** on DoD installations within a foreign country. Such requests **must** include a statement that the U.S. Chief of Diplomatic

Mission has been informed and that appropriate arrangements to coordinate local termination announcements and procedures have been made with the U.S. Embassy.

2.7 Commanders of Major Commands and Subordinate Installation Commanders **must**:

2.7.1. Monitor **to ensure FI operations** within their commands **are aligned with Operating Agreements and that Operating Agreements and leases or other lease-like instruments are valid.**

2.7.2. Coordinate requests to establish or construct **FI** or terminate logistical support to banks and credit unions within their commands. Personnel assigned to overseas security assistance positions **do** not monitor, coordinate, or assist **with this role** without the prior approval of the **Defense Security Cooperation Agency.**

2.7.3. Assign responsibility for subparagraphs 2.7.1 and 2.7.2, to comptroller or resource management personnel.

2.7.4. Allow DoD personnel to attend conferences and meetings **with** representatives of on-base **FIs**, when neither a conflict of duty nor of interest **arises**, in accordance with **DoDI 1327.06** and **DoDI 1400.25, Volume 630.**

2.7.5. Seek financial services only from existing on-base **FIs and MBFs**, proposing alternatives where on-base **FIs and MBFs** fail to **satisfy** a valid requirement.

2.7.6. Ensure, to the maximum extent feasible, that **on-base FIs and MBFs may choose to** participate in pilot programs **demonstrating** new financial-related technologies or **establishing** new business lines (e.g., in-store banking) where the respective DoD Component has determined such services **are needed.**

2.7.7. **Submit requests for the establishment of FIs and MBFs, substantiated by sufficient evidence and artifacts contained within this guidance, to the Secretary of the Military Department (or designee) concerned.**

2.7.8. **Submit requests for the termination of FIs and MBFs, substantiated by sufficient evidence and artifacts contained within this guidance, to the Secretary of the Military Department (or designee) concerned.**

2.7.9. **Issue the appropriate installation and/or facility access credential(s), visitor passes, and/or no-cost invitational travel orders to FI and MBF personnel consistent with local security requirements and in accordance with applicable DoD policy guidance for physical access control.**

2.7.10. **Unless otherwise noted, draft and conclude written agreements between FIs, MBFs, and other parties as identified within this guidance.**

3.0 GENERAL POLICY PROVISIONS

*3.1 Financial Institutions on DoD Installations

3.1.1. No more than one bank and one credit union are permitted to operate on a DoD installation except where they already existed as of May 1, 2000, or the installation was affected by base realignment and closure (BRAC). The following subparagraphs pertain to installations affected by BRAC:

3.1.1.1. When host organizations at two or more installations are consolidated on a single installation, each FI that operated a facility located on real property within the new combined installation is authorized to continue serving its customer base on the installation.

3.1.1.2. The commander of the combined installation may extend the opportunity to compete the request for new banking services to all FIs located on such installation. This includes in-store banking within the premises of a commissary operated by the Defense Commissary Agency (DeCA), a Military Exchange, or any other on-base retail facility.

3.1.1.3. If installation real property is non-contiguous and different FIs operate on geographically separated cantonment areas, the commander may first extend the opportunity to compete for new banking services to the FIs operating on the geographically separated cantonment area. If the FIs operating on the geographically separated portion of the installation decline to provide the services, the commander may permit the FIs operating elsewhere on the installation the opportunity to compete to provide the requested service.

3.1.1.4. If an FI ceases operations on a portion of a contiguous, combined installation on which more than one FI operates, and the commander wants continued levels of FI support in that area of the installation, the commander must extend the opportunity to compete for continued levels of support to the existing FIs operating on other areas of that installation.

3.1.1.5. If a FI voluntarily terminates operations on a non-contiguous geographically separated portion of installation, it is the installation commander's prerogative to decide whether sufficient need for financial services support exists and, if so, to provide FIs operating on other installation cantonment areas the opportunity to compete to provide such support.

3.1.1.6. FIs directly supporting an agency or organization relocating to an installation where an existing FI is providing banking services generally are not able to commence or continue operations on the installation to which an agency or organization relocates. Service Secretaries have authority to grant exceptions to subparagraph 3.1.1 of this guidance, specifically for cases where the FI or FIs operating on the gaining installation cannot accommodate the banking services requirements of the relocated organization's customers because of geographic separation between the sites of the relocated organization and the existing installation financial services provider, or for other compelling reasons.

3.1.2. Upon the request of an installation commander and with the approval of the

Secretary of the Military Department concerned (or designee), duly chartered FI may be authorized to provide financial services on DoD installations to enhance the morale and welfare of DoD personnel and facilitate the administration of public and quasi-public funds. Arrangements for the provision of such services must be in accordance with this chapter.

3.1.3. FIs may be established on DoD installations only after approval by the Secretary of the Military Department concerned (or designee), the appropriate regulatory agency as required, and in accordance with 32 CFR § 230.

3.1.4. Except in limited situations overseas, only **banks** insured by the Federal Deposit Insurance Corporation and credit unions insured by the National Credit Union Share Insurance Fund, or by another insurance organization specifically qualified by the Secretary of the Treasury, **may** operate on DoD installations. These **FIs** may either be State or federally chartered; however, U.S. credit unions operated overseas **must** be federally insured.

3.1.5. MBFs **may** be established on DoD installations when a demonstrated and justified need cannot be met through other means, **pending the availability of FIs willing to perform these functions**. Normally, MBFs **are only** authorized at overseas locations. MBFs may be considered for use at domestic DoD installations only when the cognizant DoD Component **cannot** obtain financial services from a **state** or federally chartered **FI** authorized to operate in the **installation state**. **MBFs may be designated** during mobilization as an emergency measure. The Director, DFAS, may recommend the designation of MBFs to the Treasury.

3.1.6. **The installation commander must approve the** expansion of financial services (to include in-store banking) requiring the outgrant of additional space or logistical support. Any DoD activity **considering expanding the availability of** financial services **must** coordinate requests with the installation banking liaison officer prior to the commander's consideration.

3.1.7. Retail banking operations **must** not be performed by any DoD Component. Solicitations for such services **must** be issued, **and** proposals accepted, **according to** the policies identified in this chapter.

3.1.8. **If an FI or MBF operates on a DoD installation,** installation commanders **must** not seek financial services from any entity other than the on-base **FI or MBF**.

3.1.9. Military disbursing offices, **NAFIs** (including MWR activities and the Military Exchange Services), and other DoD Component activities requiring financial services **must** use on-base **FIs and MBFs** to the maximum extent feasible.

3.1.10. **NAFIs** (including MWR activities and the Military Exchange Services) that desire and are authorized to provide **currency** accommodation exchange services **to individuals must** acquire **all** foreign currency **for this purpose** from the servicing MBF at the MBF accommodation rate and sell it at a rate of exchange no more favorable than the customer rate available at the MBF.

***3.2 Security**

3.2.1. The installation commander (or designee), officials of the on-base FIs, and installation security authorities **must** establish an understanding of each entity's responsibilities on all matters of asset protection.

3.2.2. **Establish a** written agreement outlining the security procedures that the FI follows and the role that installation security authorities play regarding alarms, movement of cash, and **criminal activity response** procedures to be followed (e.g., **vandalism or robbery**).

3.2.3. Cash and other assets in on-base FIs are the property of those FIs. **Except for MBFs operated under contract, maintenance of alarms and the guarding and/or escorting of cash** is the sole responsibility of the on-base FI. **The installation commander may make a determination that providing for the guarding or escorting of cash is desirable or necessary.**

3.2.4. **The use of armored vehicles for transportation of cash is the sole responsibility of the on-base FI and MBF and use must be coordinated with the installation commander to permit access to DoD installations and facilities.**

***3.3 Central Locator Services**

Military locator services will be provided per the Privacy Act guidelines in Figure 33-1 and associated fees, if any, are to be paid by the FI in accordance with Volume 11A, Chapter 4. **See the [Locate Military Members](#) website to obtain information on how to locate a military member, retiree, or facility.**

3.4 Advertising and Personal Solicitation

3.4.1. An on-base FI or MBF may use the unofficial section of that installation's daily bulletin, provided space is available, to inform DoD personnel of financial services and announce **voluntary information sessions on financial information topics within the scope of this guidance**, and other matters of broad general interest. **Media may not be used for competitive or comparative advertising of, for example, specific interest rates on savings or loans.**

3.4.2. An on-base FI or MBF may use installation bulletin boards, newsletters, or web pages to post general information that complements the installation's financial **education** programs and promotes financial responsibility and thrift. **Such information must be unbranded and not promote the services of a specific FI or type of institution.** Message center services may distribute a reasonable number of announcements to use on bulletin boards so long as this does not impose an unreasonable workload.

3.4.3. An on-base FI or MBF may **participate in the newcomer's briefings, as invited, and/or be permitted to** include an insert in the installation's newcomers' package (or equivalent). **Briefings and inserts must** benefit newcomers by identifying the financial services that are available on the installation.

3.4.4. [DoD Instruction 5120.20](#), “American Forces Network Program” prevents using the Armed Forces Radio and Television Service to promote a specific FI.

