Approved Clyde Graeber 2/13/87
Date

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL ORGANIZATIONS

The meeting was called to order by Clyde D. Graeber at
Chairperson

3:30 ~~xx~~m./p.m. on February 10, 1987 in room 527-S of the Capitol.

All members were present except: Mary Jane Johnson, Excused and Bob Ott, Excused.

Committee staff present: Bill Wolff, Research Department
Myrta Anderson, Research Department
Bruce Kinzie, Revisor of Statutes
June Evans, committee secretary

Conferees appearing before the committee:
Representative Joe Knopp, Majority Floor Leader
Bill Kasting, Credit Union Administrator
Jeral Wright, Kansas Credit Union League
Jim Turner, President, Kansas League of Savings Institutions
Lynn Van Aalst, Vice President, Kansas League of Savings Institutions
Stan Lind, Kansas Association Finance Companies

Clyde Graeber, Chairman, opened the meeting.

Jeral Wright, Kansas Credit Union League, requested a committee bill amending K.S.A. 1986 Supp. 16a-2-201, 16a-2-202, 16a-2-401 and 161-3-204 and repealing the existing sections. Representative Sand moved and Representative Roenbaugh seconded this be introduced as a committee bill. (Attachment 1).

Representative Joe Knopp requested a committee bill be drafted and brought to the committee regarding Savings Banks and Savings and Loan Associations ability to receive a State Active Account subject to all statuatory requirements. Representative Sand moved and Representative Long seconded this bill be drafted. (Attachment II.)

Bill Kasting, Credit Union Administrator, requested a committee bill amending the Kansas Statutes governing Kansas State Chartered Credit Unions regarding K.S.A. 17-2206, 17-2226, 17-2230, 17-2242 and 17-2249. Representative Gatlin moved and Representative Wilbert seconded this be introduced as a committee bill. (Attachment III).

Lynn G. Van Aalst, Kansas League of Savings Institutions, requested introduction of a committee bill that would eliminate an inequity between state chartered Savings and Loan Institutions and federally chartered Savings and Loan's with respect to issuance of negotiable Certificates of Deposit. Representative Roper moved and Representative Roenbaugh seconded this be introduced as a committee bill. (Attachment IV).

Stan Lind, Kansas Association Finance Companies, requested introduction of a committee bill amending the uniform consumer credit code, amending K.S.A. 16-a-2-501 and repealing the existing section. Representative Lawrence Wilbert moved and Representative Tim Shallenburger seconded this be introduced as a committee bill. (Attachment V).

Chairman Graeber opened the Hearing on H.B. 2157.

Jim Turner, Kansas League of Savings testified regarding H.B. 2157. He requested the bill be amended to change the effective date and publish in the Kansas Register. Representative Long moved the amendment be approved and Representative Wilbert seconded. The amendment was approved and passed. (Attachment VI)
Representative Ken Francisco moved and Representative Clifford Campbell

seconded that H.B. 2157, as amended, be passed out of committee favorably. The motion passed.

Representative Long moved and Representative Wilbert seconded the motion that the minutes for the February 5, 1987, meeting be approved. The motion carried.

The meeting adjourned at 4:40 P.M.

The next meeting will be Thursday, February 12, 1987.

DATE February 10, 1987

GUEST REGISTER

HOUSE

COMMERCIAL & FINANCIAL INSTITUTIONS

NAME	ORGANIZATION	ADDRESS
Marvin Stewart	S+L Dept	Topeka
Jane Wright	KCUL	Topeka
William A. Kastner	KSDCU	Topeka
Rita D. Vogelsberg	KS Bankers Association	Topeka
[illegible]	KAFS	KCKS
Lynn Vanderhalt	KLSI	Topeka
Jan Turner	KLSI	Topeka
Judy Stranger	Consumer Credit Comm Office	"
Mel Battin	"	"

House Bill No. ____

AN ACT amending the uniform consumer credit code; relating to alternative rates which may be charged for consumer loans and consumer credit sales and the requirements for change of terms of open-end credit accounts; amending K.S.A. 1986 Supp. 16a-2-201, 16a-2-202, 16a-2-401 and 16a-3-204 and repealing the existing sections.

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

Section 1. K.S.A. 1986 Supp. 16a-2-201 is hereby amended to read as follows:

16a-2-201. (UCCC) Finance charge for consumer credit sales other than open end credit. (1) With respect to a consumer credit sale, other than a sale pursuant to open end credit, a seller may contract for and receive a finance charge not exceeding that permitted by this section.

(2) The finance charge, calculated according to the actuarial method, may not exceed the equivalent of the following:

The total of:

~~(a) Twenty-one percent per year on that part of the unpaid balance of the amount financed which is $300 or less;~~

~~(b) eighteen percent per year on that part of the unpaid balance of the amount financed which is more than $300 but does not exceed $1,000; and~~

~~(c) fourteen and forty-five hundredths percent per year on that part of the unpaid balance of the amount financed which is more than $1,000.~~

the rates provided for by K.S.A. 1986 Supp. 16a-2-401(2)(a),(b),(c) and (d) and as adjusted by the provisions of K.S.A. 16a-2-401a.

(3) This section does not limit or restrict the manner of calculating the finance charge whether by way of add-on, discount, or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section. If the sale is precomputed:

(a) The finance charge may be calculated on the assumption that all scheduled payments will be made when due; and

(b) the effect of prepayment is governed by the provisions on rebate upon prepayment (16a-2-510).

(this section continued on page 2)

Atch I

Section 1. [(K.S.A. 1986 Supp. 16a-2-201) continued]

(4) For the purposes of this section, the term of a sale agreement commences with the date the credit is granted or, if goods are delivered or services performed 10 days or more after that date, with the date of commencement of delivery or performance. Differences in the lengths of months are disregarded and a day may be counted as 1/30th of a month. Subject to classifications and differentiations the seller may reasonably establish, a part of a month in excess of 15 days may be treated as a full month if periods of 15 days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations the seller may reasonably establish, the seller may make the same finance charge on all amounts financed within a specified range. A finance charge so made does not violate subsection (2) if:

(a) When applied to the median amount within each range, it does not exceed the maximum permitted by subsection (2); and

(b) when applied to the lowest amount within each range, it does not produce a rate of finance charge exceeding the rate calculated according to paragraph (a) by more than 8% of the rate calculated according to paragraph (a).

(6) Notwithstanding subsection (2), the seller may contract for and receive a minimum finance charge of not more than $5 when the amount financed does not exceed $75, or not more than $7.50 when the amount financed exceeds $75.

~~(7) As an alternative to the rates set forth in subsection (2), during the period beginning on the effective date of this act and ending July 1, 1987, the seller may contract for and receive a finance charge not exceeding 21% per year on the unpaid balances of the amount financed.~~ delete

~~History: L. 1973, ch. 85, § 16; L. 1980, ch. 77, § 1; L. 1981, ch. 94, § 1; L. 1982, ch. 93, § 1; L. 1983, ch. 79, § 1; L. 1985, ch. 82, § 1; July 1.~~

Sec. 2. K.S.A. 1986 Supp. 16a-2-202 is hereby amended to read as follows:

16a-2-202. (UCCC) Finance charge for consumer credit sales pursuant to open end credit. (1) With respect to a consumer credit sale made pursuant to open end credit, the parties to the sale may contract for the payment by the buyer of a finance charge not exceeding that permitted in this section.

(2) A charge may be made in each billing cycle which is a percentage of an amount no greater than:

(a) The average daily balance of the account, which is the sum of the actual amounts outstanding each day during the billing cycle divided by the number of days in the cycle;

(b) the unpaid balance of the account on the last day of the billing cycle; or

(c) the median amount within a specified range within which the average daily balance of the account or the unpaid balance of the account on the last day of the billing cycle is included. A charge may be made pursuant to this paragraph only if the seller, subject to classifications and differentiations the seller may reasonably establish, makes the same charge on all balances within the specified range and if the percentage when applied to the median amount within the range does not produce a charge exceeding the charge resulting from applying that percentage to the lowest amount within the range by more than 8% of the charge on the median amount.

(this section continued on page 4)

Sec. 2 [(K.S.A. 1986 Supp. 16a-2-202) continued]

(3) If the billing cycle is monthly, the charge may not exceed ~~1.75% of that part of the amount pursuant to subsection (2) which is $300 or less and 1.5% on that part of this amount which is more than $300 but not more than $1,000 and 1.2% on that part of this amount which is more than $1,000.~~ If the billing cycle is not monthly, the maximum charge is that percentage which bears the same relation to the applicable monthly percentage as the number of days in the billing cycle bears to 30. For the purposes of this section, a variation of not more than four days from month to month is "the last day of the billing cycle."

1/12th of the maximum annual rates permitted by K.S.A. 1986 Supp. 16a-2-401(2) and as adjusted by the provisions of K.S.A. 16a-2-401a.

(4) Notwithstanding subsection (3), if there is an unpaid balance on the date as of which the credit service charge is applied, the seller may contract for and receive a charge not exceeding $.50 if the billing cycle is monthly or longer, or the pro rata part of $.50 which bears the same relation to $.50 as the number of days in the billing cycle bears to 30 if the billing cycle is shorter than monthly.

