

MINUTES OF THE House COMMITTEE ON Commercial & Financial Institutions

The meeting was called to order by Representative Harold P. Dyck at
Chairperson

3:30 ~~xxx~~ p.m. on March 18, 1986 in room 527-S of the Capitol.

All members were present except: Rep. Francisco, excused.

Committee staff present: Bill Wolff, Legislative Research Department
Bruce Kinzie, Revisor of Statutes Office
Myrta Anderson, Legislative Research Department
Virginia Conard, secretary

Conferees appearing before the committee: Bud Grant, Vice President, Kansas Chamber of Commerce & Ind.
Tom Groneman, Legislative Committee Rex Hester, Collection Manager, Montgomery Ward Co., Inc.
Chmn, Register of Deeds Assoc. Jim Maag, Research Director, Kansas Bankers Association
Pete McGill, Ks. Independent Bankers Rita D'Agostino, General Counsel, Banking Commissioner
Association

Chairman Dyck opened the meeting and called on Bud Grant, vice president, Kansas Chamber of Commerce and Industry, a proponent of SB502. Mr. Grant introduced Rex Hester, Collection Manager of Montgomery Ward & Co., Inc., who testified in favor of SB502 which deals with with the UCC as to exemption from filing certain purchase money security interest. (See Attachment I for details of Mr. Hester's testimony.)

The second conferee on SB502 was Tom Groneman, Legislative Committee Chairman, Register of Deeds Association, who spoke against the passage of SB502. (See Attach II for details.)

There being no further testimony on SB502, the chairman called on Jim Maag, Director of Research, Kansas Bankers Association, who spoke on SB455, which concerns banks holding real estate taken in satisfaction of a debt. (See Attachment III). Rep. Louis asked Mr. Maag if the real estate could be confined to only agricultural real estate and Mr. Maag agreed that it could be changed to cover only agricultural real estate.

Mr. Maag then presented two amendments to SB455 (Attachment IV). The first proposed amendment amends Sec. 3 of K.S.A. 1985 Supp. 9-1104: "The legality of a loan hereunder shall be determined as of the date the loan is made."

The second proposed amendment would amend Sec. 4 of K.S.A. 9-1609 as follows:

9-1609. Any state or national bank or trust company qualified to act as fiduciary in this state may establish common trust funds for the purpose of furnishing investments to itself as fiduciary, or to another state or national bank or trust company, as fiduciary, which is a subsidiary of the same bank holding company of which it is a subsidiary, as such terms are defined in K.S.A. 1985 Supp. 9-519; and any state or national bank or trust company qualified to act as fiduciary in this state may, as such fiduciary or co-fiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds, if such investment is not prohibited by the instrument, judgment, decree, or order creating such fiduciary relationship, and if, in the case of co-fiduciaries, the bank or trust company produces the consent of its co-fiduciaries to such investment. The state banking board is hereby authorized to adopt rules and regulations for a plan or operation for the management of such funds for state banks and trust companies.

In line 15, by renumbering the section as Section 5; by inserting", 9-1609" after K.S.A. 9-1102; and by inserting "and K.S.A. 1985 Supp 9-1104" after 17-5904.

In line 151, by renumbering the section as Section 6.

In the title, by inserting the following immediately after the second semicolon: "concerning loan limits; concerning common trust funds; by inserting ", 9-1609" after K.S.A. 9-1102; by inserting "and K.S.A. 1985 Supp. 9-1104" after 17-5904.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL & FINANCIAL INSTITUTIONS,
room 527-S, Statehouse, at 3:30 ~~xxx~~ p.m. on March 18, 1986

The second proponent for SB455 Pete McGill of the Kansas Independent Bankers Association said he enthusiastically supports SB455 as presented by Mr. Maag and he didn't think his group would have any objection to the proposal to Mr. Maag that the real estate be limited to agricultural real estate. Mr. McGill said he had not studied Mr. Maag's two proposed amendments so could not comment on them.

Chairman Dyck then asked the committee what their wishes were regarding the two proposed amendments to SB455. Rep. Sand moved to adopt the first amendment which deals with the legality of the loan. Rep. Wilbert seconded. Motion carried.

Rep. Sand moved to adopt Mr. Maag's proposed second amendment. Rep. Ott seconded. Upon further questioning of Mr. Maag regarding this second proposed amendment, Rep. Sand withdrew his motion and Rep. Ott withdrew his second.

There was no further testimony on SB455. Chairman Dyck then called on Rita D'Agostino, General Counsel, Banking Commissioner, who testified for SB457, which she said was mainly a general housekeeping bill. (See Attachment V for details).

Chairman Dyck read the following change of the title for SB457 and asked the committee for their consideration:

SB457 - AN ACT concerning the powers and duties of the bank commissioner; relating to the deposit of security or bonds for certain businesses; concerning capital requirements for certain banks; requiring certain reports; amending K.S.A. 9-509 and 9-901a and K.S.A. 1985 Supp. 9-1722 and repealing the existing sections.

Rep. Nichols moved that the suggested new title for SB457 be approved. Rep. Johnson seconded. Motion carried.

Rep. Nichols moved that the minutes of the March 6 meeting be approved. Rep. Long seconded. Motion carried.

Credit Service Center

913-676-4000

Since the time the Uniform Commercial Code was enacted in 1972, the world of consumer finance has changed considerably. Bankruptcies in Kansas have increased 247% from 1972 to 1985, the cost of consumer finance has had dramatic cost increases due to increased competition in the marketplace, and due to legislation, such as truth in lending and fair credit billing requiring expanded technology in computerization to comply with federal and state laws.

We acknowledge the needs that existed at the times truth in lending and fair credit billing were enacted and support these changes 100%. We also recognize that competition is healthy for the consumer and the economy in general. However, we do feel that some relief is needed in the bankruptcy area. Even though work is being done at the federal level to gain relief in the bankruptcy problem, we are appealing to the State of Kansas to assist consumer financiers in relief at this level.

The bill we are asking you to consider will allow us to recover part of our losses in bankruptcy without adding additional costs by having to file a financing statement to recover unpaid merchandise. We sold the merchandise in good faith and have signed contracts by the consumer acknowledging their acceptance of the merchandise and their agreement to pay according to the contract terms. We feel this should entitle us to recovery of those unpaid goods without the expense of filing financing statements.

The cost of filing the financing statement is of great concern, but equally important is the inconvenience to the consumer to be delayed at the cash register to complete the necessary paper work or the inconvenience of being referred to the credit office to complete the paper work. Kansas and Oklahoma were two of the few states where an unfiled agreement was not

Attachment I
C&FI March 18, 1986

Credit Service Center

913-676-4000

page 2

recognized as being secured. In May of 1985, Oklahoma made a change in their interpretation of the Uniform Commercial code by recognizing purchase money security interest as a valid entity without the need to file. This leaves Kansas as the only midwest state not recognizing the validity of purchase money security interest.

A concern could be raised as to how this bill would affect a bank or finance company that was considering making a loan secured by household goods when the bank or finance company would have no way of knowing of a prior lien. To answer this concern, I contacted several banks and finance companies in Kansas and found that none of the ones I contacted were making loans secured by household goods. The reason this type of loan is no longer made is because of a bankruptcy revision in 1979 which made non-purchase money security interest items exempt in bankruptcy proceedings.

In closing, we appeal to your fair sense of play by asking you to take the same course of action as our neighbor, Oklahoma, by interpreting purchase money security interest as a valid security without the necessity to file a financing statement.



Rex Hester
Collection Manager
Montgomery Ward & Co., Inc.

Attachment II

Kansas Register of Deeds Testimony

Re: Senate Bill #502

Attachment II
C&FI
March 18, 1986

Mr. Chairman, Members of the Committee, I am Tom Groneman, Register of Deeds from Wayndotte County and Chairman of the Legislative Committee of the Kansas Register of Deeds Association. I appear before you today in opposition to Senate Bill #502.

Senate Bill #502 amends the Uniform Commercial Code doing away with the necessity to file financing statements to perfect a purchase money security interest in consumer goods. This requirement has been in effect since 1868, first under the statutes governing chattel mortgages and since 1966 as part of the Uniform Commercial Code.

The purpose of the requirement is notification to the public of existing liens on personal property. The general public, including banks, lending companies, attorney's, abstractors, etc. who now rely on this information on a daily basis will find this information unavailable to them if Senate Bill #502 passes.