3.4.5. Installation activities, including Military Exchange Services, MWR, and concessionaire outlets, must not permit literature distribution 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. Off-base FIs may use commercial advertising, mailings, or telecommunications to reach their customers.

3.4.6. Advertising in government-funded (official) installation papers is not permitted except for insert advertising in the Stars and Stripes overseas. Installation newspapers funded by advertisers are not official publications and, thus, may include advertising paid for by any FI or MBF.

3.4.7. An on-base FI and MBF must comply with the solicitation prohibitions contained in paragraph 6.4 and in [DoDI 1344.07](#), “Personal Commercial Solicitation on DoD Installations.”

3.5 ATM Service

3.5.1. ATMs are electronic banking services and, as such, must only be provided by FIs and MBFs in accordance with the provisions of paragraph 3.1.

3.5.2. FIs installing ATMs on DoD installations must bear the cost of ATM installation, maintenance, and operation. The installation commander may enter into an agreement with the on-base FI wherein the installation may acquire and provide ATMs to on-base FI under certain circumstances, such as when it is advantageous to the government to have ATMs available for use, but the acquisition cost is prohibitive. No ATMs may be purchased by an installation unless approved by the Secretary of the Military Department concerned (or designee). In all such cases, installation costs and all logistic support must be borne by the FI. Logistical support and cost to complete site preparation, install, and remove MBF ATMs are borne by the local installation.

3.5.3. ATM approval authority is as follows:

3.5.3.1. The installation commander has approval authority when an on-base FI wishes to place an ATM on the installation. If approved, the ATM location must be reflected as an amendment to the operating agreement and lease or lease-like instruments.

3.5.3.2. Where there is no on-base FI, follow the solicitation procedures to obtain financial services set forth in paragraphs 4.2 and 6.2.

3.5.4. The availability of ATM service does not preclude the later establishment of an FI office should conditions change on an installation.

3.5.5. Installation commander, Military Exchange Services, MWR activities and other NAFIs, and all other organization proposals to install ATMs, including temporary ATM support

not exceeding 30 days, on domestic installations from other than on-base FIs must be considered only when (1) ATM service is unavailable or existing service is inadequate, and (2) the on-base FIs either decline to provide the service, fail to improve existing service, or does not formally respond to the request for such service within 30 days. ATM service from other than on-base FIs is an exception to the policy. The procedures to establish an on-base FIs set forth in paragraphs 4.2 and 6.2 must be followed when soliciting for such ATM services. Proposals received not assessing ATM fees to users are preferred.

3.5.6. ATM service from foreign banking institutions may be authorized on overseas installations with or without MBFs operated under contract where the installation or community commander determines that a bona fide need exists to support local national hires. On installations with MBFs operated under contract, the MBFs must be the primary source of the ATM service except when the DFAS Director, (or designee) determines that providing the service is either not cost effective or precluded by the pertinent status of forces agreements, other intergovernmental agreements, or host-country law. Where ATM service from foreign banking institutions is authorized, ATM connectivity must be limited to host-country networks and the ATMs must dispense only local currency (no U.S. dollars). The operating agreement covering ATM service must be negotiated by the installation or community commander and submitted for approval by the appropriate Combatant Commander (or designee) prior to its execution. A copy of the operating agreement is forwarded through DoD Component channels to the DFAS Director (or designee).

3.6 Domestic and International Treasury General Accounts

In cases where authorization is required for the on-base FI or MBF to act as a Treasury General Account (TGA) domestic depository (or, on overseas installations, an International Treasury General Account (ITGA) depository), the FI must satisfy the risk management standards established by the Secretary of the Treasury. On-base FIs and MBFs must accept deposits for credit to the TGA (or ITGA) when so authorized.

3.7 Staffing

3.7.1. On-base FI must be staffed adequately (i.e., commensurate with industry standards for similar numbers of accountholders and financial services rendered). Staffing at overseas MBFs operated under DoD contract must be maintained within negotiated ceilings.

3.7.2. All staffing must comply fully with applicable equal employment opportunity laws and with the spirit of DoD equal employment opportunity policies as set forth in [DoDD 1440.1](#), “The DoD Civilian Equal Employment Opportunity (EEO) Program.”

3.7.3. DoD personnel, excluding military retirees and their dependents, may not serve as directors of domestic or foreign FI operating offices on those DoD installations where they currently are assigned. This does not preclude a member of a Reserve Component, who has been serving as a director of a domestic or foreign FI operating a banking office on a DoD installation, from retaining his or her directorship if called to active duty.

3.7.4. DoD personnel may not be detailed to duty with an on-base FI located on a DoD installation. Off-duty personnel, however, may be employed by an on-base FI subject to approval by the installation commander (or designee). Such employment must not interfere with the performance of the individual's official duties and responsibilities.

3.8 Departure Clearance

The installation commander establishes the clearance policy for all DoD personnel leaving the installation. The on-base FIs and MBFs must be included as places requiring clearance. The purpose of a clearance is to report the change of address, reaffirm outstanding debts, and receive financial counseling, if desired or appropriate. Clearance may not be denied in order to collect debts or resolve disputes with FI or MBF management.

3.9 Operating Agreements

3.9.1. Except for MBFs operated under contract, before on-base FI operations begin, a written operating agreement (See Figure 33-2) and the appropriate real estate outgrant (i.e., a lease, permit or license issued as identified in paragraphs 4.5, 4.6, 4.7, 6.4, 6.5, and 6.6) must be negotiated directly between the installation commander and officials of the FI. Thereafter, the installation commander and the FI must jointly review the operating agreement at least once every 5 years. The operating agreement must identify the responsibilities and requirements of the FI and the installation commander relating to the FI's operations on-base. The command must send one copy of the agreement through appropriate channels to the Secretary of the Military Department concerned (or designee). The installation commander and the FI must maintain a copy of it. At a minimum, the agreement must include the following provisions:

3.9.1.1. Identification of services rendered and the conditions for service. Agreements, however, may not restrict either entity's right to renegotiate services and fees.

3.9.1.2. Agreement complying with this Regulation and 32 CFR § 230.

3.9.1.3. The FI will furnish copies of its financial reports and other local publications on an "as needed" basis in response to the installation commander's (or designee's) formal request.

3.9.1.4. The FI will indemnify and hold harmless the U.S. Government from (and against) any loss, expense, claim, or demand to which the U.S. Government may be subjected because of death, loss, destruction, or damage in conjunction with the use and occupancy of the premises caused in whole or in part by agents or employees of the on-base FI.

3.9.1.5. Neither DoD nor its representatives are responsible or liable for or for any loss (including criminal losses), expense, or claim for damages arising from operations.

3.9.1.6. The FI will provide no less than 180 days advance written notice to the installation commander before ceasing operations.

3.9.1.7. **Specification of** the security services to be provided for guarding cash shipments at times of unusual risk **to the FI** and to avoid excessive insurance costs charged to that FI.

3.9.1.8. Statement that the physical security for cash and negotiable items **will be** consistent with the requirements of the FI's insurer **and agreement** the on-base FI **will provide a copy of these requirements** to the installation commander on request.

3.9.1.9. The FI reimburses the installation for logistical support (such as **government-provided** custodial, janitorial, and other services) at rates set forth in the lease or agreement between the installation and the FI.

3.9.1.10. Statement that FI operations **must** be terminated, when required, under provisions specified in this Regulation.

3.9.2. **Mutually agreed** expansion of services **must be** documented as an amendment to the existing operating agreement between the installation commander and the on-base FI. The amendment to the operating agreement and any required lease (to include a change to an existing lease) **must** be in place prior to the initiation of new financial services, offices, **or ATMs**.

3.10 Installation Financial Services

* 3.10.1. DoD Components, NAFIs, including Military Exchange Services and MWR activities, or any other organizational entities within the DoD, are prohibited from conducting retail banking operations. However, cash-back transactions at point-of-sale terminals and check cashing, provided by authorized DoD activities are not considered financial services or retail banking operations within the context of this section.

3.10.2. Financial services **provided on DoD installations must** be as uniform as possible for all personnel. As separately negotiated, or based on a fee schedule, custodians of nonappropriated funds **must** compensate the on-base FIs and MBFs for services received. Compensating balances or fees **may be used to pay for** the services provided. Fees **must** not exceed the charge customary for the FI less an offsetting credit on balances maintained. FIs and MBFs **must** classify nonappropriated fund accounts as commercial accounts.

3.10.3. At a minimum, FIs **must** provide the same services to individuals and NAFIs as are available in the surrounding geographic area. MBFs **must provide services in accordance with contracts informing operations**.

3.10.4. On-base FIs and MBFs may conduct operations during normal duty hours provided they do not disrupt the performance of official duties. Operating hours **must** be set, in consultation with the bank or credit union liaison officer, to meet the needs of all concerned. ATMs may be used to expand financial services and operating hours.

3.10.5. DoD personnel may use their allotment of pay privileges to establish sound savings practices through on-base FIs and MBFs. The on-base FI or MBF **must** credit customer accounts

no later than the deposit date of the allotment check or electronic funds transfer.

3.10.6. On-base FIs and MBFs must conform to the Standards of Fairness principles before executing loan or credit agreements.