~~(5) As an alternative to the rates set forth in subsection (3), during the period beginning on the effective date of this act and ending July 1, 1987, the parties to the sale may contract for and the seller may receive a finance charge not exceeding 21% per year on the amount determined pursuant to subsection (2).~~

History: L. 1973, ch. 85, § 17; L. 1980, ch. 77, § 2; L. 1981, ch. 94, § 2; L. 1982, ch. 93, § 2; L. 1983, ch. 79, § 2; L. 1985, ch. 82, § 2; July 1.

Sec. 3. K.S.A. 1986 Supp. 16a-2-401 is hereby amended to read as follows:

16a-2-401. (UCCC) Finance charge for consumer loans; exempting loans served by an interest in land; nonrefundable origination fee. (1) With respect to a consumer loan, including a loan pursuant to open end credit, a lender may contract for and receive a finance charge, calculated according to the actuarial method, not exceeding 18% per year on the unpaid balance of the amount financed not exceeding $1,000 and 14.45% per year on that portion of the unpaid balance in excess of $1,000.

(2) As an alternative to the rates set forth in subsection (1), with respect to a supervised loan made under a license issued by the administrator, including a loan pursuant to open end credit, a supervised lender may contract for and receive a finance charge, calculated according to the actuarial method, not exceeding the equivalent of the greater of either of the following:

The total of: (a) Thirty-six percent per year on that part of the unpaid balance of the amount financed which is $300 or less; and

(b) twenty-one percent per year on that part of the unpaid balance of the amount financed which is more than $300, but does not exceed $1,000; and

(c) fourteen and forty-five hundredths percent per year on that portion of the unpaid balance of the amount financed which is more than $1,000; or

twenty one

(d) ~~eighteen~~ percent per year on the unpaid balance of the amount financed.

(3) This section does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section. The finance charge may be contracted for and earned at the single annual percentage rate that would earn the same finance charge as the graduated rates when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method. If the loan is precomputed:

(a) The finance charge may be calculated on the assumption that all scheduled payments will be made when due; and

(b) the effect of prepayment is governed by the provisions on rebate upon prepayment (section 16a-2-510).

(this section continued on page 6)

(4) The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded and a day may be counted as 1/30th of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of 15 days may be treated as a full month if periods of 15 days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same finance charge on all amounts financed within a specified range. A finance charge so made does not violate subsections (1) and (2) if:

(a) When applied to the median amount within each range, it does not exceed the maximum amount permitted in subsections (1) and (2); and

(b) when applied to the lowest amount within each range, it does not produce a rate of finance charge exceeding the rate calculated according to paragraph (a) by more than 8% of the rate calculated according to paragraph (a).

(6) Notwithstanding subsections (1) and (2), a lender may contract for and receive a minimum finance charge of not more than $5 when the amount financed does not exceed $75, or not more than $7.50 when the amount financed exceeds $75.

(7) This section shall not apply to a loan secured by an interest in land the interest rate of which is governed by subsection (b) of K.S.A. 16-207, and amendments thereto, unless made subject hereto by agreement.

(8) Except for subsection ~~(10),~~ this section shall not apply to a loan secured by an interest in land subordinate to a prior mortgage and held by a lender other than the lender of the first mortgage, the interest rate of which is governed by subsection (b) or (h) of K.S.A. 16-207, and amendments thereto, unless made subject hereto by agreement.

~~(9) As an alternative to the rates set forth in subsection (1) and subsection (2)(d), during the period beginning on the effective date of this act and ending July 1, 1987, a supervised lender may contract for and receive a finance charge not exceeding 21% per year on the unpaid balance of the amount financed.~~

~~(10)~~ Notwithstanding subsections (1), (2) and (3), a lender may contract for and receive a nonrefundable origination fee not to exceed 3% of the amount financed on any loan secured by a real estate mortgage.

(9)

(9)

History: L. 1973, ch. 85, § 27; L. 1974, ch. 91, § 1; L. 1975, ch. 126, § 1; L. 1980, ch. 76, § 9; L. 1980, ch. 77, § 3; L. 1981, ch. 94, § 3; L. 1982, ch. 94, § 1; L. 1983, ch. 79, § 3;

Sec. 4. K.S.A. 1986 Supp. 16a-3-204 is hereby amended to read as follows:

16a-3-204. (UCCC) Change in terms of open end credit accounts. (1) If a creditor makes a change in the terms of an open end credit account without complying with this section any additional cost or charge to the consumer resulting from the change is an excess charge and subject to the remedies available to consumers (section 16a-5-201) and to the administrator (section 16a-6-113).

(2) A creditor may change the terms of an open end credit account whether or not the change is authorized by prior agreement. ~~Except as provided in subsection (3), the lender shall give to the consumer written notice of any change at least three times, with the first notice at least six months before the effective date of the change.~~

~~(3) The notice specified in subsection (2) is not required if:~~

~~(a) The consumer after receiving notice of the change agrees in writing to the change;~~

~~(b) the consumer elects to pay an amount designated on a billing statement as including a new charge for a benefit offered to the consumer when the benefit and charge constitute the change in terms and when the billing statement also states the amount payable if the new charge is excluded;~~

~~(c) the change involves no significant cost to the consumer;~~

~~(d) the consumer has previously consented in writing to the kind of change made and notice of the change is given to the consumer in two billing cycles prior to the effective date of the change; or~~

~~(e) the change applies only to debts incurred after a date specified in a notice of the change given in two billing cycles prior to the effective date of the change.~~

~~(4)~~ The notice provided for in this section is given to the consumer when mailed to the consumer at the address used by the creditor for sending periodic billing statements.

~~(5) Notwithstanding subsection (2), from and after the effective date of this act and until July 1, 1987, a creditor may change the finance charge in an open end credit account after 30 days' written notice is given to the consumer.~~

History: L. 1973, ch. 85, § 44; L. 1980, ch. 77, § 4; L. 1981, ch. 94, § 4; L. 1982, ch. 93, § 5; L. 1983, ch. 79, § 4; L. 1985, ch. 82, § 4; July 1.

after 30 days' written notice is given to the consumer.

(3)

Sec. 5. K.S.A. 1986 Supp. 16a-2-201, 16a-2-202, 16a-2-401 and 16a-3-204 are hereby repealed.

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

99 | 2157
Fiscal Note | Bill No.
1987 Session
February 20, 1987

175W

The Honorable Clyde Graeber, Chairperson
Committee on Commercial and Financial Institutions
House of Representatives
Third Floor, Statehouse

Dear Representative Graeber:

SUBJECT: Fiscal Note for House Bill No. 2157 by Committee on Commercial and Financial Institutions

In accordance with K.S.A. 75-3715a, the following fiscal note concerning House Bill No. 2157 is respectfully submitted to your committee.

House Bill No. 2157 would allow reciprocal interstate branching for state chartered savings and loan associations.

Passage of this bill is not expected to have a fiscal impact. The Savings and Loan Commissioner indicated that given his powers to establish rules and regulations regarding acceptance of out-of-state branches, and acceptance of a federal examination in lieu of a state examination, no additional examination costs are anticipated. The Commissioner further indicates that he does not forsee any shifts of federally chartered savings and loans to state charters as a result of passage of this bill.

Should this bill not pass, the agency and state could experience a fiscal impact. The Commissioner has learned that if conversion to a federal charter is the only option for interstate branching, current state chartered associations may convert. Conversions to a federal charter will reduce the state asset base, thereby resulting in reduced fee receipts unless action is taken to increase fees on the remaining state-chartered institutions. In addition, given a significant number of conversions, the agency's workload would be reduced to an extent to warrant corresponding reductions in the agency's budget.

Any changes in revenues or expenditures that would result from the failure to pass this act are not reflected in the FY 1988 Governor's Budget Report.

Gary L. Stotts
Acting Director of the Budget

GLS:JS:lkh

Atch II

REQUEST FOR

INTRODUCTION OF LEGISLATION

BY

THE KANSAS HOUSE COMMITTEE

ON

COMMERCIAL AND FINANCIAL INSTITUTIONS

AT THE REQUEST OF

KANSAS STATE DEPARTMENT OF CREDIT UNIONS

February 10, 1987

Atch III

Dear Mr. Chairman and Committee Members:

The Kansas State Department of Credit Unions is asking for the accompanying amendments and deletions to the Kansas Statutes governing Kansas State Chartered Credit Unions.

This is a brief explanation of changes being requested.

K.S.A. 17-2206

(B) This change would allow flexibility in the examination schedules without being in violation of the present law.

(C) This authority is necessary for the Administrator, if in his judgment the credit union is operating in an unsafe and unsound manner.

(g) This addition is to ensure that data information provided shall meet with the departments needs and be in full and fair disclosure.

K.S.A. 17-2226

(A) This addition clarifies that the approval shall be in writing.

(b) This section was added to clarify reporting methods for incidental operation cost and to place a cap on the total amount allowed.

(C) This addition was placed in the law for clarification purposes.

