

COMMERCIAL AND FINANCIAL INSTITUTIONS COMMITTEE  
Minutes

February 16, 1972  
4:00 P.M.  
Room 527-S

Except as otherwise noted, the individual remarks  
recorded herein have not been transcribed verbatim  
and this record has not been approved by the  
committee or by the individuals making such remarks.

The meeting was called to order by Chairman Gabriel. All members were present.

The signed guest list is attached herewith and is made a part of these minutes.

Representative Wilson presented his comments and amendments to House Bill 1690. He was then open for questions and answers from the Committee.

Mr. Gerald Goodell representing Kansas Savings and Loan League presented a brochure of explanations on Senate Bills 453, 454, 455, 456, 457, and 458. He was then open for questions and answers from the committee. This brochure is hereby made a part of these minutes.

Chairman Gabriel submitted amendments to House Bill 1922. Representative Hougland moved that the Committee adopt the amendments to House Bill 1922. Said amendments are hereby made a part of these minutes. Representative Hayes seconded the motion - motion carried.

Representative Wilson moved that the Committee recommend House Bill 1922 favorable for passage as amended. Motion seconded by Representative Allison - motion carried.

Representative Hougland moved that House Bill 2017 be reported adversely. Motion seconded by Representative Hayes - motion carried.

Representative Jelinek requested the secretary to note in the minutes that he did not vote on House Bill 2017 because he was not present for the testimony.

Representative Hayes moved that Senate Bills 453, 454, 455, 456, 457, and 458 be passed. Motion seconded by Representative Jelinek. Motion carried.

Meeting adjourned at 4:45 p.m.

  
\_\_\_\_\_  
Arthur Gabriel, Chairman

Gloria Corona, Secretary

G U E S T   L I S T

2-16-72

NAME	ADDRESS	REPRESENTING
Gary W. Zook	Topeka	Ks. Retail Council
Voble Drake	"	" " "
W. Collins	Hutchinson	Kansas Bankers Assn
David Stone	Topeka	Ks. Bankers Assn.
Gene Seibel	Topeka	Ks. Savings Loan League Assoc. of Life Insurance Co.
Jim Barnett	K.C.	
Jack Brewster	Topeka	Kansas S & L League
Jim Turner	Topeka	Kansas S & L League

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:  
Your committee on Commercial and Financial Institutions

Recommends that House Bill No. 1922

"AN ACT relating to banks and banking; concerning auxiliary teller facilities; prescribing powers and duties of the state banking board, state bank commissioner and state board of treasury examiners; amending K. S. A. 1971 Supp. 9-1111 and repealing the existing section."

Be amended:

On page 2, in line 23, by striking all words after the period; by striking all of lines 24 and 25; in line 26, by striking the period and all words preceding the period and by inserting in lieu thereof the following: "The state banking board shall make, or shall cause to be made by the state bank commissioner, or his assistant, or examiners, a careful examination and investigation of each application for approval of an additional teller facility under this subsection (3)."; in line 30, by striking the word "sufficient" and inserting in lieu thereof "not to exceed five hundred dollars (\$500)"; also in line 30, by striking the words "in passing on" and inserting in lieu thereof the following: ", the commissioner, his assistant, and examiners in the examination and investigation of"; in line 31, by inserting after the period the following:

"Fees paid to the commissioner pursuant to this section shall be paid into the state treasury and the state treasurer shall credit the same to a special fund, hereby created and designated as the "bank examination and investigation fund." Expenditures from such fund may be made only on vouchers approved by the state bank commissioner.";

And the bill be passed as amended.

\_\_\_\_\_  
Chairman

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on **COMMERCIAL AND FINANCIAL INSTITUTIONS**

Recommends that **HOUSE BILL No. 2017**

**"AN ACT relating to certain charges and expenses in connection with the purchase and sale of residential real property.**

**BE NOT PASSED.**

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on **COMMERCIAL AND FINANCIAL INSTITUTIONS**

Recommends that **SENATE BILL No. 453**

"AN ACT relating to savings and loan associations; prescribing the minimum capital required for new associations; amending K.S.A. 17-5207 and repealing the existing section.

**BE PASSED.**

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on **COMMERCIAL AND FINANCIAL INSTITUTIONS**

Recommends that **H** Senate Bill No. 454

**"AN ACT** amending the code of civil procedure; concerning liens for labor and materials; prescribing the priorities thereof; amending K.S.A. 1971 Supp. 60-1101 and repealing the existing section.