3.10.7. On-base FIs and MBFs must make basic financial education available without charge to individuals seeking these services. Financial education must be limited to basic personal and family finances comparable to education commonly provided by FIs such as budgeting, checkbook balancing and account reconciliation, benefits of savings, prudent use of credit, how to start a savings program, how to shop and apply for credit, and the consequences of excessive credit. Financial education services must not be advertised outside of the FI's or MBF's physical space unless otherwise authorized within this guidance. On-base FIs and MBFs are encouraged to help ensure DoD personnel are aware of the availability of financial education and counseling services provided by DoD through military and family support centers.

3.10.8. On-base FIs and MBFs must strive to provide the best service to all customers. On-base FIs and MBFs that discriminate in their services violate this chapter. In resolving complaints of discrimination, use the procedures specified in subparagraph 4.8.8.

3.10.9. All correspondence regarding on-base FIs, and questions concerning their operation that cannot be resolved locally, must be referred through command channels to the Secretary of the Military Department concerned (or designee) for consideration. All correspondence regarding MBFs, and questions concerning their operations that cannot be resolved locally, must be referred through command channels to the Director, DFAS (or designee).

*3.11 Banking Liaison Officer

Each installation commander having an on-base FI or MBF must appoint a Banking Liaison Officer (BLO). The BLO's name and duty telephone number must be displayed prominently at each FI and MBF location on the installation. The responsibilities of BLOs must be assigned to comptroller or resource management personnel. Employees, officials, or directors of a FI or MBF may not serve as BLOs. The BLO must:

3.11.1. Ensure all on-base FIs and MBFs have the latest version of this chapter.

3.11.2. Ensure that no DoD entities are providing financial services on the installation.

3.11.3. Maintain contact with FI and MBF managers to ensure local information regarding installation operations that may impact the provision of financial services is communicated to

resolve local installation items of mutual concern. In executing this authority, the BLO must not become involved in the internal operations of the FI or MBF.

3.11.4. For FI only, review the schedule of service charges and fees annually and ensure that the operating agreement is updated at least every 5 years. Renegotiate the financial services offered and related service charges and fees as necessary.

3.11.5. Assist in resolving general customer complaints about services provided by FIs and MBFs. Complaints specific to transactions between an FI or MBF and individuals are to be resolved through agreements concluded between the FI or MBF and the individual.

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

3.11.7. Assist the installation commander in reporting to the appropriate regulatory agency any evidence suggesting malpractice by FI personnel and in reporting to the Director, DFAS (or designee) for MBF personnel.

*3.12 In-Store Banking

3.12.1. Under the direction and approval of the installation commander and the DeCA, Military Exchange Services, MWR activities, or any other on-base retail facility, an on-base FI or MBF may provide in-store banking or ATMs within premises operated by the DeCA, Military Exchange Services, MWR activities, or any other on-base retail facility.

3.12.2. The installation commander must determine whether a solicitation is required. A solicitation is required whenever there are two or more FIs operating on a DoD installation. If only one FI operates on the installation, no solicitation is required, and the installation BLO must work directly with the on-base FI to obtain the requested financial services. In situations where both an FI and MBF operate on the installation, the requirement must be coordinated through the Director, DFAS (or designee) prior to seeking financial services for a determination of whether MBF-provided services are preferred.

3.12.3. The DoD Component seeking in-store banking (e.g., in buildings operated by the DeCA, Military Exchange Services, MWR activities, or any other on-base retail activity) must conduct the solicitation aligned with applicable solicitation procedures contained within subparagraph 4.3.4.

3.12.4. The installation commander (or designee) must formally notify the selected FI, ensure the granting of appropriate lease or lease-like instruments, and ensure additional financial services are documented as an amendment to the existing operating agreement prior to beginning

activities to facilitate the provision of financial services. The amendment **must** be signed by the installation commander, the on-base FI, and the DoD Component that hosts the in-store FI operation.

***3.13 Domestic MBF**

3.13.1. Domestic MBF Establishment

3.13.1.1. Requests to establish **domestic** MBFs **must** be made only when a need for required financial services cannot be met by other means **and are predicated on FIs interested in competing to fill requirements**. During mobilization, however, MBFs may be **requested** as an emergency measure.

***** **3.13.1.2.** Installation commanders **must** send requests for a **domestic** MBF with justification for its establishment through the Secretary of the Military Department concerned (or designee) to the Director, DFAS (or designee), for coordination with the Treasury. The Treasury may approve the designation of an MBF under provisions of 12 U.S.C. § 265 **and** 12 U.S.C § 1789a.

3.13.1.3. **Domestic** MBF operations may begin only after approval for **domestic** MBF status is granted by the Treasury.

3.13.2. Domestic MBF Conversion

3.13.2.1. Where **domestic** MBFs exist, installation commanders **must, on a yearly basis and in accordance with paragraph 4.3, continue to seek FI interest in operating on-base**.

3.13.2.2. Send proposals from the **domestic** MBF to convert **to an independent or branch FI** through command channels to the Secretary of the Military Department concerned (or designee) for approval. The Secretary of the Military Department (or designee) **must** forward the request to the Director, DFAS, for coordination with the Treasury.

3.13.2.3. **Forward** unsolicited proposals from **FIs** to establish independent or branch **FIs** where a **domestic** MBF exists through command channels to the Secretary of the Military Department concerned (or designee). Each proposal **must** be evaluated on its own merits.

3.13.2.4. The installation commander **must** inform the **FI** operating the **domestic** MBF that an unsolicited proposal for **an independent or branch FI** has been received and **must** offer the **FI operating the domestic MBF** the opportunity to submit its own proposal.

3.13.3. Domestic MBF Termination

The Director, DFAS (or designee), **must** coordinate the termination of a FI's authority to operate a domestic MBF with the Treasury.

4.0 BANKS OPERATING ON DOMESTIC DOD INSTALLATIONS

4.1 General Policy

U.S. banks may operate on DoD installations, in accordance with this chapter, when required by installation commanders to promote the morale and welfare of installation personnel and to help facilitate installation operations.

4.2 Establishment

4.2.1. Include the following information in the installation commander's request to the Secretary of the Military Department concerned (or designee) for the establishment of banks on DoD installations:

4.2.1.1. The approximate number of DoD personnel at the installation, and other persons who may be authorized to use the bank.

4.2.1.2. The name(s), address(es), and distance(s) between the installation and the FIs in the vicinity.

4.2.1.3. Available transportation between the installation and the FIs listed in subparagraph 4.2.1.2.

4.2.1.4. The number of DoD personnel in duty assignments that confine them to the installation or who cannot obtain transportation.

4.2.1.5. The name and location of all FIs used to make official deposits for credit to the TGA.

4.2.1.6. A list of organizational and nonappropriated fund accounts, the name and location of the FI used to make deposits, and the average daily activity and balance of each account.

4.2.1.7. A written description and photographs of the space proposed for bank use.

4.2.1.8. A statement listing requirements for safes and a vault, alarm systems, and surveillance equipment, when necessary.

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

4.2.1.10. Any other information pertinent to the establishment of an on-base bank.

4.2.2. The Secretary of the Military Departments (or designee) must:

4.2.2.1. Review each request for the establishment of an on-base bank, ensure solicitations are conducted in accordance with this chapter, and take action to bring solicitations into compliance with this chapter.

4.2.2.2. Conduct a solicitation for the establishment of an on-base bank when warranted.

4.2.2.3. Review the final results of solicitations to ensure compliance with this chapter and approve the selection of the bank.

4.2.2.4. Notify the selected bank either directly or through the installation commander. The selected bank must, in turn, obtain operating authority from their regulating agencies, if required.

4.2.2.5. Forward proposals to establish TGAs to DFAS at dfas.dscc.jff.mbx.dod-financial-institutions-tga@mail.mil for review, processing, and subsequent forwarding to the Fiscal Assistant Secretary of the Treasury in accordance with Volume 11, Chapter 5.

4.3 Solicitations

The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), must conduct solicitations, to include pre-proposal conferences, for on-base banking. Subject to the criteria for selection outlined in subparagraph 4.3.4, the preferred sources of on-base financial services at domestic installations are federally insured, state-chartered or federally insured, federally chartered banks operating in the local area. Subparagraph 4.3.1 addresses distribution of the solicitation only and does not preclude any federally insured, state-chartered or federally insured, federally chartered bank from responding at any stage (from local distribution in subparagraph 4.3.1.1 to publication in SAM.gov and financial institution trade journals as outlined in subparagraph 4.3.1.3) of the solicitation process. Do not commit to any bank regarding its proposal until the appropriate regulatory agency makes a designation if a designation is required.

4.3.1. Solicitations to establish an on-base bank must be accomplished in the following order:

4.3.1.1. Send solicitation letters to local banks, publish a solicitation announcement in the local newspaper(s), and forward the same to FI associations.

4.3.1.2. If the Secretary of the Military Department concerned (or designee) or, where delegated, the installation commander, determines that the geographic scope of the solicitation needs to be expanded, forward a prospectus to FIs in a larger geographic area, as well as FI associations and regulatory authorities in the state where the installation is located.