K.S.A. 17-2230

(b) The deletion of this portion of the present law gives authority to the Administrator to act promptly, if in his judgment this is necessary to preserve the assets of the credit union.

The last sentence added, provides for appeal process.

K.S.A. 17-2242

(A) (3) This addition clarifies who has the authority to act.

(b) This authority is necessary for the Administrator, if in his judgment the officials of a credit union are endangering the safety and soundness of that institution.

(C) This section would allow the Administrator the needed authority to compel the credit union and others to provide records and information needed for examination relating to this section.

K.S.A. 17-2249

(A) Deleting a portion of this paragraph allows the Administrator, if he deems it necessary, to take immediate action to safeguard membership shares on deposit.

The added last sentence allows for the appeal process.

(b) The explanation for this deletion would be the same as in section (A).

BILL NO. _____

AN ACT relating to credit unions; concerning supervision by the administrator and the administrator's jurisdiction; amending K.S.A. 17-2242 and 17-2249 and 1986 Supp. 17-2206, 17-2226 and 17-2230 repealing the existing sections.

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

Section 1 K.S.A. 1986 Supp. 17-2206 is hereby amended to read as follows: 17-2206. -

(a) Credit unions shall be subject to the exclusive supervision of the administrator and shall make a report of condition to the administrator at least semiannually, on blank forms to be supplied by the administrator, notice of which reports shall be sent out by the administrator. Returns shall be verified under oath of the president or chairperson of the board, whichever has been elected by the board of directors pursuant to K.S.A. 17-2209, and any amendments thereto, and treasurer, and additional reports may be required by the administrator. Copies of a current balance sheet shall be furnished without charge by the administrator to any person upon request. Any credit union which neglects to make the above reports shall forfeit to the treasurer of the state up to $50 for each day of such neglect at the discretion of the administrator.

(b) Each credit union shall be examined at least ~~annually~~ once every 18 months by the administrator or the administrator's duly authorized deputy or agent. In lieu of any particular annual examination the administrator may accept an examination report made by or under the authority of the national credit union administration or its successor or successors, by any such other appropriate federal agency or by an independent auditor or certified public accountant licensed to do business in the state of Kansas if such audit and report meet with the standards which the administrator may by regulation promulgate. The administrator may order other examinations, and the administrator's

agents shall at all times be given free access to all books, papers, securities and other sources of information in respect to the credit union. For that purpose the administrator's agents shall have the power to subpoena and examine personally witnesses on oath and documents pertaining to the business of the credit union. If a credit union neglects to make the required charges for delay in filing reports, for 15 days, the administrator shall notify the credit union of the administrator's intention to revoke the certificate of approval. If the neglect or failure continues for another 15 days, the administrator may revoke the certificate of approval and shall cause one of the administrator's agents to take possession until such time as the administrator may permit such credit union to resume business or its affairs are finally liquidated.

(c) ~~If it appears to the administrator that a credit union has violated or is violating any of the provisions of law, the administrator, by an order made over the administrator's official signature, after a hearing or an opportunity for a hearing has been given the credit union, may direct such credit union to discontinue its illegal methods and practices.~~ The administrator may issue cease and desist orders made over the administrator's official signature having determined from clear and convincing evidence that a credit union is engaged, has engaged, or is about to engage, in an unsafe or unsound practice, or is violating, has violated or is about to violate a material provision of any law, rule or regulation or any condition imposed in writing by the administrator or any written agreement made with the administrator. A credit union may appeal such order pursuant to K.S.A. 17-2241.

(d) If a credit union is insolvent, or has, within a reasonable time, failed to comply with any order mailed to the last address filed by the credit union with the administrator, the administrator shall immediately, or within reasonable time thereafter, take possession of the business and property of the credit union and retain possession until such time as the ad-

ministrator may permit it to resume business or its affairs are finally liquidated.

(e) Each credit union shall pay to the administrator a fee for examniation, established in accordance with this subsection. Prior to June 1, each year, the administrator, with the approval of the credit union council, shall establish such annual fees as the administrator determines to be sufficient to meet the budget requirements of the department of credit unions for the fiscal year beginning July 1. Such fees shall be due and payable 30 days after receipt of billing from the department of credit unions.

(f) For a central credit union located in the state of Kansas and under the supervision of the adminsitrator, in which all credit unions in the state of Kansas are eligible for membership, the administrator may accept an audit report by a certified public accountant in lieu of the credit union departmental examination of such credit union. If the administrator accepts a certified public accountant audit in lieu of the administrator's examination of such central credit union, the administrator may assess such central credit union a fee established in accordance with subsection (e).

(g) No credit union may purchase, rent, lease or otherwise obtain or contract for data processing service or equipment until the person or business offering such equipment or service has furnished certification that such service or equipment can produce the minimum accounts and reports required by the administrator. The administrator shall furnish a listing of these minimum accounts and reports to any person or business upon request.

Section 2. K.S.A. 1986 Supp. 17-2226 is hereby amended to read as follows: 17-2226. (a) Credit unions may purchase, lease, hold or rent real estate and improvements thereon for their current or future use and occupancy. Without the written approval of the administrator such expenditure shall not exceed

5% of the first $1,000,000 of the total shareholdings plus 3% of the total shareholdings in excess of $1,000,000, plus such additional sums as have been set aside for such purpose.

(b) A credit union may purchase, rent, hold, contract for, acquire or lease any material, equipment or service which may be necessary or incidental to its operation. The aggregate of all such purchases, rentals, holdings, contracts, acquisitions or leases when required by generally accepted accounting principles to be entered as an asset or a liability shall not exceed 3% of the credit union's shares, reserves and undivided earnings without the written approval of the administrator.

(c) A credit union may rent or lease a portion of its building, fixed assets, or property and may acquire, lease, hold, assign, pledge, sell or otherwise dispose of real property or other assets, either in whole or in part, necessary or incidental to its operations and purposes.

Section 3. K.S.A. 1986 Supp. 17-2230 is hereby amended to read as follows: 17-2230. (a) Voluntary. At a meeting especially called to consider the matter, a majority of the entire membership may vote to dissolve the credit union, provided a copy of the notice was mailed to the administrator at least 10 days prior thereto. Any member not present at such meeting may, within the next 20 days, vote in favor of dissolution by signing a statement in form approved by the administrator and such vote shall have the same force and effect as if cast at such meeting. The credit union shall thereupon immediately cease to do business except for the purposes of liquidation, and the executive officer of the board and secretary of the board shall, within five days following such meeting, notify the administrator of intention to liquidate and shall include a list of the names of the directors and officers of the credit union together with their addresses. Any credit union which has voted to enter into voluntary dissolution may by action of its board of directors make a written application to the administrator for the appointment of a receiver

and the administrator shall then exercise such powers of appointment, control and supervision of a receiver as is provided where a credit union is insolvent.

(b) Involuntary. If it shall appear that any credit union is bankrupt or insolvent, or that it has violated any of the provisions of this act, the administrator may, ~~after holding a hearing or giving adequate opportunity for a hearing,~~ order such credit union to correct such condition and shall grant it a reasonable time under the circumstances of the case within which to comply, and failure to do so shall afford grounds for revocation of the corporate charter. A credit union may appeal such order pursuant to K.S.A. 17-2241. When the administrator finds that a credit union is insolvent the administrator shall appoint a receiver therefor, and require the receiver to give such bond as the administrator deems proper. The administrator also shall afix reasonable compensation for the receiver but the same shall be subject to approval of the district court of the county wherein such credit union is located upon application of any party in interest. The administrator may appoint as receiver any person, the Kansas credit union league, or the insurer or guarantee corporation required under K.S.A. 17-2246, and amendments thereto, for the credit union involved. Such receiver shall follow the liquidation procedure set out herein. Any receiver appointed shall make a complete report to the administrator covering the act and proceedings as such receiver. The administrator may remove for cause any receiver and appoint a successor. The receiver, under the direction of the administrator, shall take charge of any insolvent credit union and all of its assets and property and liquidate the affairs and business for the benefit of its creditors and shareholders as provided in this section. The receiver may sell or compound all bad and doubtful debts and sell all the property of any such credit union opon such terms as the administrator shall approve. The administrator shall have the general supervision of all the

acts of the receiver. All claims of creditors and shareholders must be filed with the receiver within one year after the date of the receiver's appointment, and if any shareholder claim or creditor claim is not so filed then it shall be barred from participation in the estate and assets of any such credit union. The receiver of any insolvent credit union may borrow money and pledge the assets of such insolvent credit union but only upon prior written approval of the administrator. At least once each year the administrator shall examine every credit union in the hands of the receiver and copies of such examination reports shall be available to any interested shareholder or creditor by written request made to the administrator. Every receiver shall submit the records and affairs of such credit union to an examination by the administrator or the administrator's assistant and examiners whenever the receiver is requested to do so. The receiver of any credit union shall make reports to the administrator in the same manner as required of other credit unions.

(c) Liquidating procedure. The credit union shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets, and doing all acts required in order to wind up its business and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully adjusted.

The board of directors or the receiver shall use the assets of the credit union to pay in the following order: (1) Expenses incidental to liquidation including any surety bond that may be required; (2) remaining liabilities other than shareholdings; and (3) the assets then remaining, if any, shall be distributed to the savings held by each member as of the date dissolution was voted.