**BE PASSED.**

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on **COMMERCIAL AND FINANCIAL INSTITUTIONS**

Recommends that **Senate Bill No. 455**

**"AN ACT relating to savings and loan associations; concerning the change of name of a savings and loan association; amending K.S.A. 17-5227 and repealing the existing section.**

**BE PASSED.**

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on **COMMERCIAL AND FINANCIAL INSTITUTIONS**

Recommends that **Senate Bill No. 456**

**"AN ACT relating to savings and loan associations; concerning powers of state savings and loan associations generally; amending K.S.A. 1971 Supp. 17-5501 and repealing the existing section and also repealing K.S.A. 17-5501a and K.S.A. 1971 Supp. 17-5501b.**

**BE PASSED.**



REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on **COMMERCIAL AND FINANCIAL INSTITUTIONS**

Recommends that **Senate Bill No. 457**

"AN ACT relating to savings and loan associations; concerning the charging off or providing of special reserves for depreciated assets; amending K.S.A. 17-5324 and repealing the existing section.

**BE PASSED.**

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on **COMMERCIAL AND FINANCIAL INSTITUTIONS**

Recommends that **Senate Bill No. 458**

"AN ACT amending the act for obtaining a guardian or conservator, or both; concerning the rights and duties of a conservator; amending K.S.A. 1971 Supp. 59-3019 and repealing the existing section.

**BE PASSED.**



JAMES R. TURNER  
EXECUTIVE VICE-PRESIDENT

612 CAPITOL FEDERAL BLDG. • TOPEKA, KANSAS 66603 • PHONE (913) 232-8215

February 16, 1972

Dear Representative:

Attached is a copy of Senate Bill No. 458 concerning:

AN ACT amending the act for obtaining a guardian or conservator, or both; concerning the rights and duties of a conservator; amending K.S.A. 1971 Supp. 59-3019 and repealing the existing section.

This bill will amend that portion of the conservator act applicable to investments by the conservator in savings and loan associations by eliminating the present \$10,000 investment limitation and adding in lieu thereof a limitation equal to the amount the investment is insured by the Federal Savings and Loan Insurance Corporation. This will be consistent with K.S.A. 17-5002 and will eliminate any possible conflict between the two statutory provisions concerning the authority of a conservator to place funds with a savings and loan association.

Sincerely,

James R. Turner  
Executive Vice President

JRT:sp

Encl.

## SENATE BILL No. 458

By Committee on Commercial and Financial Institutions

1-13

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AN ACT amending the act for obtaining a guardian or conservator, or both; concerning the rights and duties of a conservator; amending K. S. A. 1971 Supp. 59-3019 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

1 Section 1. K. S. A. 1971 Supp. 59-3019 is hereby amended to  
2 read as follows: 59-3019. A conservator shall be subject to the  
3 control and direction of the court at all times and in all things.  
4 He shall (1) prosecute and defend for his conservatee; (2) sell  
5 assets of the estate when the interests of the conservatee and his  
6 estate require the sale thereof; (3) pay the reasonable charges for  
7 the support, maintenance, and education of the conservatee in a  
8 manner suitable to his station in life and the value of his estate;  
9 but nothing herein contained shall release a natural guardian from  
10 obligations imposed by law as to the support, maintenance, and  
11 education of his minor children; (4) pay all just and lawful debts  
12 of the conservatee and the reasonable charges incurred for the  
13 support, maintenance, and education of his spouse and children;  
14 (5) possess and manage the estate, collect all debts and claims in  
15 favor of the conservatee, or with the approval of the court com-  
16 promise the same; and (6) invest all funds, except such as may be  
17 currently needed for the debts and charges aforesaid and the  
18 management of the estate, in (A) such securities as are proper  
19 for the investment of trust funds, including securities approved