4.3.1.3. If the Secretary of the Military Department concerned (or designee) or, where delegated, the installation commander, determines that the geographic scope of the solicitation needs to be expanded further, the [solicitation](#) will be published in Sam.gov.

4.3.2. For [installation-level](#) solicitations, the installation commander [must](#) review proposals to establish [on-base banks](#), select the bank making the best offer, and forward a recommendation to the Secretary of the Military Department concerned (or designee) for final approval.

4.3.3. Banks [must](#) not be coerced when banking arrangements are under consideration or after [on-base](#) offices are established. If otherwise proper, this prohibition does not preclude:

4.3.3.1. Discussions with bank [personnel](#) prior to submitting a proposal for a new banking office.

4.3.3.2. [Requesting](#) banks extend their operations in support of an installation requirement.

4.3.3.3. Discussions with bank [personnel](#) to improve services or to create savings for the bank, DoD personnel, [or the local installation](#).

4.3.3.4. Seeking proposals for [additional](#) banking service as directed by the Secretary of the Military Department concerned (or designee).

4.3.3.5. Negotiations preparatory to signing an [operating](#) agreement [or lease or lease-like instrument](#).

4.3.4. When soliciting [financial](#) services, [evaluate](#) proposals on specific factors identified in the solicitation. These factors, at a minimum, [must](#) be predicated on the services required outlined in Figure 33-2, paragraph 3, the [bank's](#) schedule of service fees and charges, [space requirements and terms](#), and the extent of logistical support required. Prior to issuance of the solicitation, the preparing office [must](#) identify (for internal use during the subsequent evaluation period) the [factor](#) weights to be applied in the solicitation. Proposals [must](#) be evaluated, and [the](#) ultimate selection made based on the factors and weights developed for the solicitation.

4.3.5. The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), [must](#) make the selection of the bank based on the provisions outlined in this section.

4.4 Terminations

4.4.1. [The installation commander must approve](#) requests for termination of [an on-base bank](#), substantiated by sufficient evidence, and forward to the Secretary of the Military Department concerned (or designee). [The installation commander must initiate](#) the termination of [on-base bank](#) operations [only](#) under one of the following conditions:

4.4.1.1. The **installation** mission has changed or is scheduled to be changed, thereby eliminating, or substantially reducing the requirement for financial services.

4.4.1.2. Active military operations prevent **the** continuation of on-base financial services.

4.4.1.3. **The bank's** performance in providing services is not satisfactory according to standards ordinarily associated with the financial services industry or is inconsistent with the operating agreements or **this chapter**. **The installation commander's written communication with local bank leadership must be undertaken to attempt to resolve matters prior to making this determination.**

4.4.1.4. When merger, acquisition, change of control, or other action results in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) **must** terminate the operating agreement with the existing banking institution. When the merger, acquisition, change of control, or other action does not result in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) **must** novate the operating agreement identifying the change in control.

4.4.2. The installation commander **must** forward **approved** requests for termination **of an on-base bank, substantiated by sufficient evidence**, to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) **must review all termination actions to ensure compliance with this chapter and** coordinate all termination actions with the USD(C), through the Director, DFAS, before **the Secretary of the Military Department (or designee) provides** notification to the appropriate regulatory agency **if required**. **After** this coordination process:

4.4.2.1. **The Secretary of the Military Department (or designee) will notify the installation commander if the termination is in accordance with this chapter and if so, the installation commander must notify the on-base bank of the termination. The installation commander must establish a departure date and revoke the authority of the bank to operate on the installation via termination of the lease or lease-like instrument and operating agreement.**

4.4.2.2. **If the termination is not in accordance with this chapter, the request will be returned by the Secretary of the Military Department (or designee) to the installation commander for remediation or dismissal.**

4.4.3. A bank that intends to **voluntarily** terminate its **on-base** operations **must** notify the installation commander **in writing on official letterhead** at least 180 days before the **proposed** closing date. **Within the notification, the bank must identify reasons for termination. This notification and an acknowledgment from the installation commander must precede any public announcement of the planned closure. When appropriate, the installation commander may attempt to negotiate an agreement permitting the bank to continue operations until the installation has made other arrangements. Immediately upon notification of a termination, the installation commander must advise the DoD Component headquarters concerned. If the continuation of financial services**

is justified, action to establish another on-base FI must be taken in accordance with paragraph 4.3, paragraph 6.2, or both, depending on if another FI is currently operating on-base. A copy of the voluntary termination notification must be forwarded through command channels to the Director, DFAS (or designee).

4.5 Use of Space, Logistical Support, and Military Real Property for Banks **Operating on Domestic DoD Installations**

4.5.1. Lease Terms

4.5.1.1. The consideration for a lease **must** be determined by **an** appraisal of fair market rental value in accordance with 10 U.S.C. § 2667. Periodic reappraisals **must** be based upon the fair market rental value exclusive of the **bank** improvements made. **Coordinate with USD(A&S) or designee.**

4.5.1.2. The **lease** term **must** not exceed 5 years except where the banking institution uses its own funds to improve existing government space as outlined in subparagraph 4.5.5. If space occupied is assigned by the GSA, charges to **FIs** for space and services **must** be at the GSA standard level user rate.

4.5.1.3. Leases **must** include the following provisions:

4.5.1.3.1. The government has the right to terminate the lease due to national emergencies; installation inactivation, **change in installation operations eliminating or substantially reducing the need for financial services**, closing, or other disposal action; or default by the lessee.

4.5.1.3.2. The lessee **must** provide written notice 180 days prior to voluntarily terminating the lease.

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

4.5.2. Logistical Support

4.5.2.1. The bank **must** be housed in a building accessible to DoD personnel on the installation and in a location permitting reasonable security.

4.5.2.2. Banks **must** perform all maintenance, repair, improvements, alterations, and construction on the banking premises.

4.5.2.3. Banks **must** pay for all utilities (i.e., electricity, natural gas or fuel oil, water, and sewage), heating and air conditioning, intra-station telephone service, and custodial and janitorial services including **garbage disposal** and outdoor maintenance (such as grass cutting and

snow removal) at rates set forth in the lease, operating agreement or other written agreement between the installation and the bank.

4.5.3. Leases executed before the issuance of [this chapter](#) may not be altered solely [because of](#) the provisions of [this chapter](#) unless a lessee specifically requests a renegotiation under these provisions. No lease may be negotiated or renegotiated, nor may any rights be waived or surrendered without compensation to the government and coordination with USD(A&S) or designee.

4.5.4. When a bank participates in the construction of a shopping mall complex the lease [must](#) cover only land where the bank [is](#) physically located.

4.5.5. When a bank uses its own funds to improve existing government space, leases for a period not to exceed 25 years subject to periodic review every 5 years to assess changes in fair market value, may be negotiated for a period commensurate with the appraised value of the leasehold improvements divided by the annual lease fee.

4.6 Land Leases

4.6.1. A lease for [the](#) construction of a bank [must](#) be at the appraised fair market rental value. Charges [must](#) apply for the term of the lease not to exceed 25 years, subject to periodic review every 5 years to assess changes in fair market value.

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

4.6.3. When, under the terms of a lease, title to improvements [passes](#) to the government, arrangements normally [are](#) made as follows:

4.6.3.1. When the square footage exceeds that authorized in [Unified Facilities Criteria and Unified Facilities Guide Specifications \(MIL-STD-3007F\)](#), the bank [must](#) be given first choice to continue occupying the excess space under a lease [providing](#) for fair market rental for the land underlying that excess space.

4.6.3.2. The charge for continued occupancy of improved space by a bank [must](#) be at fair market rental value only for the associated land. The lessee [must](#) continue to maintain the premises and pay the cost of utilities and services furnished.

4.7 Construction

Banks may construct buildings subject to the following provisions:

4.7.1. The building **must** be solely for the use of the bank and may not provide for other commercial enterprises or government instrumentalities.

4.7.2. Construction projects must meet the criteria in MIL-STD-3007F.

4.7.3. Construction Projects Approval Authority:

4.7.3.1. Projects costing \$25,000 or more **must** be approved by the Major Command with an information copy sent to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) **must** have 30 days to provide comments to the Major Command before final approval can be granted.

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

* 4.7.4. **Notify** the Congress of all construction projects, using other than appropriated funds and costing over \$1,000,000, in accordance with [DoDI 7700.18](#), “Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Reporting Procedures.”

4.7.5. Proposals for the construction of structures on installations at a bank’s expense **must** be reviewed and reported in accordance with **Military Department** regulations. The following information **must** be listed to support each proposal:

4.7.5.1. Number of DoD personnel at the installation plus others who may use the bank;

4.7.5.2. Square footage of the proposed building;

4.7.5.3. Land area to be leased to the bank;

4.7.5.4. Term of the lease;

4.7.5.5. Estimated cost of construction;

4.7.5.6. Estimated fair market value of the land to be leased;

4.7.5.7. A statement that the bank **is** responsible for utility connections and other utility and maintenance costs;

4.7.5.8. A statement that the building **is** used only for financial services;

4.7.5.9. A statement that bank officials understand the potential building loss in the event of installation closure or other delimiting condition; and

4.7.5.10. Justification for a waiver of space criteria if the building exceeds that specified in MIL-STD-3007F.

4.7.6. Banks **must** pay for interior alterations, maintenance, utilities, custodial, and other furnished services.

4.7.7. Banks **must** pay all construction costs.

5.0 FINANCIAL INSTITUTIONS AND MILITARY BANKING FACILITIES OPERATING ON OVERSEAS DOD INSTALLATIONS

5.1 General Provisions of Financial Services Overseas

The Department acquires **financial** services overseas for use by authorized persons and organizations from the following sources.