As soon as the board or the receiver determines that all assets from which there is a reasonable expectancy of realization have been liquidated and distributed as set forth in this sec-

tion, they shall execute a certificate of dissolution on a form prescribed by the administrator and file same with the register of deeds of the county wherein the credit union had its registered office, who shall, after recording and indexing same, forward it to the administrator, whereupon such credit union shall be dissolved. The administrator shall furnish a copy of the certificate of dissolution to the secretary of state.

Section 4. K.S.A. 17-2242 is hereby amended to read as follows: 17-2242. (a) If it appears to the administrator that the board of directors, supervisory or credit committees, of any credit union has been dishonest, reckless or incompetent in the performance of their duties the administrator, with the concurrence of the credit union council

(1) may recommend the removal of such persons and

(2) submit any such findings, reports or recommendations to any regularly or specially called meeting of the board of directors, credit and supervisory committees or if he has done this he may,

(3) after due notice given at least ten (10) days in advance, submit his findings and recommendations and reports to a general meeting of the shareholders. Due notice shall be construed as being such notice as is provided in the bylaws of the credit union for calling such meetings. HeThe administrator may give such additional notice to the members as hethe administrator deems advisable. The credit union council, the administrator and employees shall not be personally liable for such reports, recommendations and findings made in good faith. At such meeting of the shareholders it shall be in order to call for a vote to remove such officers, board members, committee members, or employees. Such action by the shareholders to remove or not remove such persons from their positions shall be absolute and need not be based on any finding, concurrence or non-agreement with the administrator that such persons are or have been dishonest, reckless or incompetent in the performance of their

duties. At any such meeting of the shareholders the board of directors, supervisory or credit commitees may concur or not concur with a recommendation of removal whether or not they agree with the findings of the administrator.

(b) As an alternative to and notwithstanding subsection (a) of this section, the administrator may suspend from office and prohibit from further participation in any manner in the conduct of the affairs of a credit union any director, officer, committee member or employee who has committed any violation of a law, rule, regulation or of a cease and desist order or who has engaged or participated in any unsafe or unsound practice in connection with the credit union or who has committed or engaged in any act, omission, or practice which constitutes a breach of that person's fiduciary duty as such director, officer, committee member or employee, when the administrator has determined from clear and convincing evidence that such action or actions have resulted or will result in substantial financial loss or other damage that seriously prejudices the interests of the members. The credit union may appeal the order pursuant to K.S.A. 17-2241.

(c) The administrator shall have the power to subpoena witnesses, compell their attendance, require the production of evidence, administer oaths, and examine any person under oath in connection with any subject relating to a duty imposed upon or authority vested in the administrator.

Section 5. K.S.A. 17-2249 is hereby amended to read as follows: 17-2249. (a) If any credit union shall fail to obtain and maintain insurance upon its shares as required under the provisions of K.S.A. 17-2246, the administrator shall notify the credit union that a continuation of such failure will result in the revocation of its certificate of approval. If after receipt of such notice the credit union fails or refuses to obtain such insurance, the administrator shall~~,-after-a-hearing-or-an-opportunity-for-a-hearing-has-been-given-said-credit-union,~~ grant an extension of time in the manner authorized by K.S.A. 17-2246 or

revoke the certificate of approval and shall cause one of said administrator's agents to take possession of the business of such credit union and retain possession thereof until such time as such insurance is obtained or the affairs of the credit union are finally liquidated. A credit union may appeal such action pursuant to K.S.A. 17-2241.

(b) If any credit union shall fail to give notice that it does not maintain insurance upon its shares in the manner required under provisions of K.S.A. 17-2247, the credit union administrator shall notify such institution that a continuation of such failure will result in the revocation of its certificate of approval. If after receipt of such notice the credit union fails or refuses to comply, the administrator shall~~,-after-a-hearing-or-an-opportunity-for-a-hearing-has-been-given-to-such-credit-union,~~ grant an extension of time in the manner authorized by K.S.A. 17-2247 or revoke its certificate of approval. Thereupon proceedings shall be commenced for the dissolution of such institution in the manner provided by law. A credit union may appeal such action pursuant to K.S.A. 17-2241.

Section 6. K.S.A. 17-2242 and 17-2249 and K.S.A. 1986 Supp. 17-2206, 17-2226 and 17-2230 are hereby repealed.

Section 7. This act shall take effect and be in force from and after its publication in the Kansas Register.

KLSI Kansas League of Savings Institutions

LYNN G. VAN AALST, Vice President • Suite 612 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

February 10, 1987

TO: HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

FROM: LYNN VAN AALST, KANSAS LEAGUE OF SAVINGS INSTITUTIONS

RE: REQUEST FOR INTRODUCTION OF A BILL

The Kansas League of Savings Institutions appreciates the opportunity to appear before the House Committee on Commercial and Financial Institutions to request introduction of a bill that would eliminate an inequity between state chartered and federally chartered savings and loan institutions with respect to issuance of negotiable Certificates of Deposit.

Currently, a federally chartered association may enter into an agreement with a brokerage firm to issue negotiable CDs. A negotiable CD is in effect a "pool" of individual CDs, marketed by the brokerage firm and held in one account under the broker's name as agent at the financial institution, the component parts of which are individually insured. The attached bill would grant similar authority to state chartered associations.

Marvin Steinert, Kansas Savings and Loan Commissioner, issued a special order on February 4, 1987, pursuant to his authority under K.S.A. 17-5601, to correct this inequity. A copy of the special order is attached.

We respectfully request that the attached bill be introduced and referred back to the Committee for hearings and deliberations.

Lynn Van Aalst
Vice President

LVA:bw

Encl.

Attach IV

___Bill No. ___

AN ACT relating to savings and loan associations; utilization of negotiable certificate accounts by certain savings and loan associations; rules and regulations.

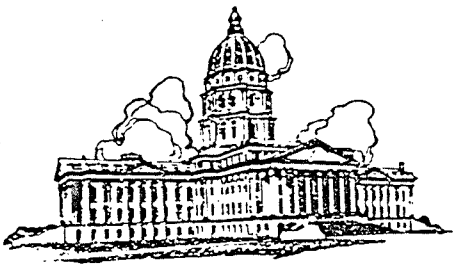
Be it enacted by the Legislature of the State of Kansas:

Section 1: Subject to such prohibitions, limitations and conditions as the commissioner may, by regulation, prescribe, any state chartered savings and loan association, having its principal office in this state which is a member of a federal home loan bank, may issue negotiable certificate accounts in bearer form without recording ownership on the books of the association to the same extent it could if it were operating as a federal savings and loan association, notwithstanding, restrictions contained in Articles 51 to 58, inclusive of Kansas Statute Annotated and acts amendatory thereof.

Section 2. Holders of such negotiable certificate accounts shall not be members or shareholders of the association and shall have no voting rights.

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

STATE OF KANSAS



Savings and Loan Department

Room 509
Landon State Office Building
900 Jackson

TOPEKA, KANSAS 66612-1220

MIKE HAYDEN, *Governor*
MARVIN S. STEINERT, *Commissioner*

SPECIAL ORDER OF THE COMMISSIONER

The Savings and Loan Commissioner hereby enters a Special Order pursuant to K.S.A. 17-5601, which provides that the Commissioner may authorize any and all state chartered savings and loan associations to engage in any activity in which such associations could engage were they operating as a federal savings and loan association. The Commissioner hereby finds it is necessary to adopt this Special Order; that federal savings and loan associations may issue time deposit accounts in negotiable form; that this Special Order is reasonably required to preserve and protect the welfare of state chartered savings and loan associations and that it will promote competitive equality of state and federal savings and loan associations. This Special Order hereby grants the following powers to state chartered savings and loan associations to equalize powers granted to federal associations.

> Notwithstanding any restrictions contained in the statutes of the State of Kansas, a state chartered savings and loan association may, without limitation, issue time deposit accounts in negotiable form. Any provisions of the associations bylaws and state statutes regarding membership and voting shall not apply to such certificates.

Signed and sealed this 4th Day of February, 1987 at Topeka, Kansas.

Marvin S. Steinert
Savings and Loan Commissioner
State of Kansas

SEAL

House Bill _____

AN ACT amending the uniform consumer credit code; relating to additional charges which may be received in connection with consumer credit transactions by reason of the receipt of a worthless check; amending K.S.A. 16a-2-501 and repealing the existing section.

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

Section 1. K.S.A. 16a-2-501 is hereby amended to read as follows:

16a-2-501. (UCCC) Additional charges. (1) In addition to the finance charge permitted by the parts of this article on maximum finance charges for consumer credit sales and consumer loans (parts 2 and 4), a creditor may contract for and receive the following additional charges in connection with a consumer credit transaction:

(a) Official fees and taxes;

(b) charges for insurance as described in subsection (2);

(c) annual charges, payable in advance, for the privilege of using a lender credit card which entitles the user to purchase goods or services from at least one hundred (100) persons not related to the issuer of the lender credit card, under an arrangement pursuant to which the debts resulting from the purchases are payable to the issuer;

(d) charges for other benefits, including insurance, conferred on the consumer, if the benefits are of value to him and if the charges are reasonable in relation to the benefits, are of a type which is not for credit, and are excluded as permissible additional charges from the finance charge by rule adopted by the administrator.