1 by the comptroller of the currency of the United States for the  
2 investment of trust funds by national banks; (B) direct obligations  
3 of this state, any county or city or school district in this state;  
4 (C) direct obligations of the United States government, and obli-  
5 gations, the interest and principal of which are both unconditionally  
6 guaranteed by the United States government; (D) legally issued  
7 notes of the owner of unencumbered real property located in this  
8 state secured by first mortgage or deed of trust thereon: *Provided*,  
9 That the total debt secured by such encumbrance does not exceed  
10 fifty percent (50%) of the actual cash value of such real property  
11 at the time of such investment; (E) the entire fee simple title to  
12 real estate or an interest therein: *Provided further*, That with the  
13 approval of the court the conservator may also acquire title to  
14 real estate whenever necessary to reasonably protect the invest-  
15 ment or interest of his conservatee in such property: *And provided*  
16 *further*, That the title to real property acquired by the conservator  
17 shall in all cases be taken in the name of the conservatee; (F)  
18 shares *or deposits* of the savings and loan associations under the  
19 supervision of this state and federal savings and loan associations  
20 under federal supervision in an amount not exceeding ~~ten thou-~~  
21 ~~sand dollars (\$10,000)~~ *the amount such investment is insured*  
22 *by the federal savings and loan insurance corporation* in any one  
23 association; (G) may deposit the funds of the conservatee under a  
24 time deposit or in a savings account of an insured bank within  
25 the state of Kansas; (H) shares of investment trusts or mutual  
26 funds; (I) with approval of the court, the conservator may purchase  
27 a contract or contracts for annuities or for life, health or accident  
28 insurance on the person of the ward, or of another in whom the  
29 ward has an insurable interest, or a combination of any such  
30 contracts, provided such contract be payable to the ward or to  
31 his estate, be in the usual form and be issued by an insurance

1 company authorized to do business in the state of Kansas. Any  
2 such contract shall reserve the right in the ward to change the  
3 beneficiary thereof after termination of his disability or incom-  
4 petency; (J) as may be otherwise now authorized by the laws of  
5 the state of Kansas: *Provided*, That whenever and so long as  
6 the funds of the conservatee shall be invested as provided under  
7 (D) and (E) hereof it shall be the duty of the conservator to  
8 cause to be insured and to keep insured any and all buildings  
9 or other improvements located on such real property against loss  
10 or damage by fire, lightning, windstorm and/or hail in a reasonable  
11 amount for the benefit of his conservatee as his interest may appear.

12 Sec. 2. K. S. A. 1971 Supp. 59-3019 is hereby repealed.

13 Sec. 3. This act shall take effect and be in force from and after  
14 its publication in the statute book.

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JAMES R. TURNER  
EXECUTIVE VICE-PRESIDENT

612 CAPITOL FEDERAL BLDG. • TOPEKA, KANSAS 66603 • PHONE (913) 232-8215

February 16, 1972

Dear Representative:

Attached is a copy of Senate Bill No. 457 concerning:

AN ACT relating to savings and loan associations; concerning the charging off or providing of special reserves for depreciated assets; amending K.S.A. 17-5324 and repealing the existing section.

This will eliminate the necessity for a Savings and Loan Board meeting to approve special reserves required for depreciated assets of a State savings and loan association. The bill grants this power to the Commissioner with appeal provisions to the full Board as provided by K.S.A. 17-5606. The bill requires the Commissioner to base his valuation of alleged depreciated assets upon an independent appraisal.

Sincerely,

James R. Turner  
Executive Vice President

JRT:sp

Encl.

*Gives lots of power to  
the Commissioner*

## SENATE BILL No. 457

By Committee on Commercial and Financial Institutions

1-13

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AN ACT relating to savings and loan associations; concerning the charging off or providing of special reserves for depreciated assets; amending K. S. A. 17-5324 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

1 Section 1. K. S. A. 17-5324 is hereby amended to read as fol-  
2 lows: 17-5324. The commissioner, after a determination of value  
3 ~~approved by the savings and loan board~~ *based upon an*  
4 *independent appraisal*, may order that assets in the aggregate, to  
5 the extent that such assets have depreciated in value, be charged  
6 off, or that a special reserve or reserves equal to such depreciation  
7 in value be set up by transfers from undivided profits. *Any as-*  
8 *sociation may appeal from such order under this section to the*  
9 *savings and loan board in the manner provided by K. S. A. 17-5606*  
10 *and acts amendatory thereof.*

11 Sec. 2. K. S. A. 17-5324 is hereby repealed.

12 Sec. 3. This act shall take effect and be in force from and after  
13 its publication in the statute book.





JAMES R. TURNER  
EXECUTIVE VICE-PRESIDENT

612 CAPITOL FEDERAL BLDG. • TOPEKA, KANSAS 66603 • PHONE (913) 232-8215

February 16, 1972

Dear Representative:

Attached is a copy of Senate Bill No. 456 concerning:

AN ACT relating to savings and loan associations; concerning powers of state savings and loan associations generally; amending K.S.A. 1971 Supp. 17-5501 and repealing the existing section and also repealing K.S.A. 17-5501a and K.S.A. 1971 Supp. 17-5501b.