Individuals who do not own real estate, and only have consumer goods for collateral, will find it difficult to get a needed loan. Lenders will be hesitant to loan money on consumer goods if they cannot find out about existing liens.

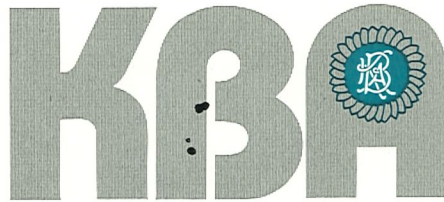
Besides the loss of notification to the public there will be a loss of revenue to counties. It is estimated that over 50% of current filings are for purchase money security interests. This relates to a loss of \$25,000 a year to a county such as Wyandotte and \$12,000 a year for a county such as Reno.

PUBLIC TESTIMONY
ON
SB 455

TO THE
HOUSE COMMITTEE ON
COMMERCIAL AND FINANCIAL
INSTITUTIONS

BY
KANSAS BANKERS ASSOCIATION

MARCH 18, 1986



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

March 18, 1986

TO: House Committee on Commercial Institutions and Insurance

RE: SB 455 - The Holding of Real Estate

Mr. Chairman and members of the Committee:

We appreciate the opportunity to appear before the committee and discuss the provisions of SB 455. This bill amends the state banking code and would allow banks to hold real estate acquired in the satisfaction of debt, purchased in satisfaction of debt, or purchased at judicial sale for a period of 10 years rather than 5 years as is allowed under current law.

As the attached article from the Wichita Eagle-Beacon shows, one of the real crises in agriculture today is the continuing decline in the value of agricultural land. This one sentence from the article puts the problem in very sharp focus: "Never in Kansas history have farmland values fallen as steeply in back-to-back years (1984-85) - not even during the worst years of the Dust Bowl and Great Depression." The economists responsible for compiling the statistics used in the article point out that one of the major reasons for the decline is the "glut of farmland on the market." This is why the KBA is requesting the passage of SB 455 which would have the impact of keeping additional agricultural land from being dumped on an already depressed farmland market.

Included with this testimony is a print-out showing that all Kansas banks as of 12/31/84 held some \$268.6 million in agricultural real estate loans. This figure does not include real estate used as collateral for agricultural production loans and the dollar amount of that real estate would probably exceed \$500 million. Statistics provided by the State Banking Department show that at year-end 1983 state-chartered banks in Kansas held \$86.1 million in "other real estate" (acquired in satisfaction of debt and at judicial sale). By year-end 1984 this figure had risen to \$100.4 million and as of September 1985 it had reached \$122.2 million. There is every reason to believe this upward trend will continue in 1986.

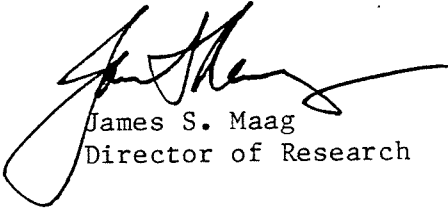
If the banks are forced to place any significant percentage of this real estate on the market because the 5-year limitation on the holding of real estate has expired and since the great majority of that real estate is agricultural land, it will obviously have the effect of creating an additional "glut" on the ag land market, thus driving prices down further. We believe an extension of that 5-year limitation to 10 years may well give banks the opportunity to hold that real estate until some stability has returned to the ag land market.

House Committee on Commercial and Financial Institutions
March 18, 1986
Page Two

There are also many banks who have worked out arrangements with debtors to lease back the land and continue to farm it. In several instances, those arrangements are now jeopardized by the 5-year limitation.

We truly believe this change in the law will be of benefit not only to 400-plus Kansas banks involved in agricultural lending, but also to the farmers and ranchers of Kansas since it will give the banks more flexibility to work with their ag customers and will also keep additional amounts of farm land from being unnecessarily dumped on an already depressed market.

Thank you for your consideration of SB 455 and we strongly urge the committee to recommend the bill favorably for passage.



James S. Maag
Director of Research

JSM/ljs

Land Values Nearly Half Of '81 Prices

By Tom Webb
Staff Writer

The value of Kansas agricultural land deteriorated so severely in 1985 that a typical ranch is now worth half of its 1981 price, according to a survey released Tuesday by the Federal Reserve Bank of Kansas City.

Kansas farmland fell 19 percent in value last year, and that's atop a 20 percent drop in 1984, the survey said. Never in Kansas history have farmland values fallen as steeply in back-to-back years — not even during the worst years of the Dust Bowl and Great Depression.

"The effect that it has on farmers, it also has on banks," said Kim Norris, a researcher at the Kansas City Fed. "Obviously when farmland values fall, the value of farmers' collateral falls."

And, Norris said, that means bankers sometimes have to call in loans.

With about 24 million acres of farmland, 17 million acres of ranch land and 3½ million acres of irrigated land in Kansas, paper losses since 1981 are approaching \$13 billion.

Economists cite high interest rates, depressed crop prices, the easing of inflation and a glut of farmland on the market as major reasons farmland values have declined 44 percent since peaking in 1981. Ranch land has dropped 50 percent in value, with non-irrigated land down 39 percent, the survey said.

The findings are based on a quarterly survey of Kansas bankers. The figures are statewide averages for an acre of good farmland, so prices vary from region to region.

"The continuing decline in land values represents a continuing decline in the net worth of the land owner and a decline in the collateral value of that property," said Don Caviness, a spokesman for Wichita Farm Credit System, which holds more farmland loans than any other lender.

In the last three months of 1985, non-irrigated farmland fell another 4 percent in value, irrigated land dropped 7.5 percent and ranch land declined an average of 6 percent, the survey showed.

Figures also said that land prices nearly collapsed last fall in Oklahoma. In just three months, Oklahoma farmland values declined by 14 percent — signaling that falling oil prices also are pressuring farmland values.

"You'll recall a few years ago when energy prices were increasing, and there were some phenomenal leases paid by energy companies for exploration rights,"

● FARMLAND, 5D, Col. 1

Falling Prices Affect Farmers, Banks

● FARMLAND, From 1D

Caviness said. "That situation has totally reversed itself, and I would think that would be a major contribution to the drop in land values of those areas."

The decline is most worrisome for farmers who are selling land, and for farmers who borrow large amounts of money using their land as collateral, analysts say. Bankers are responding by demanding more collateral for loans.

"It's a contributing factor to the numerous ag bank failures that we see," said Norris.

The story is much the same throughout the Midwest. Nebraska farmland has declined in value by 51 percent since 1981. Oklahoma farmland is down 46 percent. Missouri land has dropped 46 percent.

In Kansas, good-quality farmland now sells for an average of \$428 an acre, with irrigated land bringing an average of \$667 and ranch land an average of \$196 an acre, the survey said.

Although the trend continues down, economists at the Kansas City Federal Reserve expect land prices to stabilize by the end of 1986.

Kansas Farmland Values



The value of farmland in Kansas continued its downward spiral in 1985, with all three types of land declining.

The per-acre values listed below reflect average prices for non-irrigated, irrigated and ranch land.

	NON-IRRIG.	IRRIG.	RANCH
1980	\$737	\$1,020	\$377
1981	742	1,059	393
1982	677	998	336
1983	658	957	321
1984	531	831	267
1985	428	667	196

SOURCE: Federal Reserve Bank of Kansas City survey of Kansas bankers.

Alison Kuhn/Staff Artist

The Farm Credit System also sees a bottom to the free-fall. "In some areas, prices have

stabilized and have begun to move up slightly," Caviness said. "We think that's very encouraging."

