



Dear Valued Customer:

On May 11, 2018 new laws will go into effect that require all **financial institutions** to now *identify* and *verify* the individuals (also known as beneficial owners) who own or control the bank's legal entity customers when opening new accounts (deposits, loans, and safe deposit boxes). This means that all of our legal entity customers will be impacted when they open a new account with us.

### **Overview of the Rule**

A "beneficial owner" is defined as having two prongs: 1) the ownership prong; and 2) the control prong. The ownership prong includes each individual, if any, who directly or indirectly owns 25 percent of the equity interests of a legal entity customer. The control prong includes a single individual with significant responsibility to control, manage, or direct a legal entity customer, including an executive officer or senior manager or any other individual who regularly performs similar functions.

To **identify** beneficial owners, our bank will provide the individual opening your business account with a "Certification Form" to complete. In completing the Certification Form, the individual representing your business will provide us with the names of the beneficial owners of the business.

Once identified, we must then **verify** the identity of each beneficial owner by requiring the same elements from them that we require from an individual opening a new account. We do not have to get this information directly from the beneficial owner, but are permitted to get it directly from the individual opening the new account on behalf of your business. All verifying information for each beneficial owner must be reviewed before we can open a new account.

### **What We Need**

To comply with the new laws for legal entity customers, we will need the following items from your business and applicable beneficial owners:

1. A Certification Form, completed by the individual opening the account on behalf of the business. This form will be supplied by the bank.
2. For each Beneficial Owner:
  - a. A copy of an unexpired Government issued ID with a current *physical* address
    - This document contains most of the information needed to complete the Certification Form, such as the beneficial owner's name, date of birth, and address.
    - A social security number from each beneficial owner.
    - Non-US persons will need to provide another form of ID.
  - b. Any other documentation requested by the bank.
    - In a few cases, the bank may need additional documentation on your business or beneficial owners. If that is the case, we will inform you.

### **Summary**

As a financial institution we are required to comply with these new laws effective May 11, 2018. We understand that the new requirements may not be something you have encountered before. Therefore, this communication is being provided to prepare you for these changes. The new requirements will apply to all new accounts opened after the effective date. Having the information available at the time of account opening will expedite the new account process.

Thank you for choosing First Federal for your banking needs. As our valued customer, please feel free to contact one of our offices with any questions you may have in regards to these new requirements.

Sincerely,

First Federal Savings of Lorain