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

5.1.2. Domestic and foreign banks located on overseas DoD installations. Each such institution **must** be:

5.1.2.1. Chartered to provide financial services in that country.

5.1.2.2. A party to a formal operating agreement with the installation commander to provide such services.

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

5.2 Establishment

5.2.1. Overseas MBFs Operated Under Contract. Installation or community commanders requiring **financial** services **must** send a request through command channels to the Secretary of the Military Department concerned (or designee) for concurrence and subsequent transmittal to the Director, DFAS (**or designee**), for approval.

5.2.1.1. Requests to establish MBFs **must** include, but are not limited to, the following information:

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

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

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

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

5.2.1.1.5. A list of organizational and nonappropriated fund accounts, the name and location of the **FIs** where deposited, and the average daily activity and balance of each account.

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

5.2.1.1.7. A statement that recognizes the logistical support, including equipment, to be provided by the local command as detailed in paragraph 5.3. The statement includes the costs of such equipment and the **way it is** acquired.

5.2.1.1.8. In countries where no MBFs currently are operated under contract, a statement from the cognizant Combatant Command that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host-country permits the operation in accordance with subparagraph 2.6.1.1.

5.2.1.1.9. Any other pertinent information to justify the establishment of an MBF.

5.2.1.2. As a rule, MBFs may be established only when the installation or community population meets the following criteria:

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

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

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

5.2.1.4. Establishment of an overseas MBF is predicated on and requires:

5.2.1.4.1. Designation of the MBF contractor as a depository and financial agent of the U.S. Government by the Treasury.

5.2.1.4.2. The availability of **FIs** interested in bidding for the operation of the facility and the viability of such proposals.

5.2.1.4.3. The availability of appropriated funds to underwrite **required financial** services.

5.2.1.4.4. Establishment of a U.S. dollar currency custody account to support banking operations.

5.2.1.4.5. **Agreement from host-nations that permit MBF operations.**

5.2.2. Other Overseas Banking Offices. Where a need for financial services has been identified and either (1) the banking and currency control laws of certain host countries do not permit MBFs to operate on DoD installations or (2) MBFs, where permitted, have not been established **or are not permitted to be established**, then the following applies:

5.2.2.1. Installation or community commanders **must** send requests for **financial** services or unsolicited proposals from foreign banking institutions to their Major Commands with supporting data as required in paragraph 4.2.1.

5.2.2.2. Major Commands **must** forward installation or community commander requests to the Secretary of the Military Department concerned (or designee) for approval. The Secretary of the Military Department concerned (or designee) coordinates with the DFAS, **Director (or designee)** to seek the designation of the parent foreign banking institution as a depository and financial agent of the U.S. Government by the Treasury.

5.2.2.3. Banks in this category cannot become operational until the foreign parent banking institution has been designated a depository and financial agent of the U.S. Government. The institution also **must** indicate a willingness and ability to provide collateral backing for any official and nonappropriated fund U.S. dollar deposits. Any collateral pledged **must** be in a form acceptable to the **Director, DFAS (or designee)**, and the Treasury.

5.3 Logistical Support

5.3.1. Overseas MBFs Operated Under Contract

* 5.3.1.1. **For MBFs and ATMs** that are operated under contract, installation or community commanders **must** provide logistical support **and services** to the maximum possible extent **at no charge unless otherwise identified in this regulation**. Such support normally includes:

5.3.1.1.1. Adequate office space, including steel bars; grillwork; security doors; a vault, safes, or both; security alarm systems and camera surveillance equipment (where deemed necessary) that meet documented requirements of the MBF contractor's insurance carrier;

construction of counters, teller cages, and customer and work areas; necessary modifications and alterations to existing buildings; and construction of new MBF premises, if necessary.

5.3.1.1.1.1. The size and arrangement of space **must** permit efficient operations. **The** space assigned may not exceed that prescribed in the MIL-STD-3007F.

5.3.1.1.1.2. All maintenance, repair, rehabilitation, alterations, or construction for **MBFs must** comply with guidelines established by the installation commander.

5.3.1.1.2. Office space in a building that is accessible to most users and permits maximum security. In addition, office space for MBF area and district administrations and storage space for retention of records, files, and supplies.

5.3.1.1.3. DoD housing on a rental basis to assigned MBF staff **who** are designated as key and essential MBF managerial personnel who are unable to find suitable, reasonably priced housing in the vicinity of the DoD installation, subject to the assignment procedures and other requirements of **DoD 4165.63-M**, “DoD Housing Management.”

5.3.1.1.4. Education, on a space-available, tuition-paying basis, provided by the DoD Education Activity to minor dependents of assigned staff.

5.3.1.1.5. Air conditioning, which is considered a normal utility for **MBFs** located at installations that qualify for air conditioning under applicable regulations. **MBF** space is classified as administrative space at military installations.

5.3.1.1.6. Utilities (i.e., electricity, natural gas or fuel oil, water, and sewage), heating, intra-station telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal) **at the same frequencies as provide to other installation activities**.

5.3.1.1.7. Defense Switched Network (DSN) voice and data communication to include, where **available**, internet access.

5.3.1.1.8. Military guards, civilian guards (for use within the installation only), military police, or other protective services to accompany shipments of money **at the frequencies required by MBFs to maintain required operations**. This level of protective service **must also** be provided at other times as required to include replenishment of ATM currency and receipts, alarm system failures, and to avoid undue risks or insurance costs on the part of the MBF.

5.3.1.1.9. U.S. Military Postal Service access in accordance with **DODD 5101.11E**, “DoD Executive Agent for the Military Postal Service (MPS) and Official Mail Program (OMP).” Use of free intra-theater delivery system (IDS) is authorized for all routine mail sent and received between Army Post Offices (APOs) and Fleet Post Offices (FPOs) within a theater.

5.3.1.1.10. Office equipment and furniture on memorandum receipt if available from local stock. If office equipment or furniture is unavailable, statements of nonavailability **must** be issued.

5.3.1.1.11. Vehicle registration and fuel sales from government-owned facilities for bank-operated vehicles if not in conflict with host government agreements. Vehicle registration **must** be subject to normal fees.

5.3.1.1.12. Issuance by local commanders of invitational travel orders, at no expense to the U.S. Government when required for official onsite visits by U.S. based MBF officials.

5.3.1.2. Suggestions for changes to the logistical support provisions of the MBF contract may be forwarded for consideration through command channels to the Director, DFAS (or designee).

5.3.2. Other Overseas Banking Offices

5.3.2.1. Logistical support provided to such offices **is** negotiated with the parent foreign banking institution and incorporated into the written operating agreement.

5.3.2.2. Logistical support **must** not exceed that provided to contract MBFs, as specified in 5.3.1.

*5.4 Operations

5.4.1. General Conditions of MBF and MBF ATM Operations

5.4.1.1. Before initiating MBF and MBF ATM operations, a written agreement **must** be negotiated directly and signed by the installation or community commander and a senior official of the MBF contractor. **Forward** one copy of the agreement with U.S. MBF contractors through command channels to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) **must** forward one copy of the agreement through command channels to the Director, DFAS. **The installation or community commander and the MBF manager must always maintain a copy of the agreement.**

5.4.1.2. MBF agreements **must only** state operating details not set forth in the contract. Though the contract limits the number of operating hours per week, local commanders and MBF managers **must** set days and hours of operation to best meet local needs. Operating times may include Saturdays and evening hours when necessary to complement other retail services for DoD personnel, provided the contractor can implement that service at no additional cost to the government. When added cost is involved, the commander **must** send a request including reasons for expanded or modified times of operation, through command channels, to the Secretary of the Military Department concerned (or designee) for action. If approved, the request, with recommendations, **must** be forwarded to the Director, DFAS (or designee) **for coordination to effect requested changes.**

5.4.2. Overseas MBFs and MBF ATMs Operated Under Contract

5.4.2.1. General. Overseas MBFs **must** operate under terms and conditions established at the time of contract negotiations and confirmed in respective contracts or contracting officer determinations.

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

5.4.2.3. Services Rendered. DoD banking contracts specify the services to be rendered and related charges. Suggestions for expansion or modification of authorized services or **changes to** fees or charges may be forwarded through DoD Component channels to the Director, DFAS (or designee). **Requests** for any new service must **include** coordination with the appropriate Combatant Command and U.S. Chief of Diplomatic Mission or U.S. Embassy to make certain that the **requests** do not conflict with the status of forces agreements, other intergovernmental agreements, or host-country law.

5.4.2.4. Regulation to be Provided. The Director, DFAS (or designee) **must** advise each U.S. banking contractor operating an overseas MBF of **this chapter** and furnish a copy to the contractor.