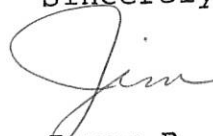
- A. An amendment to existing law increasing the lending authority of State savings and loan associations for home and other loans by increasing the present 30% of capital lending power restrictions to 40% of asset lending power restrictions, all of which are applicable only to home loans in excess of \$45,000 each, home loans in any amount which are not direct-reduction home loans, and other real estate loans, whether amortized or unamortized, regardless of the amount thereof. The amendment will further provide that no association may make any such loan under the 40% of asset limitation if the resulting amount of any one type of loan exceeds 30% of the association's assets. This amendment will grant to State chartered associations substantially the same lending authority as presently possessed by Federal savings and loan associations. (See subsections (k) and (j)).
- B. Grants to State associations the authority to make unsecured home improvement loans, subject to such prohibitions, limitations and conditions as the Commissioner may by regulation prescribe. This will eliminate the necessity of frequent amendments of the limitations and restrictions for home improvement loans to coincide with Federal association powers and authorities, by allowing the Commissioner to adopt such loan restrictions without the necessity of statutory amendment.

February 11, 1972  
Page 2  
(Lending Authority)

- C. Grants specific authorization to State savings and loan associations to participate with other lenders, subject to such prohibitions, limitations and conditions as the Savings and Loan Commissioner may by regulation prescribe. (Such authority formerly was included in K.S.A. 17-5501 (a) and portions of K.S.A. 17-5501 (b).
- D. Grants to State savings and loan associations the authority to make educational loans, subject to such prohibitions, limitations and conditions as the Commissioner may by regulation prescribe. Similar authority was granted to State savings and loan associations by K.S.A. 17-5501 (b).
- E. Repeals K.S.A. 17-5501 (a), the substance of which is included under subsection (u) and K.S.A. 17-5501 (b), the substance of which is included under subsection (v).

It is the intent of the Commissioner to adopt regulations under sections (B), (C), and (D) to grant to State savings and loan associations substantially the same authority as possessed by Federal savings and loan associations.

Sincerely,



James R. Turner  
Executive Vice President

JRT:sp

Encl.

SENATE BILL No. 456

By Committee on Commercial and Financial Institutions

1-13

AN ACT relating to savings and loan associations; concerning powers of state savings and loan associations generally; amending K. S. A. 1971 Supp. 17-5501 and repealing the existing section and also repealing K. S. A. 17-5501a and K. S. A. 1971 Supp. 17-5501b.

*Be it enacted by the Legislature of the State of Kansas:*

1 Section 1. K. S. A. 1971 Supp. 17-5501 is hereby amended to  
2 read as follows: 17-5501. Every association incorporated pursuant  
3 to or operating under the provisions of this act shall have all the  
4 powers enumerated, authorized and permitted by this act and  
5 such other rights, privileges and powers as may be incidental to or  
6 necessary for the accomplishment of the objects and purposes of  
7 the association. Among others, every association shall have the  
8 following powers:

9 (a) To sue and be sued, complain and defend in any court of  
10 law or equity.

11 (b) To purchase, hold and convey real and personal estate con-  
12 sistent with its objects and powers; and to mortgage, pledge or  
13 lease any real or personal estate; and to take property by gifts,  
14 devise, or bequest.

15 (c) To have a corporate seal, which may be affixed by imprint,  
16 facsimile or otherwise.

17 (d) To appoint officers, agents and employees as its business  
18 shall require, and allow them suitable compensation.

19 (e) To adopt and amend bylaws as provided in this act.

1 (f) To insure its shares *or deposits* with the federal savings and  
2 loan insurance corporation, and qualify as a member of a federal  
3 home loan bank.

4 (g) To accept savings and investments as payments on shares  
5 *or deposits* as provided in this act.

6 (h) To make loans to members on the sole security of shares  
7 *or deposits* except permanent guarantee or reserve stock shares.  
8 No such loan shall exceed one hundred percent (100%) of the  
9 purchase value of the shares *or deposits* owned and not otherwise  
10 pledged by the borrower.

11 (i) To make direct-reduction or sinking fund or share retirement  
12 home loans of any amount secured by home property situated in  
13 its regular lending area, subject to the following limitations: (1) No  
14 such loan shall exceed forty-five thousand dollars (\$45,000), except  
15 when made under the ~~thirty percent (30%)~~ *forty percent (40%)*  
16 of ~~capital~~ *asset* lending power. (2) No such loan shall be made  
17 directly or indirectly to a director or officer except a single loan  
18 on a home property; provided this shall not affect any loan made  
19 prior to the effective date of this act.