(e) charges authorized by K.S.A. 1986 Supp. 21-3707, provided that if a worthless check charge is added to the balance owed on a consumer loan contract, a finance charge may be added thereto at the same rate or rates provided for in the consumer loan contract.

(2) An additional charge may be made for insurance written in connection with the transaction, including vendor's single interest insurance with respect to which the insurer has no right of subrogation against the consumer but excluding other insurance protecting the creditor against the consumer's default or other credit loss,

(a) with respect to insurance against loss of or damage to property, or against liability, if the creditor furnishes a clear and specific statement in writing to the consumer setting forth the cost of the insurance if obtained from or through the creditor and stating that the consumer may choose the person through whom the insurance is to be obtained; and,

(b) with respect to consumer credit insurance providing life, accident, or health coverage, if the insurance coverage is not a factor in the approval by the creditor of the extension of credit, and this fact is clearly disclosed in writing to the consumer, and if, in order to obtain the insurance in connection with the extension of credit, the consumer gives specific affirmative written indication of his desire to do so after written disclosure to him of the cost thereof.

History: L. 1973, ch. 85, § 29; Jan. 1, 1974.

Atch V

Sec. 2. K.S.A. 16a-2-501 is hereby repealed.

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

KLSI Kansas League of Savings Institutions

JAMES R. TURNER, President • Suite 512 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

February 10, 1987

TO: HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

FROM: JIM TURNER, KANSAS LEAGUE OF SAVINGS INSTITUTIONS

RE: H.B. 2157 (INTERSTATE BRANCHING: STATE-CHARTERED S&Ls)

The Kansas League of Savings Institutions appreciates the opportunity to appear before the House Commercial and Financial Institutions Committee in support of H.B. 2157 which would allow state-chartered savings and loan associations to branch on an interstate basis in conformity with authority presently granted to federally-chartered associations.

In April, 1986, the Federal Home Loan Bank Board issued regulations conforming federal and state interstate branching as well as allowing a federal association to acquire an association across state lines for supervisory purposes. A federal association utilizing this option is then allowed to branch into three additional states, with priority given to contiguous states. A copy of the Federal regulations has been attached for review by the committee. This regulation was used in 1986 by Commercial Federal Savings, Omaha, Nebraska, in the acquisition of Coronado Federal Savings of Kansas City.

Several of the larger state-chartered associations in Kansas have been approached by the Federal Home Loan Bank to acquire supervisory problem institutions in adjoining states in exchange for being allowed to branch into three additional states. Under present Kansas law they cannot do this and therefore find themselves at a competitive disadvantage with federal associations.

The passage of H.B. 2157 would correct this inequity. Absent a change in Kansas statutes, a state-chartered association desirous of such branching will be forced to convert their charter to a federal charter. This not only would weaken the state charter system but could financially impair the continuation of an independent State Savings and Loan Board.

Presently the states of Oklahoma and Missouri allow for interstate branching on a reciprocal basis and it appears that such branching may be possible in Colorado through administrative procedures. It is anticipated that their Legislature will consider the issue this session. We have no current information on Nebraska. We have enclosed a summary of current interstate branching situations throughout the country for review by the committee.

Atch VI

KLSI

The use of interstate branching in supervisory cases will be continued by the Federal Home Loan Bank Board and the FSLIC. This is a superior approach to the liquidation and elimination of problem institutions and we anticipate further acquisitions in Kansas by out-of-state federal associations.

We feel it is appropriate to eliminate the restraint upon state-chartered associations and would request that the committee give early attention to reporting H.B. 2157 favorably for passage.

James R. Turner
President

JRT:bw

Encl.

FEDERAL HOME LOAN BANK BOARD

No. 86-424

Date: April 24, 1986

12 CFR Part 556

Interstate Branching

AGENCY: Federal Home Loan Bank Board.

ACTION: Final rule with request for comments.

SUMMARY: The Federal Home Loan Bank Board ("Board") is amending its statement of policy on branching by Federal savings and loan associations and Federal savings banks ("Federal associations") to provide: (1) general equality of Federal associations with state-chartered thrift institutions of a Federal association's home office state with respect to branching across state lines and (2) possibly broader branching rights for a Federal association acquiring a failing institution in the form of regional branching rights as well as single target state branching rights. The Board is also soliciting comments on further amending its statement of policy to provide general equality of Federal associations with state-chartered financial institutions, including banks, or their holding companies with respect to branching and acquisitions.

DATES: The rule becomes effective [upon publication in the Federal Register]. Comments concerning branching or acquisition equality with banks and bank holding companies must be received before [ninety days after publication in the Federal Register].

ADDRESSES: Send comments to Director, Information Services Section, Office of the Secretariat, Federal Home Loan Bank Board, 1700 G Street, N.W., Washington, D. C. 20552.

FOR FURTHER INFORMATION: Winifred Sutton, Attorney, Blue Division (202) 377-7044; David Wall, Attorney, Red Division (202) 377-7397; or Mary Rawlings-Milton, Chief Paralegal, Federal Savings and Loan Insurance Corporation Attorneys Group, (202) 377-7048, Office of the General Counsel, Federal Home Loan Bank Board, 1700 G Street, N.W., Washington, D. C. 20552.

SUPPLEMENTARY INFORMATION: On December 20, 1985, the Board proposed amendments to section 556.5 of its Federal Regulations (12 CFR 556.5 (1985)) regarding interstate branching by thrifts. The proposed revisions related to branching in both supervisory and nonsupervisory contexts. In the latter respect, the proposal would have provided Federal associations generally with the same ability to branch or to

merge across state lines granted by state law to state-chartered associations headquartered in the state in which a Federal association's home office is located.

The proposal also provided in essence that a Federal association in a holding company structure might not exercise the new branching rights granted under this proposal to Federal associations generally if another insured institution in that structure exercised such rights.

In the supervisory context, the proposal would permit the Board to allow a Federal association acquiring a failing institution to obtain entry into a region rather than being limited to the state of the failing target institution. The region could not exceed three states in addition to the state of the target, unless the target state was itself part of a regional compact specifically authorized "by statute laws of such states, by language to that effect and not merely by implication," in which case the Board might consider an application for branching capacity within the states of the regional compact even if in excess of the target's state plus three others. The proposed rule set forth a preference for applications contemplating a region of contiguous states, but did not prohibit the Board from allowing branching capacity in non-contiguous states.

After considering the public comments received and other information, the Board has determined to adopt the amendments substantially as proposed, altering certain language to clarify provisions applicable to Federal associations in a holding company structure and to emphasize that supervisory context branching beyond the state of a target will be granted only upon a showing of reasonableness and very substantial benefit to the Federal Savings and Loan Insurance Corporation ("FSLIC") in a measure sufficient to constitute a compelling factor in determining to make such an award.

List of Subjects in 12 CFR Part 556

Savings and loan associations

Accordingly, the Federal Home Loan Bank Board hereby amends Part 556, Subchapter C, Chapter V, Title 12, Code of Federal Regulations, as set forth below.

SUBCHAPTER C--FEDERAL SAVINGS AND LOAN SYSTEM

PART 556 - STATEMENTS OF POLICY

1. The authority citation for Part 556 continues to read as follows:

Authority: Sec. 5, 48 Stat. 132, as amended, (12 U.S.C. 1464); Sec. 341, 96 Stat. 1505, as amended, (12 U.S.C. 1701j-3); Secs. 402-403, 406-407, 48 Stat. 1256-1257, 1259-1260, as amended (12 U.S.C. 1725-1726, 1729-1730); Reorg. Plan No. 3 of 1947, 12 FR 4981, 3 CFR, 1943-1948 Comp., P. 1071.

2. Amending section 556.5 by revising paragraph (a)(1)-(3)(iv) to read as follows:

§ 556.5 ESTABLISHMENT OF BRANCH OFFICES

(a) General. (1) The Board encourages a competitive savings and loan system that provides choices of facilities for improved financial services to the public. The Board believes that branching is a primary means to increase competition and serve the public. The Board recognizes that establishment of a full service branch is only

one means for improving service and competition in an area and, therefore, encourages innovative ideas for branches designed to suit the needs of a particular community.

(2) As a general policy, the Board permits a Federal association to branch within the state in which its home office is located.

(3)(i)(a)(1) Additionally, the Board will permit a Federal association to establish or operate a branch office in a state other than the state in which its home office is located if the law of the state in which a Federal association's home office is located and the law of the state in which the branch is to be located would permit the establishment of such branch if the Federal association were an institution of the savings and loan or savings bank type chartered by the state in which the Federal association's home office is located.

(2) For the purposes of this paragraph (a)(3)(i)(a), state law is employed to determine basic authority to branch, or to acquire branch offices by merger or acquisition of assets or liabilities, but authorization by a state official is not required, and other state law limitations or requirements, such as those concerning investment standards, do not apply.