5.4.2.5. Conditions of Operation.

5.4.2.5.1. Part-time and payday service MBFs **must** provide limited services that mirror, to the extent feasible, those provided by full-time MBFs. Since part-time MBFs operate out of nearby MBFs, installation or community commanders **must** provide and fund transportation and guards for their operations, **including servicing of ATMs**.

5.4.2.5.2. Any deficiency of **financial** services under DoD banking contracts **must** be reported to the manager of the MBF within **seven** calendar days of noting the deficiency. If the problem has not been corrected within 30 calendar days after being noted, the commander **must** report the problem through DoD Component channels to the Director, DFAS (or designee).

5.4.2.5.3. The MBF contractor and military disbursing officers **must** establish cash management practices that minimize the cash required to conduct business.

5.4.2.5.4. **Installation** commanders **must** assist MBF contractors **in** developing and updating contingency plans for banking services in the event of hostilities or other emergencies. **Plans must be reviewed and updated yearly by installation commanders and MBF personnel.**

5.4.2.5.5. MBF provision of foreign currency **must** be in accordance with Volume 5, Chapter 13.

5.4.3. Other Overseas **Banks and ATMs**

5.4.3.1. Authorized Customers. The list of authorized customers **must** be negotiated between the installation commander and the foreign bank and **must** be reflected in the operating agreement. The list of authorized customers included in the operating agreement **must** be consistent with the applicable status of forces agreement, other intergovernmental agreements, or host-country law.

5.4.3.2. Services Rendered. Services and charges **must** parallel, whenever practical, the services and charges of MBFs **and ATMs** operated under contract. **Negotiate and include** specific services in the agreement with the foreign bank. A copy of the agreement **must** be sent through **the Secretary of the Military Department concerned (or designee)** to the Director, DFAS (or designee).

5.4.3.3. Operating Agreements. Before agreements are executed, they will be coordinated with and approved by the cognizant Combatant Command (or designee). **Copies of agreements must be forwarded through DoD Component channels to the Secretary of the Military Department concerned (or designee) to the Director, DFAS (or designee).**

5.4.3.4. Conditions of Operation. A foreign bank **must** provide equipment (except that furnished by the installation or community), supplies, and trained personnel.

5.4.4. Relocations of **and Modifications to MBFs or Other MBF Facilities**

When an MBF is **proposed to be** moved from one location to another at the same installation or community, **or for any relocation or modification to MBFs or other MBF facilities** the commander **must provide detailed information about and supporting the relocation to the Secretary of the Military Department concerned (or designee), through command channels.** The **Secretary of the Military Department concerned (or designee) must forward the information to the Director, DFAS (or designee) for approval and assistance prior to relocation or modification.**

5.4.5. Information Requirements. Installation or community commanders **must** send the **following information** through DoD Component channels to the Director, DFAS (or designee) for any of the following **when known, or no less than annually by 30 January each year:**

5.4.5.1. Major changes in installation population affecting **the** use of the MBF **or MBF ATMs.**

5.4.5.2. Opinion that the space assigned is not adequate for the efficient operation of the MBF including a statement concerning corrective action.

5.4.5.3. Suggestions that might improve the MBF operation, increase efficiency, or decrease costs.

5.4.5.4. Pending developments, **including training exercises**, that may have a material impact on the MBF operation.

5.5 Termination

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

5.5.1. Overseas MBFs Operated Under Contract. In cases where an installation or community no longer can justify overseas MBF operations, the commander **must** notify the Secretary of the Military Department concerned (or designee) through command channels.

5.5.1.1. The report **must** state whether a part-time MBF **must** be established and specify the days each week that the MBF would be needed.

5.5.1.2. The Secretary of the Military Department (or designee) **must** send this report with recommendations to the Director, DFAS (or designee).

5.5.2. Other Overseas Banking Offices. Termination actions, when required, **must** be taken in accordance with the applicable clauses in the operating agreement. Notice of intent to terminate, including the closing date, **must** be sent through DoD Component channels to **the** Director, DFAS (or designee), who **notifies** the Treasury so that the foreign banking institution's authority as a Depository and Financial Agent of the U.S. Government at that location may be revoked.

6.0 CREDIT UNIONS OPERATING ON DOMESTIC DOD INSTALLATIONS

*6.1 General Policy

U.S. credit unions may operate on DoD installations, in accordance with this chapter, when required by installation commanders to promote the morale and welfare of installation personnel and to help facilitate installation operations.

6.2 Establishment

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

6.2.2. DoD personnel seeking to establish a new full-service credit union **must** submit a proposal to the installation commander for review. In addition to the information identified in subparagraph 4.2.1, the proposal **must** include a request for the establishment of a field of membership that includes all personnel at the installation. Upon installation commander

concurrence, **forward** the proposal through DoD Component channels to the Secretary of the Military Department (or designee).

6.2.3. The Secretary of the Military Department concerned (or designee) **must**:

6.2.3.1. Obtain a list of credit unions that could establish eligibility to serve the installation's military members and civilian employees from the National Credit Union Administration (NCUA) Regional Office that has geographic jurisdiction and the applicable state regulatory agency.

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

6.2.3.3. In coordination with the installation commander, establish the criteria for selection of a specific credit union in accordance with subparagraph 4.3.4. Proposals **must** be evaluated, and a selection made, based upon the factors and weights developed for the solicitation.

6.2.4. Upon approval by the Secretary of the Military Department (or designee), the NCUA or applicable state regulatory agency **must** be notified and asked to establish or amend the selected credit union's charter to include the new location.

6.2.5. No commitment may be made to a credit union regarding its proposal until the appropriate regulatory agency has approved the requested charter change.

***6.3 Terminations**

6.3.1. The installation commander **must** approve requests for termination of an on-base credit union, substantiated by sufficient evidence, and forward to the Secretary of the Military Department concerned (or designee). The installation commander **must** initiate the termination of on-base credit union operations only under one of the following conditions:

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

6.3.1.2. Active military operations prevent the continuation of on-base financial services.

6.3.1.3. The credit union's performance in providing services is not satisfactory according to standards ordinarily associated with the financial services industry or is inconsistent with the operating agreements or this chapter. Installation commander written communication with local credit union leadership **must** be undertaken to attempt to resolve matters prior to making this determination.

6.3.1.4. When merger, acquisition, change of control, or other action results in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) **must** terminate the operating agreement with the existing credit

union. When the merger, acquisition, change of control, or other action does not result in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) must novate the operating agreement identifying the change in control.

6.3.2. The installation commander must forward approved requests for termination of an on-base credit union, substantiated by sufficient evidence, to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) must review all termination actions to ensure compliance with this chapter and coordinate all termination actions with the USD(C), through the Director, DFAS, before the Secretary of the Military Department (or designee) provides notification to the appropriate regulatory agency if required. After this coordination process:

6.3.2.1. The Secretary of the Military Department (or designee) will notify the installation commander if the termination is in accordance with this chapter and if so, the installation commander must notify the on-base credit union of the termination. The installation commander must establish a departure date and revoke the authority of the credit union to operate on the installation via termination of the lease or lease-like instrument and operating agreement.

6.3.2.2. If the termination is not in accordance with this chapter, the request will be returned by the Secretary of the Military Department (or designee) to the installation commander for remediation or dismissal.

6.3.3. A credit union that intends to voluntarily terminate its on-base operations must notify the installation commander in writing on official letterhead at least 180 days before the proposed closing date. Within the notification, the credit union must identify reasons for termination. This notification and an acknowledgment from the installation commander must precede any public announcement of the planned closure. When appropriate, the installation commander may attempt to negotiate an agreement permitting the credit union to continue operations until the installation has made other arrangements. Immediately upon notification of a termination, the installation commander must advise the DoD Component headquarters concerned. If the continuation of financial services is justified, action to establish another on-base FI must be taken in accordance with paragraph 4.3, paragraph 6.2, or both, depending on if another FI is currently operating on-base. A copy of the voluntary termination notification must be forwarded through command channels to the Director, DFAS (or designee).

6.3.4. Termination of Lease. The lessee must provide written notice 180 days prior to a voluntary termination of the lease. Upon 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.

6.4 Use of Space, Logistical Support, and Military Real Property for Domestic Credit Unions

6.4.1. Criteria for Use of Space in Government-owned Real Property or Federal Land

6.4.1.1. Criteria governing the assignment of space and construction of new space for credit unions are in the MIL-STD-3007F.

6.4.1.2. A credit union may be furnished space on a DoD installation at one or more locations for periods not to exceed **five** years except where the credit union uses its own funds to improve existing government space as outlined in subparagraphs 6.4.1.2.3 and 6.4.1.2.4. The cumulative total of space furnished **must** be subject to the limitations of the MIL-STD-3007F.

6.4.1.2.1. The furnishing of office space and/or land (including ATM placement) to on-base credit unions is governed by the Federal Credit Union Act (12 U.S.C § 1770). Notwithstanding any other provision of law, upon application by any credit union, the provision of no-cost federal office space or no-cost land lease is for a period not to exceed 5 years. This is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space or the facility built on the leased land is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families.