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Allen	Humboldt	Humboldt Ntl.	16,301	1,189.973	
		Iola	Allen County Bank & Trust	23,204	881.752
		Iola Bk & Trust Co	19,052	38.104	
Anderson	Moran	Citizens State	2,520	55.44	
	Colony	State Bank of Colony	2,193	195.177	
	Garnett	Garnett State Savings Bk	16,306	1,728.436	
		Kansas State Bank	7,482	149.64	
	Greeley	Bank of Greeley	6,663	506.388	
	Kincaid	Bank of Kincaid	7,090	588.47	
	Westphalia	State Bank	4,036	117.044	
Atchison	Atchison	City Ntl.	18,500	925	
		Exchange National	28,375	822.875	
		Valley State Bank	6,241	299.568	
	Effingham	Farmers & Merchants St Bk	6,153	516.852	
	Lancaster	State Bank of Lancaster	2,136	482.736	
	Barber	Hardtner	Farmers State Bank	9,542	0
		Hazelton	Farmers State Bank	2,629	160.369
Isabel		Isabel State Bank	1,815	0	
Kiowa		Bank of Kiowa	11,523	57.615	
		First State Bank	19,872	616.032	
Barton	Medic Lodge	First Ntl.	24,825	1,067.475	
	Sharon	Sharon Valley State	3,798	132.93	
	Albert	Farmers Bank	16,513	627.494	
	Beaver	Farmers State Bank	1,645	0	
	Claflin	Farm & Merchants St Bk	4,849	1,624.415	
	Ellinwood	Peoples State & Tr Co	43,172	345.376	
	Great Bend	American St Bk & Tr Co	34,679	728.259	
		First Ntl. Bk & Tr Co	60,695	667.645	
		Security State Bank	28,133	253.197	
		Hoisington	First Kansas Bank	1,890	0
Bourbon	Hoisington	Hoisington Ntl. Bank	8,670	320.79	
		Bronson	Bank of Bronson	7,561	30.244
		Fort Scott	Citizens Ntl. of Fort Scott	40,173	241.038
	Uniontown	City State Bank	2,196	0	
		Security State Bank	40,828	898.216	
		Union State	6,655	392.645	
Brown	Everest	Union State Bank	5,113	127.825	
	Fairview	Farmers State Bank	5,345	363.46	
	Hiawatha	Citizens State Bk & Tr Co	35,532	319.788	

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Brown	Hiawatha	Morrill & Janes Bk & Tr Co	10,085	1,391.73	
	Horton	Bank of Horton	10,553	137.189	
	Robinson	Bank of Robinson	4,077	391.392	
Butler	Andover	Andover State Bank	6,949	194.572	
	Augusta	Augusta Bank and Trust	10,578	0	
		Prairie State Bank	30,954	154.77	
	Benton	Benton State Bank	6,149	135.278	
	Douglass	Exchange State Bank	6,614	218.262	
	El Dorado	Citizens St Bk	12,215	122.15	
		First Ntl. Bank & Tr Co	36,307	36.307	
		Walnut Valley State Bank	44,216	574.808	
	Leon	State Bank of Leon	2,330	216.69	
	Potwin	Potwin State	4,948	815.42	
	Rose Hill	Rose Hill State	16,331	2,547.636	
	Towanda	Towanda State	2,156	120.736	
	Whitewater	Bank of Whitewater	7,487	67.383	
	Chase	Cedar Point	Cedar Point State Bank	2,107	151.704
		Cottnwd Fal	Exchange National	17,112	342.24
Elmdale		Peoples Exchange Bank	3,001	114.038	
Strong City		Chase County Bank	995	10.945	
Chautauqua	Cedar Vale	Cedar Vale State Bank	8,043	667.569	
	Sedan	First Ntl.	15,144	832.92	
		Sedan State	19,711	1,478.325	
Cherokee	Baxter Spr	American National Bank	24,955	549.01	
	Baxter Sprgs	Baxter State Bank	8,121	609.075	
	Columbus	Columbus State Bank	18,533	1,241.711	
		First National	23,697	1,729.881	
	Galena	Citizens State Bk	6,452	51.616	
	Weir	Citizens Bank	2,708	197.684	
	Cheyenne	Bird City	Security State Bank	6,763	202.89
St Francis		Cheyenne County State	17,831	320.958	
		Citizens State	19,124	994.448	
Clark	Ashland	Citizens State Bank	8,005	88.055	
		Stock Growers State Bank	15,120	287.28	
	Minneola	Peoples State	3,160	60.04	
Clay	Clay Center	Peoples National	22,296	2,809.296	
		Union State Bank	21,807	1,199.385	
	Wakefield	Farmers & Merchants St	3,216	16.08	
Cloud	Clyde	Elk State Bank	7,568	423.808	

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Cloud	Clyde	Exchange Bank of Clyde	6,018	337.008	
	Concordia	Cloud County Bank & Trust	19,227	3,441.633	
		First Bank & Trust	37,128	371.28	
	Glasco	First Ntl. Bank of Glasco	4,165	329.035	
	Jamestown	Jamestown State Bank	3,708	285.516	
	Miltonvale	Citizens State	1,665	108.225	
Coffey	Aliceville	Farmers State Bank	1,972	0	
	Burlington	Peoples Ntl.	10,449	177.633	
		Strawn State Bank	8,719	113.347	
	Gridley	Citizens State Bank	9,833	422.819	
	Le Roy	First Ntl.	5,346	0	
	Lebo	State Bank	5,477	71.201	
	Waverly	First Ntl.	5,736	74.568	
	Comanche	Coldwater	Coldwater Ntl. Bank	2,952	203.688
			Peoples State Bank	8,543	299.005
Protection		Bank of Protection	5,675	56.75	
Wilmore		Wilmore State	1,428	151.368	
Cowley	Ark City	Home Ntl.	47,930	4,409.56	
		Union State Bank	12,645	189.675	
	Atlanta	Citizens State Bank	3,803	106.484	
	Burden	State Bank of Burden	2,527	0	
	Dexter	Farmers State Bank	3,102	0	
	Udall	Bank of Commerce	1,256	99.224	
	Winfield	First Ntl.	31,676	221.732	
		State Bank	7,858	188.592	
Crawford	Arcadia	Home State Bank	112	3.024	
	Arma	First State Bank	2,327	0	
	Frontenac	Miners State Bank	6,808	115.736	
	Girard	First Ntl. Bank of Girard	13,830	1,908.54	
		Girard Ntl. Bank	16,887	472.836	
	Hepler	Hepler State Bank	2,972	416.08	
	Mc Cune	Mc Cune State Bank	6,273	106.641	
	Pittsburg	City Nat Bank	18,516	0	
		First State Bk & Tr Co	31,554	31.554	
		Ntl. Bank of Pittsburg	45,445	908.9	
		Walnut	Farmers State	3,916	0
Decatur	Jennings	Jennings Bank	3,989	75.791	
	Norcatour	Citizens State	4,332	0	
	Oberlin	Decatur Cty Nb of Oberlin	16,060	240.9	

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE
Decatur	Oberlin	Farmers Nb of Oberlin	15,186	1,275.624
Dickinson	Abilene	Citz. Bank	15,946	1,004.598
		Farmers Ntl.	26,226	1,075.266
		First Ntl.	17,890	339.91
	Chapman	Chapman State Bank	9,561	219.903
	Enterprise	Dickinson County Bank	3,591	14.364
	Herington	Bank of Herington	4,911	117.864
		First Ntl.	13,018	0
	Hope	First Ntl.	14,085	478.89
	Solomon	Solomon State	7,732	626.292
	Talmage	Talmage State	9,112	54.672
	Woodbine	Citizens State	1,190	0
Doniphan	Bendena	Bendena State Bank	4,266	375.408
	Denton	Bank of Denton	2,195	63.655
	Elwood	First State Bank	7,009	161.207
	Highland	Farmers State Bank	4,104	45.144
	Troy	First Bank	3,454	103.62
		Troy State	5,031	316.953
	Wathena	Farmers State	9,709	1,398.096
	White Cloud	First State	3,548	273.196
Douglas	Baldwin City	Baldwin State Bank	11,469	240.849
	Eudora	Kaw Valley State Bank	10,123	313.813
	Lawrence	Douglas County Bank	38,280	535.92
		First Ntl.	71,828	215.484
		Lawrence Ntl. Bk & Tr Co	42,437	212.185
		University State Bank	17,855	160.695
Edwards	Kinsley	Kinsley Bank	11,330	226.6
	Lewis	Home State Bank	12,001	456.038
	Offerle	Farmers State	6,401	57.609
Elk	Howard	First Ntl.	4,385	228.02
		Howard State Bank	4,402	220.1
	Longton	Home State	3,841	864.225
	Moline	Exchange State Bank	2,263	38.471
Ellis	Ellis	Ellis State Bank	5,381	102.239
	Hays	Farmers State Bk & Tr Co	48,912	684.768
		First Ntl.	34,511	552.176
		Hays State Bank	33,426	0
	Victoria	Farmers Ntl.	17,884	482.868
Ellsworth	Ellsworth	Citizens Bank & Trust Co	24,537	637.962