(3) This paragraph (a)(3)(i)(a) does not authorize a Federal association to become a savings and loan holding company controlling an insured institution located in a state other than the state in which the Federal association's home office is located.

(b) For the purposes of this paragraph (a)(3), the home office of a Federal association shall be deemed to be its home office as of the later of the date of its chartering or December 20, 1985, unless an association clearly demonstrates to the satisfaction of the Board that relocation to another state was not effected primarily to obtain branching advantages under this § 556.5(a).

(c) If a Federal association is a holding company or a subsidiary of an insured institution that is a holding company, it shall have a home office for the purposes of paragraph (a)(3)(i) only if no other insured institution in its holding company structure exercises or has exercised branching rights described in paragraph (a)(3)(i)(a);

(d) If a Federal association is an ultimate parent holding company, and no state chartered insured institution in the holding company structure exercises or has exercised branching rights described in paragraph (a)(3)(i)(a), such ultimate parent holding company shall be the sole association in the holding company struc-

ture that may acquire such branching rights under paragraph (a)(3)(i)(a). For the purposes of this paragraph (a)(3)(i), "ultimate parent holding company" means a savings and loan holding company not controlled by another company.

(e) Multiple holding companies (1) A Federal association that is a subsidiary of a multiple savings and loan holding company that controls insured institutions located in more than one state shall have a home office for the purposes of paragraph (a)(3)(i) only if no other subsidiary insured institution of its holding company exercises or has exercised branching rights described in paragraph (a)(3)(i)(a).

(2) Such a subsidiary Federal association may not exercise branching rights described in paragraph (a)(3)(i)(a) if a single state has been designated by its parent pursuant to § 408(e)(3)(B) of the National Housing Act, 12 U.S.C. 1730a(e)(3)(B), that is not the state in which such subsidiary Federal association has its home office, or if it became a subsidiary of its parent holding company pursuant to an acquisition or acquisitions effected pursuant to section 408(m) of the National Housing Act at a time when that parent was an existing savings and loan holding company, unless no subsidiary of such parent in a state designated pursuant to § 408(e)(3)(B) or existing prior to such § 408(m) acquisition possesses branching rights described in paragraph (a)(3)(i)(a).

(f) A Federal association that acquires and exercises branching rights pursuant to any of subparagraphs (a)(3)(i)(a) through (e) may not operate or retain branches established pursuant to such exercise if another insured institution in its holding company structure exercises branching rights described in paragraph (a)(3)(i)(a).

(ii)(a) Notwithstanding the limitations of paragraph (a)(3)(i) of this section, but subject to section 5(r) of the Home Owners' Loan Act of 1933, as amended, the Board may approve the establishment or operation of a branch office by a Federal association in a state other than the state in which its home office is located; Provided that:

(1) The establishment of the branch office will be achieved as part of or as a result of a transaction in which assets or liabilities of a failing insured institution ("target institution") are acquired by another institution, by merger or otherwise, as part of a transaction in which the insured accounts of a target institution are assumed by and transferred to an insured institution as a means of payment of insurance by the Federal Savings and Loan Insurance Corporation ("Corporation") or pursuant to an action by the Corporation to prevent the failure of a target institution;

(2) The Board determines that the Corporation's insurance liability or risk, including cost or potential cost to the Corporation, will be reduced as a result of the transaction involving a target institution; and

(3) If any alternative has been submitted that is not objectionable on supervisory grounds and could be approved in accordance with paragraph (a)(2), (a)(3)(i), or (a)(3)(iii) of this section or that would involve an acquisition by, or transfer of accounts to, a state chartered institution and would be in accordance with the laws governing the chartering and operation of all parties to the transaction, the Board determines that the Corporation's insurance liability or risk, including cost or potential cost to the Corporation, resulting from the proposed interstate acquisition by, or transfer of accounts to, a Federal association under this paragraph (a)(3)(ii) will be substantially less than the liability or risk that would result from such other alternative.

(b) Branching approved or permitted pursuant to this paragraph (a)(3)(ii) may be:

(1) Operation of a former office or offices of a target institution; and

(2) Permission to establish branch offices in a state or states other than the state or states in which a target institution operates: Provided that branching rights permitted pursuant to this paragraph (a)(3)(ii)(b)(2) shall not in any event include any state in addition to the greater of (A) three (3) states in addition to the state or states in which the target institution operates, or (B) if the home office of the target institution is located in a state that, as of the date of acquisition of the target institution, is included in a regional compact of states specifically authorizing branching or acquisition across state lines by institutions of the savings and loan or savings bank type by statute laws of such states, by language to that effect and not merely by implication, the states included within such a regional compact; Provided further, that the Board shall give preference to an application seeking limited branching authority over an application seeking wider branching capacity under paragraphs (a)(3)(ii)(b)(1) and (2); Provided further, that in considering applications to approve transactions involving the exercise of authority under this paragraph (a)(3)(ii)(b)(2), the Board shall prefer an application involving branching in states within a regional compact for institutions of the savings and loan or savings bank type or in a state or states having boundary lines contiguous with boundary lines of the state in which the target institution's home office is located; and Provided further, that no application for branching capacity under this paragraph

(a)(3)(ii)(b)(2) shall be approved unless the Board finds that such branching capacity is reasonably related to the office structure of the applicant, before or after acquisition of the target institution or its assets or liabilities, and that an acquisition effected pursuant to such application is of very substantial benefit to the FSLIC in a measure sufficient to constitute a compelling factor in determining to make an award to the applicant.

(c) The principles of this paragraph (a)(3)(ii) shall also apply in reverse mergers in which the target institution is the surviving entity and in the acquisition of control of subsidiary insured institutions in a state or states in which a Federal association is not authorized to branch pursuant to paragraph (a)(3)(i).

(iii) Notwithstanding paragraph (a)(3)(i) of this section, but subject to section 5(r) of the Home Owners' Loan Act of 1933, as amended, the Board may approve the establishment of a branch office in a state or states other than the state in which the home office is located, provided that the establishment of the branch office will be achieved by the consolidation of some or all of the savings and loan subsidiaries, or of some or all of the offices of the savings and loan subsidiaries, of a multiple savings and loan holding company.

The Board may approve the establishment of a branch office by a resulting institution in any state or states in which it maintains branch offices as a result of the consolidation.

(iv) Notwithstanding paragraph (a)(3)(i) of this section, but subject to section 5(r) of the Home Owners' Loan Act of 1933, as amended, in a transaction not involving an action by the Corporation for transfer of accounts or to prevent the failure of an insured institution, the Board may approve the establishment of a branch office in any state in which the applicant has established or has been permitted to operate a branch office pursuant to the conditions set forth in paragraph (a)(3)(ii) of this section.

* * * * *

By the Federal Home Loan Bank Board.

Jeff Sconyers
Secretary

GPO 922-916

STATE OF MICHIGAN

DEPARTMENT OF ATTORNEY GENERAL

SAVINGS AND LOAN ASSOCIATIONS: Branch office of a foreign savings and loan association

Merger of foreign savings and loan association with domestic or federal savings and loan association in Michigan

A foreign savings and loan association may, subject to approval by the Commissioner of the Michigan Financial Institutions Bureau, purchase an existing savings and loan branch office or establish de novo a branch office in Michigan, provided that the laws of the state in which the foreign association is organized permit Michigan savings and loan associations to transact business to the same extent.

A foreign savings and loan association is not authorized to merge with either a Michigan domestic savings and loan association or a federal savings and loan association whose principal office is in Michigan.

A foreign savings and loan association is not authorized to acquire the stock of a Michigan domestic savings and loan association for operation as an insured subsidiary.

Opinion No. 6421 February 5, 1987

REGIONAL/NATIONAL INTERSTATE BANKING AUTHORITY SURVEY*

	NATIONAL	REGIONAL	BANKS	SAVINGS BANKS	SAVINGS ASS'NS
Alabama		X	X		
Alaska	X NR		X		
Arizona	X NR		X		X M/A
California		X(1)	X		
Connecticut		X	X	X	X M/A
Delaware	X NR		X		
District of Columbia	X NR		X		
Florida	X(2)	X	X		X M/A
Georgia		X	X		
Idaho		X	X		X M/A
Illinois		X	X	X	
Indiana		X	X		
Kentucky	X		X		
Louisiana		X(3)	X	X	X M/A
Maine	X NR		X	X	X A
Maryland	X(4)		X		
Massachusetts		X	X	X	X M/A
Michigan		X(5)	X		
Minnesota		X	X		X M/A
Mississippi		X(6)	X		
Missouri		X	X		X M/A
Nevada		X(7)	X	X	X M/A
New Jersey		X(8)	X		
New York	X		X		
North Carolina		X	X		X M/A
Ohio		X(9)	X		X M/A
Oklahoma	X NR		X		X M/A
Oregon	X NR(10)	X	X	X(11)	X M/A
Pennsylvania		X(12)	X	X	X M/A
Rhode Island		X(13)	X	X	X M/A
South Carolina		X	X	X	X M/A
South Dakota	X NR		X		
Tennessee		X	X	X	X M/A
Texas	X NR		X		X
Utah		X(14)	X	X	X M/A
Virginia		X	X	X	X M/A
Washington	X		X		
West Virginia	X		X	X	X M/A
Wisconsin		X(15)	X		X M/A