6.4.1.2.1.1. A written statement to the effect that the credit union meets the 95 percent criterion **is** required to justify and document the allotment of free government space and/or land. This statement **must** be prepared on the credit union's letterhead and signed by either the chairman of the board of directors or the president.

6.4.1.2.1.2. A certification **must** also be required whenever there is a merger, takeover, or significant change in a field of membership. This certification serves **as** justification and documentation for the continued allocation of free government space including space renovated with credit union funds and/or the free lease of land.

6.4.1.2.1.3. **Update** the statement every 5 years and on renewal of each no-cost permit or license. (See Figure 33-3 for a sample format of the statement.)

6.4.1.2.2. Credit unions that fail to meet the 95 percent criterion **must** be charged fair market rental for space provided. Except where more than one credit union exists on an installation prior to June 9, 2000, credit unions giving less than full service or not serving all assigned DoD personnel are not authorized no-cost office space.

6.4.1.2.3. When a credit union that meets the 95 percent criterion uses its own funds to expand, modify, or renovate government-owned space, it may be provided a no-cost permit or license for a period commensurate with the extent of the improvements not to exceed 25 years as determined by the DoD Component concerned. The permit or license **must** be effective until the agreed date of expiration or until the credit union ceases to satisfy the 95 percent criterion. In this latter case, the no-cost permit **must** be canceled in favor of a lease immediately negotiated at fair market value under the provisions of subparagraph 6.4.1.2.4. If the credit union desires,

this permit or license may extend through the period identified in the original permit or license not to exceed 25 years.

6.4.1.2.4. Similarly, a credit union not meeting the 95 percent criterion that uses its own funds to expand, modify, or renovate government-owned space, may be provided a lease at fair market value for a period not to exceed 25 years subject to periodic review every 5 years to assess changes in fair market value. The duration of this lease must be commensurate with the extent of the improvements as determined by the DoD Component concerned.

6.4.1.3. All space assigned by the GSA, whether leased or in a federal office building, is reimbursable to the GSA at the standard level user charge. Consequently, the GSA must charge the benefiting DoD Component for any space assigned for credit union operations. Such space is subject to the provisions of subparagraphs 6.4.1.1 and 6.4.1.2.

6.4.2. Logistical Support. When available, custodial and janitorial services including garbage disposal and outdoor maintenance (such as grass cutting and snow removal), heating and air conditioning, utilities (i.e., electricity, natural gas or fuel oil, water, and sewage), fixtures, and maintenance must be furnished without cost to credit unions occupying no-cost office space in government buildings. Apart from intra-station telephone service, credit unions must pay for all communication services to include telephone lines, long-distance data services and internet connections. Credit unions also must pay for space alterations. Should a credit union fail to meet the 95 percent membership criterion, any logistical support furnished must be on a reimbursable basis.

6.4.3. Leases executed before the issuance of this chapter, see subparagraph 4.5.3.

6.4.4. When a credit union participates in the construction of a shopping mall complex the lease must cover only land where the branch or facility physically is located.

6.4.5. Administrative Fees. The installation bears all administrative fees associated with the initiation, modification, or renewal of an outgrant, provided that the credit union satisfies the 95 percent membership criterion requirement for no-cost office space as outlined in subparagraph 6.4.1.2.1 and that the fees are associated with the no-cost space.

6.5 Land Leases

Credit unions entering a land lease to construct a building on a DoD installation must be provided a no-cost land lease, if they meet the 95 percent criterion established in subparagraph 6.4.1.2.1. Credit unions not meeting the 95 percent criterion must enter into a land lease in accordance with subparagraph and subparagraph 6.4.1.2.2 and paragraph 4.6.

6.6 Construction

Credit unions constructing a building on a DoD installation must do so in accordance with paragraph 4.7.

6.7 ATM Service

Credit unions offering ATM service **must** do so in accordance with paragraph 3.5.

7.0 OVERSEAS CREDIT UNIONS

7.1 General Policy

* 7.1.1. Credit union services to authorized persons and organizations, **as permitted by Status of Forces agreements, other intergovernmental agreements, or host-country law**, may be provided by domestic on-base credit unions operating under a geographic franchise.

7.1.2. The extension of credit union service overseas must be in accordance with this chapter as it relates to domestic credit unions and **aligned with** applicable status of forces agreements or other intergovernmental agreements, or host-country law.

7.1.3. Where permitted by the status of forces agreements or other intergovernmental agreements, or host-country law, only federal credit unions or federally insured state-chartered credit unions may operate on overseas DoD installations. The ultimate decision to provide services overseas rests with the credit union itself.

7.2 Establishment

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

7.2.1.1. Full information about available space and logistical support.

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

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

7.2.1.4. The availability of any official or public transportation.

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

7.2.1.6. In countries not presently served, a statement concurred 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 **must** include the host country permits credit union operations and indicate any conditions imposed by the host country with respect to those operations.

7.2.2. **After** approval of the request from the installation or community commander to

establish an overseas credit union facility, the Secretary of the Military Department concerned (or designee) **must** solicit proposals for the provision of full credit union services under the following provisions.

7.2.2.1. Where there is a DoD-designated geographic franchise with a specific field of membership, the Secretary of the Military Department (or designee) **must** 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) **must** maintain a listing of all geographic franchises assigned to credit unions serving DoD overseas installations.

7.2.2.2. Where there is no DoD designated geographic franchise, the Secretary of the Military Department (or designee) **must**:

7.2.2.2.1. 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.

7.2.2.2.2. Solicit proposals from credit unions currently operating on DoD installations.

7.2.2.2.3. Review proposals of interested credit unions.

7.2.2.2.4. Coordinate with field commands, as needed.

7.2.2.2.5. 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 **must** identify the primary installations on which the credit union would operate and, if applicable, the contiguous geographic boundaries for future facilities and branches.

7.2.3. Where there is an existing field of membership, the Secretary of the Military Department concerned (or designee) **must** take the following actions:

7.2.3.1. 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, **offer** the geographic franchise to the federally insured credit union community. If, as a result of a credit union's 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, **notify the** NCUA or the applicable state regulatory agency and request appropriate field of membership adjustments.

7.2.3.2. 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 paragraph 7.2, apply.

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

7.3 Logistical Support Services

Installation or community commanders **must** provide **credit unions** logistical support **services on a non-reimbursable basis unless otherwise identified**. Such support normally **must** include:

7.3.1. Adequate office space, including steel bars; grillwork; security doors; vaults; safes; security alarm systems and camera surveillance equipment (where deemed necessary) that meet documented requirements of the credit union's insurance carrier; construction of counters, teller cages, and customer and work areas; necessary modifications and alterations to existing buildings. The size and arrangement of space should permit efficient operations. The credit union **must** pay for all improvements to the space given. **The** space assigned may not exceed that prescribed in the MIL-STD-3007F.

7.3.2. DoD housing on a rental-**paying** basis to key credit union personnel unable to find suitable, reasonably priced housing in the vicinity of the DoD installation, if available.

7.3.3. Education, on a space-available, tuition-paying basis, provided by the DoD Education Activity to minor dependents of assigned staff.

7.3.4. Utilities (i.e., electricity, natural gas or fuel oil, water, and sewage), heating, intra-station telephone service, and custodial and janitorial services.

7.3.5. DSN voice and data communication to include, where **available**, internet access.

7.3.6. U.S. Military Postal Service support under **DoDD 5101.11E**. The use of free IDS is authorized for all routine mail sent and received between APOs and FPOs within a theater.

7.3.7. Military guards, civilian guards (for use within the installation), military police, or other protective services to accompany shipments of money from the MBF to the credit union and **from the credit union to the MBF** where it is impractical or not authorized to have a local armored car service or civilian police authorities entering a military installation to provide cash escort service or when the cost of obtaining such service is prohibitive. **Provide** this level of protective service at other times as required including replenishment of ATM currency and receipts, alarm system failures, and **avoiding** undue risks or insurance costs.

7.4 Travel

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

at no cost to the U.S. Government.

7.5 Operations

7.5.1. An overseas credit union **must** confine its field of membership to individuals or organizations eligible by law or regulation to receive services and benefits from the installation. Services **must** not be provided to **individuals or organizations** precluded such services by the applicable status of forces agreement, other intergovernmental agreements, or host-country law.

7.5.2. The Department assigns overseas credit unions a prescribed geographic franchise. Any credit union, however, may continue to serve its members stationed overseas by mail or telecommunications, including **via** the Internet.

7.5.3. A credit union proposing a new service to be offered by a branch office that is not authorized by the operating agreement **must** coordinate the establishment of the new service through the cognizant Component command to the Combatant Command. The new service **must** be offered only after the appropriate command's approval and coordination with the U.S. Chief of Diplomatic Mission or U.S. Embassy to ensure that the service does not conflict with the applicable status of forces agreement, other intergovernmental agreements, or host-country law. **The new service must be reflected as an amendment to the operating agreement.**

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

7.5.5. In countries served by MBFs operated under contract, credit unions **must** purchase foreign currency only from the servicing MBF.

7.5.5.1. The bulk rate purchase price **must** apply to currency used by the credit union to make payments to vendors or to make payroll payments.