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Ellsworth	Holyrood	Bank of Holyrood	8,529	238.812	
	Kanopolis	Kanopolis State Bank	5,872	651.792	
	Lorraine	Lorraine State	3,289	65.78	
	Wilson	Wilson State	3,635	76.335	
Finney	Garden City	Fidelity State Bank	54,258	1,302.192	
		Fourth Bk of Garden City	7,722	92.664	
		Garden Ntl.	53,557	214.228	
		Western State Bank	21,093	168.744	
		First Ntl.	2,227	109.123	
Ford	Holcomb	First Ntl.	3,735	183.015	
	Bucklin	Bucklin State Bank	15,802	189.624	
		Farmers State	15,452	46.356	
	Dodge City	Bank of the Southwest	44,435	399.915	
		Fidelilty State	54,050	972.9	
		First National	6,042	66.462	
	Spearville	First Ntl.	3,402	71.442	
Ford County State		7,441	290.199		
First Ntl.		10,688	448.896		
Franklin	Ottawa	Kansas State Bank	23,357	163.499	
		Peoples Nb & Tr Ottawa	2,483	124.15	
		Citizens State	4,914	280.098	
		Peoples State	13,123	813.626	
Geary	Wellsville	Wellsville Bank	32,171	1,415.524	
		Junct City	Central Nb of Junct City	18,678	18.678
			First Nat Bk & Tr Co	14,657	102.599
			First State Bank	5,378	0
		Geary-Riley	Fort Riley	Fort Riley Ntl. Bank	4,153
Gove	Grainfield	Citizens State Bank	2,707	13.535	
	Grinnell	Peoples State Bank	14,804	74.02	
	Quinter	First Ntl.	6,177	0	
Graham	Bogue	Farmers State Bank	15,416	539.56	
		Hill City	Consolidated State Bank	15,677	203.801
		F & M Bank of Hill City	5,648	327.584	
Grant	Morland	Citizens State	45,113	2,255.65	
		Ulysses	Grant County State	1,821	202.131
		Southwest Kansas Ntl.	14,217	142.17	
Gray	Cimarron	First Ntl Bank in Cimarron	19,495	253.435	
	Ingalls	Farmers State Bank	16,227	48.681	
	Montezuma	Montezuma State	14,706	1,691.19	
Greeley	Tribune	First Ntl.			

<u>COUNTY</u>	<u>CITY</u>	<u>BANK</u>	<u>AMT LOANS</u>	<u>AMT AG RE .</u>	
Greenwood	Eureka	Home Bank	18,395	404.69	
	Eureka	Citizens National	14,633	526.788	
	Fall River	Fall River State Bank	2,536	190.2	
	Hamilton	First Ntl.	2,822	45.152	
	Madison	First Ntl.	5,136	138.672	
		Madison Bank	6,040	380.52	
	Severy	Severy State	417	40.032	
Hamilton	Syracuse	First Ntl.	17,446	2,390.102	
		Valley State	12,089	120.89	
Harper	Anthony	Citz. Ntl.	21,443	385.974	
		First Ntl.	22,432	785.12	
	Attica	First Ntl.	5,714	228.56	
	Freeport	Freeport State Bank	2,344	220.336	
	Harper	First Ntl.	18,236	601.788	
Harvey	Burrton	State Bank of Burrton	3,599	71.98	
	Halstead	Halstead Bank	12,434	845.512	
	Hesston	Hesston State Bank	16,707	701.694	
	Newton	First Bank	11,020	44.08	
		Kansas State Bank	34,990	384.89	
		Midland Ntl. Bank	32,295	96.885	
	Sedgwick	Sedgwick State	5,242	335.488	
	Walton	Walton State	1,333	126.635	
	Haskell	Satanta	State Bank	11,441	251.702
		Sublette	Haskell County State	23,544	70.632
Hodgeman	Hanston	Hanston State Bank	10,164	111.804	
	Jetmore	Farmers State Bank	3,430	233.24	
Jackson	Circleville	Farmers State Bank	6,445	238.465	
		Denison State Bank	16,227	373.221	
	Holton	Kansas State Bank	13,505	1,458.54	
		State Bank	4,022	64.352	
		Whiting	State Bank	4,022	64.352
Jefferson	Mc Louth	Bank of Mc Louth	5,937	225.606	
	Meriden	State Bank	8,229	74.061	
	Nortonville	Bank of Nortonville	5,351	149.828	
	Oskaloosa	State Bank	6,312	1,079.352	
	Perry	Bank of Perry	6,512	117.216	
	Valley Falls	Kendall State	7,527	436.566	
	Jewell	Burr Oak	Burr Oak State Bank	2,886	66.378
Esbon		State Bank of Esbon	1,967	0	
Formoso		Formoso Bank	2,437	17.059	

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE
Jewell	Jewell	Citizens State Bank	3,864	170.016
	Mankato	First Ntl.	3,874	42.614
		State Exchange Bank	5,320	0
Johnson	Randall	Randall Bank	2,514	115.644
	De Soto	De Soto State Bank	4,289	231.606
	Fairway	First Ntl of Shaw Mission	28,330	113.32
		Gardner	Farmers Bank & Trust Co	12,970
	Gardner Ntl. Bank		775	40.3
	Lenexa	Country Hill Bank	19,675	19.675
		First Ntl. Bank & Tr Co	18,070	686.66
		Lenexa Ntl.	15,943	0
	Merriam	United Kansas Bk & Tr	36,872	331.848
	Mission	Mission Bank	221,152	442.304
	Olathe	First Ntl.	46,312	185.248
		Heritage Bank	7,908	0
		Patrons State Bk & Tr Co	64,112	1,795.136
	Olathe	Olathe State	16,941	0
	Overland Pk	College Blvd Ntl.	23,492	0
		Corporate Woods State	18,305	0
		First Continental Bk & Tr	88,444	88.444
		Kansas American Bank	15,902	270.334
		Metcalf State	26,191	26.191
Oak Park Ntl.		19,818	0	
Overland Pk St Bk & Tr Co		61,173	305.865	
Valley View State		168,353	1,515.177	
Overlank Pk		First Ntl. Bk of Overland	3,417	0
Prairie Vill		Johnson Co B & T	128,242	0
	Kansas Nat Bk & Tr Co	32,488	32.488	
	Southgate Bank	58,315	0	
Roeland Prk	Midamerican Bk & Tr Co	150,536	0	
Shaw Missn	Mission Hills Bank Na	13,516	0	
Shawnee	Citizens Bank & Trust	47,092	47.092	
	Shawnee State	65,812	460.684	
Spring Hill	State Bank	7,512	307.992	
Stanley	State Bank	18,710	243.23	
Kearny	Lakin	Kearny County Bank	15,905	206.765
Kingman	Cunningham	First Ntl. Bank	4,488	0
	Kingman	First Ntl.	9,106	182.12
		SState Bank	17,337	1,872.396

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Kingman	Murdock	Murdock State	3,084	111.024	
	Norwich	Farmers State	10,118	424.956	
Kiowa	Greensburg	Greensburg State Bank	4,794	393.108	
	Haviland	Haviland State Bank	5,355	904.995	
Labette	Mullinville	First State	11,892	71.352	
	Altamont	Labette County State Bank	7,680	1,059.84	
	Chetopa	Chetopa St Bk & Tr Co	12,468	573.528	
	Edna	First State Bank	6,084	596.232	
	Oswego	American State	6,994	97.916	
			First Ntl.	16,286	2,377.756
	Parsons	First Nb and Tr Company	16,336	865.808	
Lane		Parsons Commercial	20,518	246.216	
		State Bk	8,157	163.14	
	Dighton	First Ntl. Bank of Dighton	17,490	0	
	Healy	First State Bank	12,160	206.72	
	Easton	Easton State Bank	12,687	1,636.623	
Leavenworth	Fort Lvnw	Army National	47,327	1,893.08	
	Lansing	First State Bank	9,142	127.988	
Lincoln	Leavenwrth	First Nb & Tr Co	24,143	989.863	
		Leavenworth Ntl. Bk & Tr	29,925	179.55	
		Manufacturers State Bank	21,557	603.596	
	Tonganoxie	First State Bank & Trust	16,923	406.152	
	Barnard	Barnard State Bank	3,909	195.45	
Lincoln	Beverly	Beverly State Bank	2,196	226.188	
	Lincoln	Farmers Ntl.	7,067	219.077	
		Saline Valley Bank	7,361	522.631	
Linn	Sylvan Grov	Sylvan State	6,965	90.545	
	Blue Mound	Farmers State Bank	5,023	286.311	
	Centerville	Centerville State Bank	1,375	177.375	
	La Cygne	Linn County Bank	8,896	1,192.064	
	Mound City	Farmers & Merchants	10,401	540.852	
	Pleasanton	Bank of Pleasanton	10,992	868.368	
Logan		First State Bank	7,658	1,186.99	
	Prescott	Prescott State	2,391	74.121	
	Oakley	Farmers State	22,864	503.008	
	Winona	Farmers State	6,261	194.091	
Lyon	Americus	Americus State Bank	3,132	12.528	
	Emporia	Admire Bank & Trust	11,143	189.431	
		Citizens National	59,112	650.232	