NR = Not Reciprocal; A = Acquisition; M = Merger

(1) California becomes national on Jan. 1, 1991 (2) Florida savings associations may merge or acquire on a national basis; banks on a regional basis. (3) Louisiana becomes national on Jan. 1, 1989 (4) Maryland became national on July 1, 1986 with certain restrictions; (5) Michigan becomes national on Oct. 10, 1988; (6) Mississippi's region will expand from 5 to 14 states on July 1, 1990; (7) Nevada becomes national on Dec. 31, 1988; (8) New Jersey law becomes effective when 3 regional states adopt reciprocal laws that include New Jersey; New Jersey becomes national when 13 of 50 states, including at least 4 of the 10 largest in commercial bank deposits, have reciprocity with New Jersey; (9) Ohio becomes national on Oct. 18, 1988; (10) Oregon savings and loans can merge or acquire on a national basis; banks, on a regional basis (11) Only Oregon FDIC-insured savings banks may be acquired; (12) Pennsylvania becomes national for banks on March 5, 1990; (13) Rhode Island becomes national on July 1, 1987; (14) Utah becomes national on Dec. 31, 1987; (15) Wisconsin law becomes effective when 3 regional states adopt reciprocal laws that include Wisconsin.

*This survey is limited to present powers of financial institutions and holding companies to acquire financial institutions or holding companies across state lines. Such powers are based on state statutes. This survey does not include: interstate branching, grandfathered acquisitions, or supervisory mergers or acquisitions. This survey was updated on January 29, 1987.

Alabama	Ala. Code § 5-13A-1 to 10 (Supp. 1986), effective July 1, 1987. Regional bank holding companies may acquire Alabama banks or bank holding companies. Regional compact includes: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia and the District of Columbia.
Alaska	Alaska Stat. § 06.05.235(e), (f) (Supp. 1986). An out-of-state bank holding company may acquire all or substantially all of the assets of one or more state banks, domestic bank holding companies or national banks conducting a banking business in the state. "Recently formed bank" defined as one "conducting business in the state since July 1, 1982, and not in existence and operating for a period of three years," may not be acquired.
Arizona	Ariz. Rev. Stat. Ann. §§ 6-321 to 6-327 (Supp. 1986). Out-of-state financial institutions (banks, savings associations and holding companies) may acquire in-state financial institutions (banks, savings associations and holding companies). Banks and savings and loans applying after May 31, 1984, for charter may not be acquired until 5 years from application date or July 1, 1992, whichever is earlier.

California	Act of Sept. 23, 1986, ch. 1057, Cal. Legis. Serv. ___ (West); Act of Sept. 26, 1986, ch. 1250, 1986 Cal. Legis. Serv.___ (West) (to be codified at Cal. Fin. Code §§ 3750 to 3761; 3770 to 3781), effective July 1, 1987. Regional bank holding company may acquire a California bank or bank holding company. Regional Compact includes: Alaska, Arizona, Colorado, Hawaii, Idaho, New Mexico, Oregon, Texas, Utah and Washington. California becomes national on a reciprocal basis on January 1 1991.
Connecticut	Conn. Gen. Stat. Ann. §§ 36-552, to -557, (West Supp. 1986). A New England bank holding company, bank, savings bank, and savings association may acquire a Connecticut bank, savings bank or savings association. New England bank holding company may acquire a Connecticut bank holding company. Regional compact includes: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
Delaware	Del. Code Ann. tit. 5 §§ 801 to 803 (1985). Out-of-state bank holding companies or subsidiaries thereof may acquire voting shares of Delaware banks, subject to restrictive conditions, e.g., stock of not more than two "newly established" single-office banks may be acquired. Acquiring institution must also satisfy certain capital requirements and provide employment for Delaware citizens.
District of Columbia	D.C. Code Ann.§§ 26-801 to 26-806.9 (Supp. 1986). A regional bank holding company may acquire a District bank or bank holding company. Regional compact includes: the District of Columbia, Alabama, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. A nonregional bank holding company may only acquire a District bank or bank holding company in existence on December 18, 1985 and continually operating for at least two years prior to that date. A nonregional bank holding company must also make specific pledges to support the District economy by satisfying employment quotas of District citizens and by making loans in "target economic development project" areas.
Florida	Fla. Stat. Ann. § 658.295 (West 1984). A regional bank holding company may acquire a Florida bank or bank holding company. Only Florida banks in existence and continually operating for more than 2 years may be acquired. Regional compact includes: Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia and the District of Columbia. Act of June 2, 1986, ch. 86-58, 1986 Fla. Sess.

	Law Serv. 121 (West) (to be codified at Fla. Stat. Ann § 665.034). A foreign association may aquire a Florida association on a national reciprocal basis. Only Florida associations in existence and continually operating for more than two years may be acquired. The act shall take effect on January 1, 1987.
Georgia	Ga. Code Ann.§ 7-1-620 to 7-1-627 (Supp. 1986). Southern Region bank holding companies may acquire compact member banks and holding companies. Only Georgia banks in existence and continually operating for five years may be acquired. Regional compact includes: Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Virginia.
Idaho	Idaho Code § 26-2601 to -2612 (Supp. 1986). Regional financial institutions or regional financial instutition holding companies may acquire or merge with Idaho financial institutions or Idaho financial institution holding companies. Only Idaho institutions in existence and actually engaged in business for four years may be acquired. Regional compact includes: Idaho, Montana, Nevada, Oregon, Utah, Washington and Wyoming.
Illinois	Ill. Ann. Stat. ch. 17 ¶ 2502, 2505 and 2510 (Smith-Hurd Supp. 1986). A Midwest bank holding company may acquire one or more Illinois banks or bank holding companies. Acquired institution must have engaged in business for ten years. Regional compact includes: Illinois, Indiana, Iowa, Kentucky, Michigan, Missouri and Wisconsin.
Indiana	Ind. Code Ann. §§ 28-2-15-1 to -28 (West Supp. 1986). A regional bank holding company may acquire an Indiana bank or bank holding company. Only Indiana banks in existence and continually operating for five years may be acquired. Regional compact includes: Illinois, Indiana, Kentucky, Michigan and Ohio.
Kentucky	Ky. Rev. Stat. § 287.900 (Michie/Bobbs Merrill Supp. 1986). Any bank holding company may acquire a Kentucky bank or bank holding company. Only Kentucky banks in existence for five years may be acquired.
Louisiana	H.B. 2031, (to be codified at La. Rev. Stat. Ann. §6:531 to 54) Effective July 1, 1987. A regional bank holding company may acquire a Louisiana bank holding company, a bank or another regional bank holding company having a Louisiana bank subsidiary. H.B. 2187, (to be codified at La. Rev. Stat. Ann. §6:950.1 to 950.8). Effective July 1, 1987. A regional savings and loan holding company or a savings association may acquire a

	Louisiana savings and loan holding company, a savings association or another regional savings and loan holding company having a Louisiana savings association subsidiary. Regional compact includes: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, and the District of Columbia. Louisiana becomes national on a reciprocal basis on January 1, 1989.
Maine	Me. Rev. Stat. Ann. tit. 9-B, § 1013 (Supp. 1986). A non-Maine financial institution holding company may establish or acquire control of one or more Maine financial institutions or Maine financial institution holding companies. The acquired institution must have a minimum equity capital of $1 million.
Maryland	Md. Fin. Inst. Code Ann. § 5-1003 (Supp. 1985). An out-of-state bank holding company may acquire a Maryland bank, or a bank holding company. Regional compact includes: from July 1, 1985, through June 30, 1987, Delaware, Maryland, Virginia, West Virginia and the District of Columbia. After July 1, 1987 region will also include , Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Pennsylvania, South Carolina, and Tennessee. Section 5-903 (Supp. 1985), permits any out-of-state holding company or its subsidiary to acquire one or more banks, subject to restrictive conditions.
Massachusetts	Mass. Gen. Laws Ann. ch. 167, §§ 38, 39 (West 1984). A New England banking association or corporation may merge or purchase assets of any Massachusetts bank. Regional compact includes: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
Michigan	Mich. Comp. Laws Ann. § 487.430b (West Supp. 1986). Regional bank holding company may acquire control of any number of Michigan banking institutions. Regional compact includes: Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin. Michigan becomes national on a reciprocal basis on October 10, 1988.
Minnesota	Act of March 19, 1986, ch. 339, 1986 Minn. Laws 1207 (to be codified at Minn. Stat. Ann. §§ 48.90 to 48.99, 51A.58). Bank holding companies may acquire Minnesota banks or bank holding companies. Savings associations may merge or acquire savings associations across state lines. Regional compact includes: Iowa, Minnesota, North Dakota, South Dakota and Wisconsin.