20 (j) To use an aggregate amount not exceeding ~~thirty percent~~  
21 ~~(30%)~~ *forty percent (40%)* of the ~~capital~~ *association's assets* at the  
22 time of such use, or a larger amount with the approval of the  
23 commissioner, to make loans as follows: (1) Home loans, which  
24 are either direct-reduction home loans or not, but which exceed  
25 forty-five thousand dollars (\$45,000) each. (2) Home loans of any  
26 amount which are not direct-reduction home loans. (3) Other real  
27 estate loans whether amortized or unamortized, regardless of  
28 amount thereof: *Provided, however, That no association may make*  
29 *or invest its funds in any loan of the types enumerated in para-*  
30 *graphs (1) through (3) of this section if the resulting aggregate*  
31 *amount of any one type of loans enumerated in paragraphs (1)*

1 through (3) exceeds thirty percent (30%) of the association's assets.  
2 This power is herein referred to as the "~~thirty percent (30%)~~  
3 ~~forty percent (40%)~~ of ~~capital~~ asset lending power." A subsequent  
4 reduction of ~~capital assets~~ shall not affect in any way outstanding  
5 loans made under the ~~thirty percent (30%)~~ ~~forty percent (40%)~~  
6 of ~~capital~~ asset lending power. One loan may be made under  
7 this section to an officer, director or employee, in addition to a  
8 home loan, but no loan secured by real estate mortgage shall be  
9 made to an officer, director, or employee which at the time of grant-  
10 ing such advance shall exceed five percent (5%) of the capital of  
11 such association or forty-five thousand dollars (\$45,000), whichever  
12 is the smaller: *Provided*, That any share or deposit loan or real  
13 estate loan made to any officer, director, or employee first must  
14 be approved by the board of directors and such approval entered  
15 upon the minutes of the meeting approving same. All such loan  
16 restrictions applicable to loans made to an officer, director or  
17 employee of a savings and loan association shall apply to any and  
18 all loans made to any general or limited partnership, corporation,  
19 trust or association if an officer, director or employee of the savings  
20 and loan association is a general or limited partner, or the owner,  
21 member or stockholder of ten percent (10%) or more of the stock  
22 or other evidence of ownership of the entity shown as obligor  
23 on the loan: *Provided further*, That in determining the ~~thirty~~  
24 ~~percent (30%)~~ ~~forty percent (40%)~~ of ~~capital~~ asset lending  
25 power, the amount of all said loans insured or guaranteed as to  
26 principal and interest by the United States of America, or any  
27 agency thereof, or by the state of Kansas shall be excluded.

28 (k) To invest in securities as follows: Without limit, in obliga-  
29 tions of, or guaranteed as to principal and interest by, the United  
30 States or the state of Kansas or any legal subdivision thereof.

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1 Without limit, in obligations of federal home loan banks and in  
2 obligations of the federal savings and loan insurance corporations.  
3 In stock of a federal home loan bank of which it is eligible to  
4 be a member and in the stock of the federal savings and loan  
5 insurance corporation and to subscribe to, buy and own such stock  
6 be a member and in the stock of the federal savings and loan  
7 of the federal national mortgage association as required by title 3,  
8 section 303, of the federal act known as the national housing  
9 act as amended by section 201 of public law No. 560, of the United  
10 States (68 Stat. 613-615) known as the housing act of 1954, or  
11 amendments thereto. With the approval of the commissioner,  
12 in shares of any association operating under the provisions of this  
13 act. With the approval of the commissioner, in shares or share  
14 accounts of any federal savings and loan association. In other  
15 securities approved by the commissioner.

16 (l) Without restriction upon the general powers of the association  
17 to invest in: (1) Real estate whereon there is or may be erected  
18 a building or buildings for the transaction of the business of the  
19 association, from portions of which, not required for its own use,  
20 a revenue may be derived by rentals or otherwise. An association  
21 may invest in such real estate an amount representing the cost of  
22 land and improvements not exceeding the sum of its undivided  
23 profits and reserve accounts. It may, however, invest in such real  
24 estate a larger sum with the approval of the commissioner. (2)  
25 Real estate purchased at sheriff's sale or at any other sale, public  
26 or private, judicial or otherwise, upon which the association has  
27 a lien or claim, legal or equitable. (3) Real estate accepted by  
28 the association in satisfaction of any debt. (4) Real estate acquired  
29 by the association in exchange for real estate owned by the asso-  
30 ciation. (5) Real estate acquired by the association in connection  
31 with salvaging the value of property owned by the association. (6)

1 Title to all real estate shall be taken and held in the name of the  
2 association and such title shall immediately be recorded in accord-  
3 ance with law.