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE
Lyon	Emporia	Emporia State Bk	33,799	33.799
		Lyon County State Bank	18,422	55.266
Marion	Hartford	Hartford State Bank	5,671	164.459
	Olpe	Olpe State	7,850	525.95
	Reading	Reading State	1,288	24.472
	Burns	Burns State Bank	2,413	139.954
	Durham	Durham State Bank	2,025	76.95
	Florence	Florence State Bank	3,507	94.689
	Goessel	Wheatland Bk of Goessel	4,400	48.4
	Hillsboro	First Ntl.	18,484	480.584
	Lincolnton	Pilsen State	3,679	150.839
	Marion	Farmers & Drovers Ntl.	4,565	447.37
Marshall	Peabody	Marion Ntl.	5,198	88.366
		Peabody State	10,052	512.652
	Ramona	Ramona State	1,368	60.192
	Tampa	Tampa State	6,025	771.2
	Axtell	State Bank of Axtell	6,130	126.73
	Beattie	Marshall Co. Bank	2,815	104.155
	Blue Rapids	State Bank of Blue Rapids	8,050	24.15
	Bremen	Bremen State Bank	1,669	80.112
	Frankfort	First National	6,806	585.316
	Marysville	Citizens State	14,523	1,176.363
		Exc Bk Schmidt & Koester	45,098	856.862
	Oketo	Blue Valley Ntl.	4,035	4.035
		First Ntl.	1,418	0
	Summerfld	Vermillion State	4,538	95.298
	Vermillion	Citizens State	4,976	288.608
McPherson	Waterville	Farmers State Bk & Tr Co	6,502	0
		State Bank of Canton	6,504	904.056
	Galva	Farmers State Bank	3,659	124.406
	Inman	Bank of Inman	6,467	219.878
	Lindsborg	Farmers State	14,353	2,095.538
	Marquette	Marquette Farmers St	5,020	271.08
	McPherson	Home State Bank & Tr Co	22,545	247.995
		McPherson Bank & Trust	54,420	1,033.98
	Moundridge	Peoples Bank & Tr Co	22,801	182.408
		Citizens State	13,021	143.231
Roxbury State		2,990	170.43	
Meade	Fowler	Fowler State Bank	7,098	127.764

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Meade	Meade	First Ntl.	12,434	87.038	
	Plains	Plains State	10,916	458.472	
Miami	Louisburg	Bank of Louisburg	16,936	1,388.752	
		First Nb	10,653	117.183	
	Osawatomie	American State	5,932	925.392	
		First Bank & Trust	22,013	1,672.988	
Paola	Citizens State	10,796	1,230.744		
	Miami City Ntl.	34,902	2,652.552		
Mitchell	Beloit	First Ntl. Bank	15,695	47.085	
		Guaranty State Bank	20,020	620.62	
	Cawker City	Farm & Merchants St Bk	3,377	30.393	
	Glen Elder	Traders State Bank	5,834	0	
	Hunter	Farmers State	2,119	186.472	
	Simpson	Farmers State	883	37.969	
	Tipton	Tipton State	2,780	105.64	
	Montgomery	Caney	Caney Valley National	12,905	374.245
Cherryvale		Peoples State Bank	13,579	1,710.954	
Coffeyville		Coffeyville State Bank	16,334	32.668	
		Condon National	27,985	475.745	
		First Ntl. Bk of Coffeyville	48,177	2,601.558	
Elk City		First Ntl. Bank	2,989	59.78	
Independce		Citizens Nb in Independy	27,805	1,334.64	
		Independence State Bank	27,703	304.733	
Morris		Council Grve	Council Grove Ntl. Bank	4,556	191.352
			Farmers & Drovers Bank	17,605	510.545
	Dwight	Farmers State Bank	3,154	85.158	
Morton	White City	First Ntl.	8,246	255.626	
	Elkhart	First State Bank	13,481	229.177	
Nemaha	Bern	State Bank of Bern	8,655	527.955	
		Centralia	First National	9,882	98.82
	Corning	Farmers State Bank	1,264	80.896	
	Goff	First Ntl. Bank of Goff	1,483	117.157	
	Sabetha	Farmers State	15,510	666.93	
		Morrill State Bank & Tr Co	10,294	216.174	
	Seneca	Baileyville State	4,364	222.564	
		Citizens State	19,404	504.504	
		Community Ntl.	1,058	56.074	
	Neosho	Wetmore	First Ntl.	3,077	80.002
Chanute		Bank of Commerce	44,878	2,423.412	

<u>COUNTY</u>	<u>CITY</u>	<u>BANK</u>	<u>AMT LOANS</u>	<u>AMT AG RE</u>
Neosho	Chanute	First Ntl. Bank of Chanute	34,467	68.934
	Erie	Home State Bank	13,111	930.881
	St Paul	Exchange State	13,158	855.27
	Stark	Stark State Bank	5,086	91.548
	Thayer	First State	5,155	268.06
Ness	Bazine	Bazine State Bank	16,546	148.914
	Ness City	First State	14,266	1,512.196
	Ransom	First State	8,799	334.362
	Utica	Citizens State	3,821	30.568
Norton	Almena	First State Bank	3,629	217.74
	Lenora	Exchange Bank	7,224	794.64
	Norton	First Security Bk & Tr Co	17,608	404.984
	Norton	First State	12,479	0
Osage	Burlingame	First State Bank	9,347	373.88
	Carbondale	State Bank of Carbondale	4,125	37.125
	Lyndon	Lyndon State	8,295	522.585
	Osage City	Citizens State	10,634	138.242
	Overbrook	First Security Kansas State Bank	6,445 9,786	528.49 274.008
Osborne	Downs	Downs Ntl. Bank	7,392	332.64
		State Bank of Downs	14,315	2,233.14
	Natoma	First Ntl.	12,753	382.59
	Osborne	Farmers Ntl.	10,431	323.361
		First State Bank & Tr Co	6,561	26.244
Portis	First State	748	0	
Ottawa	Bennington	Bennington State Bank	24,590	1,475.4
	Delphos	State Bank of Delphos	5,813	232.52
	Minneapolis	United Bank	16,442	131.536
	Tescott	Bank of Tescott	16,451	1,793.159
Pawnee	Burdett	Burdett State Bank	8,127	1,430.352
	Larned	First Ntl. Bk & Tr	35,149	1,616.854
		First State Bk & Tr Co	26,428	951.408
Phillips	Agra	Farmers Ntl.	9,512	542.184
	Logan	First Ntl.	2,545	244.32
	Long Island	Commercial State	6,474	45.318
	Phillipsburg	First Nb of Phillipsburg	37,877	1,477.203
	Stuttgart	Farmers State	2,920	143.08
Pottawator	Olsburg	Union State	5,001	160.032
	Onaga	First Ntl.	10,689	1,197.168

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE
Pottawator	St Marys	St Marys State	15,852	1,173.048
	Wamego	First Ntl.	17,225	516.75
		Kaw Valley State Bk & Tr	12,319	135.509
Pratt	Westmrland	Farmers State	12,246	624.546
	Coats	Coats State Bank	4,587	64.218
	Iuka	Iuka State Bank	2,272	29.536
	Pratt	First Ntl.	21,635	194.715
		Peoples Bank	39,994	879.868
Rawlins	Atwood	Farmers Bank & Trust	16,947	1,965.852
		State Bank of Atwood	15,347	92.082
	Herndon	State Bank of Herndon	3,726	163.944
	Ludell	Farmers State	1,269	0
	Mc Donald	Peoples State	5,873	88.095
Reno	Arlington	Citizens State Bank	3,211	359.632
	Buhler	Buhler State Bank	6,607	0
	Haven	Haven State Bank	7,221	173.304
	Hutchinson	Central State Bank	59,544	654.984
		Commerce Bank	10,727	0
		First Ntl.	63,938	191.814
		Hutchinson Ntl. Bank & Tr	102,605	2,052.1
	Nickerson	Nickerson State	9,554	191.08
	Plevna	State Bank	796	47.76
	Pretty Prair	State Bank	4,606	492.842
	South Hutch	Bank of Kansas	16,577	0
	Sylvia	Sylvia State	2,618	26.18
	Turon	Turon State	7,705	231.15
	Yoder	Farmers State	7,758	62.064
	Republic	Belleville	First National	10,132
Peoples Ntl			7,808	218.624
Courtland		Swedish American St.	7,679	230.37
Munden		Munden State	7,463	104.482
Scandia		State Bank	3,906	589.806
Rice	Alden	Alden State Bank	2,368	357.568
	Bushton	Bushton State Bank	5,182	20.728
	Chase	Rice County State Bank	5,328	154.512
	Geneseo	Citizens State Bank	1,942	161.186
	Little River	Home State	1,432	47.256
	Lyons	Chandler Bank	3,620	72.4
		Lyons State Bank	15,644	907.352