7.5.5.2. Credit unions that desire and are authorized to provide accommodation exchange services to members **must only** acquire foreign currency from the servicing MBF at the MBF **accommodation** rate and **resell such foreign currency** at a rate of exchange no more favorable than the customer rate available at the MBF.

7.5.6. Credit unions operating under a geographic franchise on an overseas DoD installation **must** not publicize, display, or sell vehicles on the installation.

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

*Figure 33-1: Guidelines for Application of the Privacy Act to Financial Institution Operations

1. The following guidelines govern the application of 32 CFR § 230, “Financial Institutions on DoD Installations” to those **FIs** that operate under this Regulation:

A. **FIs** and their branches and facilities operating on DoD military installations do not fall within the purview of **5 U.S.C. § 552** et seq.

1. These **FIs** do not fit the definition of “agency” to which the Privacy Act applies: “...any executive department, Military Department, government corporation, government-controlled corporation, or other establishment in the executive branch of the government (including the Executive Office of the President), or an independent regulatory agency” (5 U.S.C. §§552(e) and 552a(a)(1)).

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

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

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

C. **FIs** may incorporate the following conditions of disclosure of personal identification in all contracts, including loan agreements, account signature cards, certificates of deposit agreements, and any other agreements signed by their account holders or members:

Figure 33-1: Guidelines for Application of the Privacy Act to Financial Institution Operations (Continued)

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

When the FI presents such signed authorizations, the receiving military command or installation **must** provide the appropriate information.

D. Even though an agreement described in subparagraph A.3., has not been obtained, DoD may provide these FIs with salary information and, when pertinent, the length or type of civilian or military appointment, consistent with 32 CFR § 230 and DoDD 5400.07. Some examples of personal information pertaining to DoD personnel that normally can be released without creating an unwarranted invasion of personal privacy are name, rank, date of rank, salary, present and past duty assignments, future assignments that have been finalized, office phone number, source of commission, and promotion sequence number.

E. When DoD personnel with financial obligations are reassigned and fail to inform the FI of their whereabouts, they should be located by contacting the individual's last known commander or supervisor at the official position or duty station within that particular DoD Component. That commander or supervisor either **must** furnish the individual's new official duty location address to the FI or **must** forward, through official channels, any correspondence received pertaining thereto to the individual's new commander or supervisor for appropriate assistance and response. **Forward** correspondence to the individual concerned at his or her last official place of business or duty station as provided by postal regulations to the new location. Once an individual's affiliation with DoD is terminated through separation or retirement, however, the Department's ability to render locator assistance (i.e., disclose a home address) is severely curtailed unless the public interest dictates disclosure of the last known home address. The Department may, at its discretion, forward correspondence to the individual's last known home address. The Department may not act as an intermediary for private matters concerning former DoD personnel who are no longer affiliated with the Department.

2. 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.

Figure 33-2: Sample Operating Agreement (OA) Between Installation Commanders and Financial Institutions (FI)

*NOTE: The following operating agreement **may be used as a template**. Content of the actual operating agreement **constructed for use between an installation commander and an FI** may vary according to the circumstances of each installation **but must align with this issuance**.*

Operating Agreement Between (*Name of Installation*), (*State or Country Installation Located*) and (*Name of Financial Institution*)

This **agreement** is made and entered into this day by and between the installation commander of (*name of installation*) **in their** official capacity as installation commander, hereinafter referred to as the “commander” and the (*name of FI*), having its principal office at (*location of home office*) hereinafter referred to as the “FI,” together hereinafter referred to as “the parties.” Whereas the commander and the **FI** enter into this **OA** upon the mutual consideration of the promises, covenants, and agreements hereinafter contained.

1. The parties understand and agree that this **OA** in no way modifies, changes, or alters the terms and conditions of Lease Number (*number of lease*) covering the use of real property described therein.

2. The **FI** agrees to operate a (*federally or state*) chartered office on-base in accordance with the policies and procedures set forth **in DoD Financial Management Regulation Volume 12, Chapter 33**. The hours of operations **are** between (*hour office opens*) and (*hour office closes*), and on the following days (*weekdays office open*), except on government holidays when the **FI** may be closed.

3. The **parties have agreed the FI will** provide the following services:

a. Services for Individuals

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

Figure 33-2. Sample Operating Agreement Between Installation Commanders and FIs (Continued)

- (8) Electronic banking (i.e., ATMs, internet banking).
 - b. Services for Disbursing Officers and their agents
 - (1) Furnishing cash (if the FI's terms for doing so are consistent with sound management practices)
 - (2) Accepting deposits for credit to the Treasury General Account (where the FI has entered into an agreement with the Treasury).
 - c. Services for NAFIs and Private Organizations
 - (1) Demand (checking) account services, including wire transfers
 - (2) Savings accounts and nonnegotiable certificates of deposit or other interest-bearing accounts offered by the banking institution
 - (3) Currency and coin for change.
- 4. Service charges proposed by the FI and accepted by the installation commander are as follows:
 - a. Service for Individuals
 - (1) No fees may be charged to individuals for the services listed in subparagraphs 3.a.(2), and 3.a.(5), except for subparagraph 3.a.(2), wherein checks drawn on other FIs may be treated in accordance with the FI's established policy. Any charge to cash a government check must not exceed that typically charged by FIs in the vicinity of the installation. Fees assessed to accountholders and non-acountholders for use of ATMs must be the customary service charges of the FI or those negotiated for base personnel per the attached schedule.
 - (2) Checking and savings accounts. Fees for individual checking and savings accounts must be the customary service charges of the FI or those negotiated for base personnel per the attached schedule.
 - (3) Sale of official checks, money orders, traveler's checks, and other types of financial paper. Charges for these services must be the customary charges of the FI operating the on-base office.

Figure 33-2. Sample Operating Agreement Between Installation Commanders and FIs (Continued)

b. Service for Disbursing Officers and their agents. No charge is made for the services listed in subparagraph 3.b.(2). Compensation to the FI must be per its separate agreement with the Treasury. Charges, if any, for the services stated in subparagraph 3.b.(1) must be as locally negotiated with the FI.

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

5. It is agreed that the FI must:

a. Negotiate with the commander (or designee) for any proposed changes to the attached schedule of fees and services at least 30 days prior to proposed implementation.

b. Comply with Volume 12, Chapter 33, and any changes thereto.

c. Comply with Treasury requirements for the establishment and operation of a Treasury General Account where the FI agrees to act as a depository for government funds.

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

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

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

g. Prominently post in the lobby of the FI the name, duty telephone number of the (Bank or Credit Union) Liaison Officer.

h. Accept the government travel card in all on-base ATMs operated by the FI.

Figure 33-2. Sample Operating Agreement Between Installation **Commanders** and FIs (Continued)

- i. Abide by the installation fire protection program, including immediate correction of fire hazards noted by the installation fire inspector during periodic fire prevention inspections.
 - j. **Furnish copies of its financial reports and other local publications on an “as needed” basis in response to the installation commander’s (or designee’s) formal request.**
6. The commander **must** provide the following space and support:
 - a. Space requirements for **FI** operations **must** be administered in accordance with the existing outgrant (i.e., lease, permit, or license). (*Show Number of Outgrant*).
 - b. Utilities (i.e., electricity, natural gas or fuel oil, water, and sewage), heating and air conditioning, intra-station telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal) **in accordance with Volume 12, Chapter 33.**
 - c. DoD housing and minor dependent education in overseas locations for **FI** personnel in accordance with **Volume 12, Chapter 33.**
 - d. **Determination of** the recurring/frequency requirement for installation access and issue the appropriate installation and/or facility access credential consistent with local security requirements using Government authoritative databases for vetting purposes, as prescribed in **DoDM 5200.08, Vol. 3**: “Physical Security Program: Access to DoD Installations.”
7. Termination of this **OA must** be consistent with the termination provision of the real property lease and **the provisions within Volume 12, Chapter 33.**
8. Any provision of this Agreement that is contrary to or violates any laws, rules, or regulations of the United States, its agencies, or the state of (*state in which the **FI** is located*) that apply on federal installations **is** void and have no force or effect; however, both parties to this Agreement agree to notify the other party promptly of any known or suspected continuing violation of such laws, rules, or regulations.
9. So long as this Agreement remains in effect, it **must** be reviewed jointly by the commander and the **FI** at least once every 5 years to ensure compatibility with current DoD issuances and to determine if any changes are required to the Agreement.

Figure 33-2. Sample Operating Agreement Between Installation **Commanders** and FIs
(Continued)

IN WITNESS WHEREOF, the commander and the **FI**, by their duly authorized offices, have hereunto set their hands this day of *(month, day, year)*.

FINANCIAL INSTITUTION OFFICIAL

INSTALLATION COMMANDER

Figure 33-3: Sample Certificate of Compliance for Credit Unions

I, *(name)*, Chairman of the Board of Directors or President of the *(credit union)*, located at *(place)*, certify that this credit union complies with the requirements of the Federal Credit Union Act (12 U.S.C. § 1770), for the allotment of space in federal buildings without charge for rent or services. The provision of no-cost office space is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families.

(Date)

(Name)

(Chairman of the Board of Directors or the President)

(Note: The Certificate of Compliance **must** be written on credit union letterhead)