4 (m) If and when an association is not a member of a federal  
5 home loan bank, to borrow not more than an aggregate amount  
6 equal to one-fourth ( $\frac{1}{4}$ ) of its capital on the date of borrowing. If  
7 and when an association is a member of federal home loan bank,  
8 to secure advances of not more than an aggregate amount equal  
9 to its capital. Within an amount equal to its capital, the asso-  
10 ciation may borrow from sources other than such federal home  
11 bank an aggregate amount not in excess of ten percent (10%) of  
12 its capital. A subsequent reduction of capital shall not affect  
13 in any way outstanding obligations for borrowed money. All  
14 such loans and advances may be secured by property of the asso-  
15 ciation.

16 (n) To repurchase and redeem shares in accordance with the  
17 provisions of this act.

18 (o) To pay a bonus to members in accordance with the provisions  
19 of the bylaws.

20 (p) If and when an association is a member of a federal home  
21 loan bank, to act as fiscal agent of the United States, and when  
22 designated for that purpose by the secretary of the treasury, it  
23 shall perform, under such regulations as he may prescribe, all  
24 such reasonable duties as fiscal agent of the United States as he  
25 may require, and shall have power to act as agent for any other  
26 instrumentality and as agent of the state in accordance with the  
27 laws of this state.

28 (q) To dissolve, merge, or reorganize in the manner provided in  
29 this act.

30 (r) To sell and assign notes and mortgages without recourse,  
31 except that notes and mortgages may be assigned with recourse to

1 any federal home loan bank of which the association is a member.

2 (s) No association organized under this act shall make loans  
3 upon tangible personal property, except when such property is  
4 used in the operation or management of real property upon which  
5 said association has a first lien, or where taken as additional  
6 security.

7 (t) Any association may, upon adoption of such a loan plan by  
8 its board of directors, make or purchase:

9 (A) Any unsecured loan at least twenty percent (20%) of which  
10 is guaranteed under the provisions of the servicemen's readjust-  
11 ment act of 1944, as now or hereafter amended.

12 (B) Simple interest, discount, or gross charge loans for property  
13 alteration, repair, or improvement without the security of a lien  
14 upon such property, *subject to such prohibitions, limitations and*  
15 *conditions as the commission may by regulation prescribe: Pro-*  
16 *vided, (1) The net proceeds of any such loan do not exceed*  
17 *five thousand dollars (\$5,000). (2) The property is located*  
18 *in such association's regular lending area. (3) Each such*  
19 *loan is evidenced by one or more negotiable notes or other*  
20 *written evidences of debt. (4) The That the resulting aggregate*  
21 *amount of all such loans does not exceed an amount equal to*  
22 *twenty percent (20%) of such association's assets. (5) Each such*  
23 *loan is repayable in regular monthly installments within*  
24 *a period of eight (8) years: Provided, however, That no asso-*  
25 *ciation may make any unsecured loan to a director, officer, or*  
26 *employee of the association, or to any person or firm regularly*  
27 *servng the association in the capacity of attorney-at-law, except*  
28 *for the alteration, repair or improvement of the home or combina-*  
29 *tion of home and business property owned and occupied by such*  
30 *borrowing director, officer, employee, attorney or firm.*

31 (u) *Subject to such prohibitions, limitations and conditions as*



1 *the commissioner may by regulation prescribe, any such asso-*  
2 *ciation may participate with other lenders in making loans of any*  
3 *type that such an association may otherwise make if the other par-*  
4 *ticipants are instrumentalities or corporations owned wholly or in*  
5 *part by the United States or this state, or are associations or cor-*  
6 *porations insured by the federal savings and loan insurance corpo-*  
7 *ration or the federal deposit insurance corporation.*

8 *(v) Subject to such prohibitions, limitations and conditions as*  
9 *the commissioner may by regulation prescribe, any such associa-*  
10 *tion may make loans for the payment of expenses of college, uni-*  
11 *versity or vocational education.*

12 Sec. 2. K. S. A. 17-5501a and K. S. A. 1971 Supp. 17-5501 and  
13 17-5501b are hereby repealed.

14 Sec. 3. This act shall take effect and be in force from and after  
15 its publication in the statute book.

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JAMES R. TURNER  
EXECUTIVE VICE-PRESIDENT

612 CAPITOL FEDERAL BLDG. • TOPEKA, KANSAS 66603 • PHONE (913) 232-8215

February 16, 1972

Dear Representative:

Attached is a copy of Senate Bill No. 455 concerning:

AN ACT relating to savings and loan associations; concerning the change of name of a savings and loan association; amending K.S.A. 17-5227 and repealing the existing section.