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Rice	Raymond	Raymond State	2,286	91.44	
	Sterling	Farmers State	13,958	111.664	
		First Ntl.	7,859	172.898	
Riley	Leonardville	Leonardville State	3,787	151.48	
	Manhattan	Citizens Bank & Trust Co	37,745	754.9	
		First Nb	51,665	0	
		Kansas State Bank	22,873	137.238	
		Union Nb&Tc	65,636	328.18	
	Riley	Riley State	10,236	593.688	
	Rooks	Palco	First Ntl.	2,718	296.262
Plainville		Plainville State	13,308	79.848	
Stockton		Stockton Ntl.	15,596	1,871.52	
Woodston		Rooks County State	1,725	346.725	
Rush	Alexander	Alexander State Bank	4,013	4.013	
	Bison	Bison State Bank	2,763	226.566	
	La Crosse	F&M State Bk of Rush City	24,516	2,034.828	
		Home State Bank	10,679	640.74	
	Mc Craken	Citizens State	9,199	119.587	
	Nekoma	Nekoma State	1,385	98.335	
	Otis	Otis State	6,581	289.564	
	Timken	Timken State	3,717	561.267	
	Russell	Gorham	Gorham State Bank	6,694	508.744
		Lucas	Farmers State	7,780	217.84
Luray		Peoples State	7,779	70.011	
Russell		Home State	47,053	3,340.763	
		Russell State	42,153	3,540.852	
Saline	Assaria	Assaria State Bank	5,654	706.75	
	Falun	Falun State Bank	1,816	3.632	
	Gypsum	Gypsum Valley Bank	8,187	892.383	
	Salina	First Bank & Trust Co	15,662	0	
		First Nb & Tc of Salina	78,542	942.504	
		Nat Bk of America	51,320	975.08	
		Planters Bank & Trust Co	52,656	1,579.68	
Scott	Scott City	First Ntl.	31,922	0	
		Security State	35,041	981.148	
Sedgwick	Bentley	State Bank of Bentley	1,513	16.643	
	Cheney	Citizens State Bank	14,166	566.64	
	Clearwater	Home State Bank	10,135	40.54	
	Colwich	State Bank of Colwich	20,132	2,113.86	

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Sedgwick	Derby	Farm & Merchants St Bank	41,269	536.497	
		First Ntl Bank of Derby	10,948	21.896	
	Garden Plain	Garden Plain State Bank	8,574	94.314	
		Suburban West State Bank	9,760	175.68	
	Goddard	First Ntl.	2,885	0	
		Haysville State Bank	37,637	75.274	
	Maize	Maize State Bank	4,355	348.4	
	Mount Hope	First Nb of Mount Hope	5,463	458.892	
	Valley Cntr	Arkansas Valley State	26,958	781.782	
		Bank of Mid America	22,071	198.639	
	Wichita	Boulevard State		72,994	0
			Central Bank & Trust	49,531	49.531
		Charter Bank Na	1,483	0	
		Chisholm Trail State	15,157	15.157	
		City Bank & Trust	18,094	54.282	
		East Side Bank & Trust	31,929	31.929	
		First Ntl.	352,358	1,057.074	
		Fourth Ntl. Bk & Tr	623,885	1,247.77	
		Kansas State Bank & Tr	145,764	1,020.348	
		Ntl. Bank of Wichita	23,505	117.525	
SW Ntl.		64,493	709.423		
Twin Lakes State		15,996	0		
Union Ntl. Bank		196,997	0		
United American Bk & Tr			36,555	1,498.755	
	Wichita State	50,559	151.677		
Seward	Liberal	Citizens State Bank	33,078	2,844.708	
		First Ntl.	48,626	437.634	
		Peoples Ntl.	45,368	680.52	
Shawnee	Auburn	Security State Bank	5,843	157.761	
	Rossville	Peoples State	12,936	232.848	
		Silver Lake State	6,822	961.902	
	Silver Lake		18,345	366.9	
		Captital City St Bk & Tr	2,412	77.184	
	Topeka	Columbian Ntl. Bk & Tr Co	65,558	0	
		Commerce Bank & Trust	17,866	0	
		Fairlawn Plaza State	23,478	23.478	
		Fidelity State Bank & Tr	217,415	434.83	
		First Ntl.	2,920	17.52	
First State Bank & Tr Co	44,110	220.55			
Highland Park Bank & Tr					

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE
Shawnee	Topeka	Kaw Valley St Bank & Tr	38,918	77.836
		Merchants Ntl.	164,314	1,314.512
		North Plaza State	24,608	221.472
		Southwest Bank & Trust	16,185	1,213.875
		Topeka Bank & Trust	17,843	392.546
Sheridan	Hoxie	First Ntl.	22,452	404.136
		Hoxie State Bank	28,767	0
	Selden	Selden State	272	26.112
Sherman	Goodland	First Ntl Bk of Goodland	37,003	703.057
		Goodland State Bk & Tr Co	16,468	526.976
Smith	Gaylord	Farmers Ntl. Bk of Gaylord	795	0
	Kensington	First Nb of Kensington	2,339	44.441
	Lebanon	First Ntl.	2,674	184.506
	Smith Cntr	First Ntl.	21,510	1,419.66
		Smith City St Bk & Tr	16,691	1,518.881
Stafford	Hudson	Hudson State Bank	4,364	685.148
	Macksville	Farmers & Merchants St	10,364	72.548
		Macksville State	6,511	188.819
	St John	First Ntl. Bank & Trust	16,169	808.45
		St John Ntl.	13,743	27.486
	Stafford	Farmers Ntl.	7,862	361.652
Stanton	Johnson	Johnson State Bank	11,364	1,068.216
Stevens	Hugoton	Citizens State Bank	30,928	216.496
Sumner	Argonia	Farm & Merchants State	16,678	533.696
	Belle Plaine	Valley State Bank	18,828	263.592
	Caldwell	Caldwell State Bank	8,281	223.587
		Stock Exchange Bank	9,152	732.16
	Conway Spgs	First Ntl. Bank	7,648	22.944
		State Bank of	6,606	66.06
	Mayfield	Mayfield State	1,619	0
	Mulvane	Mulvane State	10,366	310.98
	Oxford	Oxford Bank	4,888	122.2
	Wellington	Bank of Commerce & Tr	15,138	666.072
First Ntl.		21,155	296.17	
Security State		11,995	731.695	
Thomas	Brewster	Brewster Ntl. Bank	3,044	0
	Colby	Farmers & Merchants Bank	42,232	1,013.568
		Thomas County Ntl.	26,249	708.723
Rexford	Peoples State	315	0	

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE	
Trego	Wakeeney	First Bank	6,188	0	
		Trego Wakeeney State	15,581	451.849	
Wabaunsee	Alma	First Ntl.	9,080	172.52	
	Alta Vista	Alta Vista State Bank	4,424	513.184	
	Eskridge	Eskridge State Bank	8,103	129.648	
	Harveyville	First Ntl.	2,615	0	
	Maplehill	Stockgrowers State	2,841	357.966	
Wallace	Sharon Sprg	Peoples State	7,940	571.68	
Washington	Barnes	State Exchange Bank	2,547	112.068	
	Clifton	First Ntl. Bank in Clifton	2,094	83.76	
	Greenleaf	Citizens Ntl.	10,063	161.008	
	Haddam	Citizens State Bank	135	0	
	Hanover	Community State Bank	9,151	384.342	
	Linn	Linn State Bank	6,949	187.623	
	Palmer	Bank of Palmer	2,524	103.484	
	Washington	First Ntl.	18,495	628.83	
	Wichita	Leoti	First State	17,664	52.992
	Wilson	Fredonia	First Ntl. Bank in Fredonia	10,708	299.824
State Bank of Fredonia			17,545	421.08	
Neodesha		First Name Bank	15,317	214.438	
Woodson	Piqua	Piqua State	3,455	269.49	
	Toronto	First Ntl.	1,855	96.46	
	Yates Cntr	State Exchange Bank	20,534	636.554	
Wyandotte	Bonner Sprgs	Commercial State Bank	21,335	128.01	
		First National	599	0	
	Edwardsville	Edwardsville State Bank	7,209	129.762	
	Kansas City	Arrowhead State Bank	16,280	16.28	
		Brotherhood Bank & Tr Co	54,104	108.208	
		Commercial Ntl. Bank	136,907	1,095.256	
		Douglass Bank	9,193	0	
		Fidelity State Bank	25,699	539.679	
		First State Bank of KC	21,136	147.952	
		Guaranty State Bank & Tr	32,145	0	
		Home State Bank	60,426	241.704	
		Industrial State Bank	61,480	430.36	
		Kaw Valley State Bk & Tr	22,798	22.798	
Rosedale St Bk & Tr Co		20,481	20.481		
Security Ntl. Bank	244,959	1,224.795			
Tower State Bank	28,056	0			

COUNTY	CITY	BANK	AMT LOANS	AMT AG RE
Wyandotte	Kansas City	Turner State Bank	8,123	16.246
		Twin City State Bank	27,111	162.666
	Wyandotte	Westgate State	19,601	58.803
		Wyandotte Bank	30,522	274.698
Total:			11,936,624	268,661.078
Count:		628		

National Banking Laws

Authority to hold real estate

12 USC 29—A national banking association may purchase, hold, and convey real estate for the following purposes, and for no others:

First. Such as shall be necessary for its accommodation in the transaction of its business.

Second. Such as shall be mortgaged to it in good faith by way of security for debts previously contracted.

Third. Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Fourth. Such as it shall purchase at sales under judgments, decrees, or mortgages held by the association, or shall purchase to secure debts due to it.

But no such association shall hold the possession of any real estate under mortgage, or the title and possession of any real estate purchased to secure any debts due to it, for a longer period than five years, except as otherwise provided in this section.

For real estate in the possession of a national banking association upon application by the association, the Comptroller of the Currency may approve the possession of any such real estate by such association for a period longer than five years, but not to exceed an additional five years, if (1) the association has made a good faith attempt to dispose of the real estate within the five-year period, or (2) disposal within the five-year period would be detrimental to the association. Upon notification by the association to the Comptroller of the Currency that such conditions exist that require the expenditure of funds for the development and improvement of such real estate, and subject to such conditions and limitations as the Comptroller of the Currency shall prescribe, the association may expend such funds as are needed to enable such association to recover its total investment.

Notwithstanding the five-year holding limitation of this section or any other provision of this title, any national banking association which on the date of enactment of this paragraph held, directly or indirectly, real estate, including any subsurface rights or interests therein, that since December 31, 1979, had not been valued on the books of such association for more than a nominal amount, may continue to hold such real estate, rights, or interests for such longer period of time as would be permitted a State chartered bank by the law of the State in which the association is located if the aggregate amount of earnings from such real estate, rights, or interests is separately disclosed in the annual financial statements of the association.

Change of name or location

12 USC 30—(a) Any national banking association, upon written notice to the Comptroller of the Currency, may change its name, except that such new name shall include the word "National".

(b) Any national banking association, upon written notice to the Comptroller of the Currency, may change the location of its main office to any authorized branch loca-

tion within the limits of the city, town, or village in which it is situated, or, with a vote of shareholders owning two-thirds of the stock of such association for relocation outside such limits and upon receipt of a certificate of approval from the Comptroller of the Currency, to any other location within or outside the limits of the city, town, or village in which it is located, but not more than thirty miles beyond such limits.

Effect of change of name

12 USC 31—All debts, liabilities, rights, provisions, and powers of the association under its old name shall devolve upon and inure to the association under its new name.

Effect of change of name or location

12 USC 32—Nothing contained in sections 30 and 31 of this title shall be so construed as in any manner to release any national banking association under its old name or at its old location from any liability, or affect any action or proceeding in law in which said association may be or become a party or interested.

• Conversion of State banks into national banks

12 USC 35—Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association with a name that contains the word "national": *Provided, however,* That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the Comptroller has given to such bank or banking association a certificate that the provisions of this Act have

Attad of IV



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

Amend S.B. 455 as follows:

After line 149, insert the following:

"Sec. 3. K.S.A. 1985 Supp. 9-1104 is here by amended to read as follows:

9-1104. (a) The total liability....

The legality of a loan or advance hereunder shall be determined as of the date the loan or advance is made.

The whole or that portion...."

Sec. 4. K.S.A. 9-1609 is hereby amended to read as follows:

9-1609. Any state or national bank or trust company qualified to act as fiduciary in this state may establish common trust funds for the purpose of furnishing investments to itself as fiduciary, or to another state or national bank or trust company, as fiduciary, which is a subsidiary of the same bank holding company of which it is a subsidiary, as such terms are defined in K.S.A. 1985 Supp. 9-519; and any state or national bank or trust company qualified to act as fiduciary in this state may, as such fiduciary or co-fiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds, if such investment is not prohibited by the instrument, judgment, decree, or order creating such fiduciary relationship, and if, in the case of co-fiduciaries, the bank or trust company produces the consent of its co-fiduciaries to such investment. The state banking board is hereby authorized to adopt rules and regulations for a plan or operation for the management of such funds for state banks and trust companies.

In line 150, by renumbering the section as Section 5; by inserting", 9-1609" after K.S.A. 9-1102; and by inserting "and K.S.A. 1985 Supp 9-1104" after 17-5904.

In line 151, by renumbering the section as Section 6.

In the title, by inserting the following immediately after the second semicolon: "concerning loan limits; concerning common trust funds; by inserting ", 9-1609" after K.S.A. 9-1102; by inserting "and K.S.A. 1985 Supp. 9-1104" after 17-5904.

Attachment IV
C&FI
March 18, 1986

1971, ch. 32, § 1; L. 1973, ch. 44, § 1; L. 1973, ch. 45, § 1; L. 1975, ch. 44, § 12; L. 1982, ch. 50, § 1; L. 1983, ch. 46, § 2; L. 1984, ch. 49, § 1; L. 1984, ch. 48, § 4; L. 1985, ch. 56, § 2; L. 1985, ch. 57, § 1; July 1.

9-1104. Limitation on loans; exceptions; date for determination of legality of loan; liability of bank officer or employee not to exceed certain amount; "unimpaired surplus fund" defined; order to reduce excess loan to legal limit. (a) The total liability to any bank of any person, copartnership, association or corporation, including in the liability of a copartnership or association the greatest of the individual liabilities of the respective members thereof, and including in the liability of a member of a copartnership or association the liability of the copartnership or association, shall not at any time exceed 15% of the amount of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank, subject to the following: (1) So long as the obligation of a drawer, endorser or guarantor remains secondary, it shall not be included within the meaning of the term liability; but the discount of bills of exchange, whether or not accepted by the drawee, drawn in good faith against actual existing values, loans upon produce in transit, loans upon bonded warehouse receipts issued to the borrower by some other person, firm or corporation as collateral security, the discount of commercial or business paper actually owned by the person negotiating the same, loans secured by not less than a like amount of treasury bills, certificates of indebtedness, or bonds or notes of the United States of America or instrumentalities or agencies thereof, or those fully guaranteed by them, or general obligation bonds or notes of the state of Kansas, or of any municipality or quasi-municipality thereof, or of other states of the United States, or of any municipality or quasi-municipality thereof, shall be exempt from any limitation; (2) the whole or that portion of any loan which is secured or covered by a guaranty, or by a commitment or an agreement to take over or to purchase, made by any federal reserve bank, or by the United States of America, or any department, bureau, board, commission, agency or establishment of the United States of America, including any corporation wholly owned, directly or indirectly by