This will amend K.S.A. 17-5227 by deleting procedure pertaining to the location of the home office of a State savings and loan association as the same is now adequately covered by K.S.A. 17-5225, subsections (a) through (d), adopted by the 1971 Legislature (L. 1971, Ch. 81, Sec. 5).

The bill will eliminate the necessity of a hearing before the full Savings and Loan Board of an application by a State savings and loan association for change of its corporate name. The bill will allow such hearings to be held before the Savings and Loan Commissioner rather than the Board and will grant appeal provisions to the full Board by the applicant or opponents as provided by K.S.A. 17-5606.

Sincerely,

James R. Turner  
Executive Vice President

JRT:sp

Encl.

## SENATE BILL No. 455

By Committee on Commercial and Financial Institutions

1-13

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AN ACT relating to savings and loan associations; concerning the change of name of a savings and loan association; amending K. S. A. 17-5227 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

1 Section 1. K. S. A. 17-5227 is hereby amended to read as follows:  
2 17-5227. Five copies of an application to the commissioner for  
3 approval shall be signed by two officers of the association, acknowl-  
4 edged before an officer competent to take acknowledgments of  
5 deeds, and filed with the commissioner. Upon receipt of applica-  
6 tion for change of name ~~or location of the home office~~ the  
7 commissioner shall notify each association chartered to do business  
8 in the applicant's county of such application, by registered mail.  
9 Such notification shall set a time at which a hearing will be held  
10 before the ~~savings and loan board~~ *commissioner*. The ~~board~~  
11 *commissioner* shall inquire into the advisability of such change.  
12 After the hearing the ~~board~~ *commissioner* shall promptly approve  
13 or disapprove the change. If approved the commissioner shall  
14 issue a certificate of approval of such change. When the com-  
15 missioner shall have endorsed such an approval upon the copies  
16 of an application for approval of change of name ~~or change of~~  
17 ~~location of home office~~, he shall file one copy thereof with the  
18 secretary of state, two copies with the federal home loan bank of  
19 which the association is a member, return one copy to the appli-  
20 cant association and retain the original copy of the application

1 in the permanent files in his office. *Any association aggrieved by*  
2 *any action or nonaction of the commissioner under this section*  
3 *may appeal therefrom to the savings and loan board in the manner*  
4 *provided by K. S. A. 17-5606 and acts amendatory thereof.*

5 Sec. 2. K. S. A. 17-5227 is hereby repealed.

6 Sec. 3. This act shall take effect and be in force from and after  
7 its publication in the statute book.

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JAMES R. TURNER  
EXECUTIVE VICE-PRESIDENT

612 CAPITOL FEDERAL BLDG. • TOPEKA, KANSAS 66603 • PHONE (913) 232-8215

February 16, 1972

TO: MEMBERS OF HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL  
INSTITUTIONS

Dear Representative:

Attached is a copy of Senate Bill No. 454 concerning:

AN ACT amending the code of civil procedure; concerning liens for labor and materials; prescribing the priorities thereof; amending K.S.A. 1971 Supp. 60-1101 and repealing the existing section.

This bill will eliminate present problems in securing financing for new construction by establishing a requirement that insofar as the construction lender is concerned, the effective date of the lien for labor and material will commence from the date the labor, equipment, materials or supplies are furnished at the site of the property. Material and labor performed off the site prior to that time may be included as part of the mechanic's lien; however, no mechanic's lien may be held prior to a recorded construction mortgage until labor or material is actually placed on the site. Present law provides no method whereby a construction lender may safely protect priority of the construction loan as a first lien since there is no way of knowing whether or not prefab construction or modular housing has taken place off the site. The suggested amendment is patterned after existing legislation applicable to the liens of subcontractors under K.S.A. 60-1103.

Sincerely,

James R. Turner  
Executive Vice President

JRT:sp

Encl.