the United States, shall be exempt from any limitation if such guaranty, agreement or commitment must be performed by the payment of cash or its equivalent within 60 days after demand; (3) the total liability in the form of notes or drafts to any bank of any person, copartnership, association or corporation, including in the liability of a copartnership or association the greatest of the individual liabilities of the respective members thereof, and including in the liability of a member of a copartnership or association the liability of the copartnership or association, may equal but not exceed 25% of the amount of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank provided such liability is secured by shipping documents or instruments transferring or securing title covering readily marketable nonperishable grains, seeds or livestock or giving a lien on readily marketable nonperishable grains, seeds or livestock having a market value at all times of not less than 115% of the amount by which such total liability exceeds 15% of the amount of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank, which market value in the case of livestock is supported by written appraisal of an officer of the bank or an independent professional appraiser made not more than six months previously, and which grains and seeds are adequately insured; (4) the discount of bills of exchange drawn against or issued against a consignee or purchaser for materials or commodities previously sold and shipped, and which materials or commodities, or the proceeds thereof, are in the possession, control or custody of the purchaser or consignee shall be considered as the discount of bills of exchange drawn in good faith and against actual existing values, without the necessity of the acceptance of a draft or the necessity of a lien on the materials or commodities, or their proceeds; but such bills shall be subject to a limitation of 15% of such capital stock and unimpaired surplus fund for and upon each purchaser or consignee; (5) the total liability in the form of notes or drafts to any bank of any person, copartnership, association or corporation, including in the liability of a copartnership or association the greatest of the individual liabilities of the respective members thereof, and including in the liability of a member of a copartner-

ship or association the liability of the partnership or association, may exceed limitations otherwise imposed by this section by 10% of the amount of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank provided that such total liability is secured as to payment by first lien or liens upon real estate in fee simple, to the extent of the value thereof, having an appraised value of not less than twice the amount by which such total liability exceeds limitations otherwise imposed by this section, and where such excess liability is secured by lien instrument under the terms of which any installment payments are sufficient to amortize the entire principal amount of such excess liability within a period of not more than 20 years; (6) the limitations of this section shall not apply to time deposits which are considered to be loans to the extent such time deposits are insured by: (A) The federal deposit insurance corporation or its successors; or (B) the federal savings and loan insurance corporation or its successors.

The legality of a loan or advance hereunder shall be determined as of the date the loan or advance is made.

The whole or that portion of any loan which is secured as to payment by a time deposit of the borrower in the bank in an amount equal to 115% of the amount of the indebtedness shall be exempt from any limitation under this subsection (a).

(b) The liability of any active officer or employee of any bank shall not exceed 5% of the amount of its paid in and unimpaired capital stock and unimpaired surplus fund. Any loan made to any officer first must be approved by the board of directors and entered upon their minutes where the total liability of the officer to the bank, including the loan made, will exceed \$10,000.

(c) For purposes of this section, the term "unimpaired surplus fund" includes all capital accounts (other than capital stock) derived from either paid-in capital funds or retained earnings, not subject to known charges, and which are considered interchangeable by resolution of the bank's board of directors. The state bank commissioner, with approval of the state banking board, may further define the term "unimpaired surplus fund" by regulation, and the provisions of article 4 of chapter 77, of the

Kansas Statutes Annotated shall not be applicable to such regulation or regulations.

(d) The commissioner may order any excess loan reduced to the legal limit, and after 60 days from the receipt of the commissioner's order no bank shall carry the excess of such loan and a failure to comply with any order made hereunder shall be grounds for the hearing provided in K.S.A. 9-1805, and amendments thereto.

History: L. 1947, ch. 102, § 33; L. 1949, ch. 110, § 2; L. 1951, ch. 120, § 1; L. 1975, ch. 44, § 14; L. 1976, ch. 56, § 1; L. 1982, ch. 51, § 1; L. 1983, ch. 47, § 1; July 1.

CASE ANNOTATIONS

1. Contract to loan money enforceable even though bank under Kansas law could not legally lend total amount needed. *National Farmers Organization v. Kinsley Bank*, 731 F.2d 1464, 1467 (1984).

9-1111. Branch banking prohibited; attached teller facilities and detached auxiliary banking services facilities authorized; conditions and restrictions; transactions by remote service units authorized; conditions and restrictions; "remote service unit" defined. The general business of every bank shall be transacted at the place of business specified in its certificate of authority, and it shall be unlawful for any bank to establish and operate any branch bank, branch office or agency or place of business except as hereinafter provided:

(a) Any bank domiciled in this state may have an attached auxiliary teller facility located on the premises specified in its certificate of authority;

(b) in addition to an attached auxiliary teller facility, any bank domiciled in this state may, subject to the requirements and limitations hereinafter prescribed, establish and maintain not more than three detached auxiliary banking services facilities;

(c) any bank electing to establish and maintain the maximum number of detached auxiliary banking services facilities permitted under the provisions of subsection (b) of this section, shall establish and maintain or continue to maintain at least one of such detached auxiliary services facilities at a location within 2,600 feet of the premises specified as its principal place of business in its certificate of authority;

(d) each bank establishing and maintaining detached auxiliary banking services

TESTIMONY OF: Rita M. D'Agostino, General Counsel
Kansas Banking Department

PRESENTED TO: The House Committee on Commercial and Financial
Institutions

DATE: March 18, 1986

Mr. Chairman, Members of the Committee:

SENATE BILL NO. 457

Section I refers to K.S.A. 9-509. We are requesting this section be amended to require \$50,000 cash, securities or bond from any person wishing to engage in the business of selling, issuing or delivering its checks, draft, money order, personal money order, bill of exchange, evidence of indebtedness or other instrument for the transmission or payment of money. In addition, a sum of \$5,000 would be required for each location beyond the initial place of business up to a ceiling of \$200,000.

The department believes that the present cash or bond of \$25,000 required is below the level adequate to protect the citizens of Kansas in the event a company engaged in such business were to go bankrupt or voluntarily liquidate.

Other midwestern states, as well as many states nationwide, require a considerably greater amount of bond from those businesses selling or issuing such money orders or drafts. Statutory requirements of a few other midwestern states are as follows:

<u>STATE</u>	<u>CASH, SECURITIES OR BOND REQUIREMENT</u>	
Illinois	\$100,000	surety bond
Iowa	\$50,000	surety bond
	\$1,000	for each add'l. selling agent (ceiling of \$200,000)
Missouri	\$25,000	surety bond
Oklahoma	\$50,000	surety bond
	\$5,000	(for each location)

The department also received seven (7) responses from the nine (9) companies surveyed in Kansas which issue such money orders or travelers checks. Each company submitted the average monthly dollar amount of money orders and/or travelers checks outstanding as of December, 1985. The figures are as follows:

Average monthly balance of money orders and/or travelers checks

\$1,388,233
652,911
190,951
40,577
38,577
7,846
1,846

Average of the figures listed above: \$331,565

We believe these average monthly balances clearly indicate that a \$25,000 surety bond is not sufficient to protect citizens of this state.

Section II refers to K.S.A. 9-901a. We are requesting this section be amended to allow the Bank Commissioner in failed bank situations to determine the amount of capital required for a new bank charter. In recent bank closings it has been necessary for the Commissioner to go below the required statutory amount in order to obtain a buyer of a failed institution. Hence, the department believes allowing the Commissioner to determine capital requirements on a case-by-case basis in failed bank situations is necessary to facilitate the ease and simplicity of the purchase and assumption process.

The "check-and-balance" of this section is that the minimum capital required is determined by the Commissioner provided the successor bank has obtained FDIC deposit insurance. Since FDIC will not issue insurance to a successor bank under a certain capital requirement percentage, then the Commissioner would at least be held to the minimum level of capital required by the FDIC.

Section III refers to K.S.A. 9-1722. This section, added in the 1985 session, deals with application requirements pursuant to a change in bank control.

During the last year the department has worked with this statute we have determined that some minor changes are necessary to clear up questions and problems regarding the statute.

We would like to change the requirement of submitting five (5) years of financial records to requiring three (3) years of financial information from those wishing to buy an institution. Our experience has indicated that three (3) years worth of financial data is adequate in determining the financial stability of an individual. Also, this change would mirror the three (3) years worth of financial information required by the Federal Reserve Bank ("FRB") applications.

The second change amends K.S.A. 9-1722(a)(2) by adding a sentence requiring individuals which own ten (10%) percent or more shares in a bank holding company to submit financial information. The department feels that the

purpose of the statute would best be met by requiring information from those "major" (10% or more) shareholders of a bank holding company which, in effect, are controlling a bank or banks.

The last amendment to this section allows for the department to accept any application filed with the FRB or with the FDIC in lieu of that required by this section. The FDIC and FRB applications for change of control are generally acceptable for purposes of assessing the qualifications of the proposed new owners. Hence, this amendment would allow the Commissioner the flexibility of accepting these applications for purposes of review.

RMD:jas