## SENATE BILL No. 454

By Committee on Commercial and Financial Institutions

1-13

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AN ACT amending the code of civil procedure; concerning liens for labor and materials; prescribing the priorities thereof; amending K. S. A. 1971 Supp. 60-1101 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

1 Section 1. K. S. A. 1971 Supp. 60-1101 is hereby amended to read  
2 as follows: 60-1101. Any person furnishing labor, equipment, ma-  
3 terial, or supplies used or consumed for the improvement of real  
4 property, under a contract with the owner or with the trustee, agent  
5 or spouse of the owner, shall have a lien upon the property for  
6 the labor, equipment, material or supplies furnished, and for the  
7 cost of transporting the same, and the lien shall be preferred to  
8 all other liens or encumbrances which are subsequent to the com-  
9 mencement of the furnishing of such labor, equipment, material  
10 or supplies *at the site of the property subject to the lien*. When  
11 two or more such contracts are entered into applicable to the same  
12 improvement, the liens of all claimants shall be similarly preferred  
13 to the date of the earliest lien of any of them.

14 Sec. 2. K. S. A. 1971 Supp. 60-1101 is hereby repealed.

15 Sec. 3. This act shall take effect and be in force from and after  
16 its publication in the statute book.



JAMES R. TURNER  
EXECUTIVE VICE-PRESIDENT

612 CAPITOL FEDERAL BLDG. • TOPEKA, KANSAS 66603 • PHONE (913) 232-8215

February 16, 1972

TO: MEMBERS OF COMMITTEE ON COMMERCIAL & FINANCIAL INSTITUTIONS

Dear Representative:

Attached is a copy of Senate Bill No. 453 concerning:

AN ACT relating to savings and loan associations; prescribing the minimum capital required for new associations; amending K.S.A. 17-5207 and repealing the existing section.

This bill will increase the minimum capital required for new State savings and loan associations in cities of not more than 10,000 from the present minimum sum of \$5,000 to \$100,000, the bill will further increase the minimum capital required in cities of more than 10,000 but less than 100,000 from the present minimum sum of \$10,000 to \$300,000. The bill will increase the requirement in cities of 100,000 or more from the present minimum sum of \$20,000 to \$500,000. The new requirements set forth in this bill are identical to the capital requirements recommended by the Model Savings and Loan Code (Section 4, sub-paragraph a). The existing law regulating State banks sets minimum capital requirements as follows:

<u>Population Not to Exceed</u>	<u>Minimum Capital Requirement</u>
2,000 persons	\$ 25,000
3,000 persons	35,000
6,000 persons	50,000
10,000 persons	75,000
50,000 persons	100,000
100,000 persons	200,000
200,000 persons	300,000
More than 200,000 persons	400,000

In addition, each new bank is required to have a paid in surplus of 20% of its common capital stock, and paid in undivided profit of 5% of its common capital stock.

Sincerely,

A handwritten signature in blue ink that reads "Jim".

James R. Turner  
Executive Vice President

JRT:sp

Encl.

## SENATE BILL No. 453

By Committee on Commercial and Financial Institutions

1-13

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AN ACT relating to savings and loan associations; prescribing the minimum capital required for new associations; amending K. S. A. 17-5207 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

1 Section 1. K. S. A. 17-5207 is hereby amended to read as follows:  
2 17-5207. The incorporators shall appoint one of such persons as  
3 chairman of the incorporators. The incorporators shall pay in cash, to  
4 such chairman as subscriptions to the capital of the proposed associa-  
5 tion, including that part of the original subscription paid by such  
6 chairman, an aggregate amount, fixed as follows in relation to the  
7 size of the place in which the home office of the association is to be  
8 located: (1) In cities with a population of not more than *ten thou-*  
9 *sand* (10,000) inhabitants, the minimum sum of ~~\$5,000~~ *one hundred*  
10 *thousand dollars (\$100,000)*; (2) in cities having a population of more  
11 than *ten thousand* (10,000) but less than *one hundred thousand*  
12 *(100,000)*, the minimum sum of ~~\$10,000~~ *three hundred thousand*  
13 *(\$300,000)*; (3) in cities having a population of *one hundred thousand*  
14 *(100,000)* or more, the minimum sum of ~~\$20,000~~ *five hundred thou-*  
15 *sand (\$500,000)*: *Provided*, The commissioner may, in his discretion,  
16 require a larger amount of share capital to be paid in.

17 Sec 2. K. S. A. 17-5207 is hereby repealed.

18 Sec. 3. This act shall take effect and be in force from and after  
19 its publication in the statute book.