Mississippi	Act of April 14, 1986, ch. 469, 1986 Miss. Laws 1207 (to be codified at Miss. Code Ann. §§ 81-8-1 to 81-8-11). A regional bank holding company may acquire a Mississippi bank or a bank holding company. Only Mississippi institutions that has been in existence and continually operating for more than five years may be acquired. Until July 1, 1990 regional compact includes: Alabama, Arkansas, Louisiana, Mississippi and Tennessee. After July 1, 1990 the regional compact will also include: Florida, Georgia, Kentucky, Missouri, North Carolina, South Carolina, Texas, Virginia and West Virginia.
Missouri	Act of April 30, 1986, 1986 Mo. Laws 203 (to be codified at Mo. Rev. Stat. §§ 362.910; .925). A regional bank holding company may acquire control of Missouri banks or bank holding companies. Act of May 19, 1986, 1986 Mo. Laws 367 (to be codified at Mo. Rev. Stat. §§ 369.014; 369.359; 369.361). A regional savings association or savings and loan holding company may acquire or merge with a Missouri savings association or a savings and loan holding company. Regional compact includes: Arkansas, Illinois, Iowa, Kansas, Kentucky, Missouri, Nebraska, Oklahoma and Tennessee.
Nevada	Nev. Rev. Stat. §§ 665.225 to -.335 (1985). A foreign depository institution and foreign depository institution holding company may acquire a Nevada depository institution or Nevada depository institutions holding company. Only depository institutions in operation as of July 1, 1985, may be acquired. Nevada becomes national on December 31, 1988. Regional compact includes: Alaska, Arizona, Colorado, Hawaii, Idaho, Montana, Nebraska, New Mexico, Oregon, Utah, Washington and Wyoming.
New Jersey	Act of March 28, 1986, ch. 5, 1986 N.J. Laws 13 (to be codified at N.J. Rev. Stat. Ann. § 17:9A-1). Regional bank holding companies may acquire New Jersey banks or bank holding companies. Regional compact includes: Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan,Missouri, New Jersey, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, Wisconsin and District of Columbia. The law becomes effective when three of the following states have reciprocal laws that include New Jersey: Illinois, Indiana, Kentucky, Maryland, Michigan, Ohio, Tennessee, Virginia, and Wisconsin. New Jersey becomes national when 13 of 50 states, including 4 of the 10 largest in commercial bank deposits have reciprocity with New Jersey.
New York	N.Y. Banking Law § 142-b (McKinney Supp. 1986). An out-of-state bank holding company or a subsidiary thereof may acquire one or more banking institutions on a national reciprocal basis.

North Carolina	N.C. Gen. Stat §§ 53-209 to 53-218 (Supp. 1985). A Southern Region bank holding company may acquire a North Carolina bank holding company or a bank. N.C. Gen. Stat. §§ 54B-48.1 to .9 (Supp. 1985). A Southern Region savings and loan holding company or a Southern Region savings association may acquire a North Carolina savings and loan holding company or a savings association. Only savings associations in existence and continually operating for more than five years may be acquired. Regional compact includes: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia and the District of Columbia.
Ohio	Ohio Rev. Code Ann.§§ 1101.04, .05, 1151.71 .72.(Anderson Supp. 1985). A regional bank or bank holding company may acquire an Ohio bank or bank holding company. A regional savings association or a savings and loan holding company may acquire an Ohio savings association or a savings and loan holding company. Regional compact includes: Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, Missouri, New Jersey, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, Wisconsin and the District of Columbia. Ohio becomes national on a reciprocal basis on October 18, 1988.
Oklahoma	Act of May 7, 1986, 1986 Okla. Sess. Law Serv. 439 (West) (to be codified at Okla Stat. Ann. tit. 6 §504), effective July 1, 1987. A foreign bank holding company may acquire and operate as a bank an unlimited number of in-state banks, Oklahoma bank holding companies and multi-bank holding companies. Acquired banks have to be in existence and continually operating for more than five years before the effective date of the act. Act of June 9, 1986, 1986 Okla. Sess. Law Serv.739, (to be codified at Okla. Stat. Ann. tit. 18 § 381.71), effective July 1, 1987. Any out-of-state savings institution may acquire control of and operate as a savings institution an unlimited number of-in state savings institutions. Those acquired in-state institutions must be in existence and continuous operation for more than five years before the effective date of the act.
Oregon	Or. Rev. Stat. §§ 706.005, 715.010, 715.015, 715.025 (1985). A regional bank and bank holding company may acquire an Oregon bank or bank holding company. Only banks in existence and continually operating for three years may be acquired. Regional compact includes: Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah and Washington. Or. Rev. Stat. § 722.072 (1985). Savings associations may be acquired by a foreign association on a national, nonreciprocal basis.

Pennsylvania	S.B. 1075 (to be codified at Pa. Stat. Ann. tit. 7 § 115, 116). A regional bank holding company may acquire control of a Pennsylvania institution or bank holding company. S.B. 1389 (to be codified at Pa. Stat. Ann. tit. 7 § 117). A regional thrift institution (savings bank or association) or regional thrift institution holding company may acquire a Pennsylvania savings bank or savings bank holding company. S.B. 1390 A regional thrift institution (savings bank or association) or a regional thrift institution holding company may acquire a Pennsylvania association or association holding company. Regional compact includes: Delaware, Kentucky, Maryland, New Jersey, Ohio, Pennsylvania, Virginia, West Virginia, and the District of Columbia. Pennsylvania becomes national for banks on a reciprocal basis on March 5, 1990.
Rhode Island	R.I. Gen. Laws §§ 19-30-1 to 19-30-13 (Supp. 1986); An out-of-state bank or bank holding company may acquire control of one or more Rhode Island banks or bank holding companies. Statutory definition of bank includes savings banks and savings and loan associations. Regional compact includes: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. Becomes national on a reciprocal basis on July 1, 1987.
South Carolina	S.C. Code Ann. § 34-24-10 to 34-24-100 (Law. Co-op. Supp. 1985). A Southern Region bank holding company may acquire a South Carolina bank or a bank holding company. S.C. Code Ann. §§ 34-25-400 to 34-25-490 (Law. Co-op. Supp. 1985), A Southern Region savings and loan holding company may acquire a South Carolina savings association, savings bank or savings and loan holding company. A Southern Region savings association may acquire a South Carolina association. Only South Carolina banks and savings associations in existence and continually operating for 5 years may be acquired. Regional compact includes: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia and the District of Columbia.
South Dakota	S.D. Codified Laws Ann. §§ 51-16-40 to 41 (Supp. 1986). Any out-of-state bank holding company may acquire control of a single new or existing bank. Acquired bank must be operated in a manner not to the detriment of existing state banks. Out-of-state bank holding companies may acquire new banks subject to a $5 million minimum capital requirement. Existing state banks and national banks may be acquired without capital restriction.

Tennessee	Tenn. Code Ann. §§ 45-12-101 to 45-12-108 (Supp. 1986). A regional bank holding company may acquire a Tennessee bank or bank holding company. Only banks in existence and continually operating for more than five years may be acquired. Tenn. Code Ann. §§ 45-3-1401 to 45-3-1404 (Supp. 1986). A Southern Region savings and loan holding company or a Southern Region savings association may acquire a Tennessee savings and loan holding company or a Tennessee savings association. Regional compact includes: Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.
Texas	S.B. 11-XX, (to be codified at Tex. Rev. Civ. Stat. Ann. art. 342-101, -102,-404,-912,-914), effective July 15, 1986. An out-of-state bank holding company may acquire Texas bank a national bank located in the state, or a Texas bank holding company. Only banks in existence and operating for five years may be acquired. An acquisition or merger that results in granting control of a bank that retains over 25% of the states deposits is prohibited. S.B. 31-XX (to be codified at Tex. Rev. Civ. Stat. Ann. art. 852a-4.01) Texas associations may conduct the business of a savings and loan in any state through the ownership of another association.
Utah	Utah Code Ann. §§ 7-1-103, 7-1-702 to 7-1-703 (Supp. 1986). A regional depository institution or depository institution holding company may acquire Utah depository institution or depository institution holding company. Regional compact includes: Alaska, Arizona, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. Utah becomes national on December 31, 1987.
Virginia	Va. Code Ann.§§ 6.1-194.96 to -.106, -398 to -407 (Supp. 1986). A regional bank holding company may acquire a Virginia bank or a Virginia bank holding company. A regional savings institution or a savings institution holding company may acquire a Virginia savings institution or a savings institution holding company. Only banks and savings institutions in existence and continually operating for more than two years may be acquired. Regional compact includes: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia and the District of Columbia.
Washington	Wash. Rev. Code Ann. § 30.04.230 (1986). An out-of-state bank holding company may acquire all or substantially all of the assets of a bank, trust company or national banking

	association. Only banks in existence and continuously operating for three years may be acquired.
West Virginia	W. Va. Code §§ 31-6-7 to -7a; 31A-8A-7 (Supp. 1986). Bank holding companies may acquire West Virginia banks or bank holding companies. Savings and loan holding companies may acquire savings associations. Savings asssociations may acquire a West Virginia savings association, a savings bank or a savings and loan holding company. Only savings associations that have been in existence and operating for two years may be acquired. The state supervisor may not approve a savings association acquisition that results in an institution that retains 20% of all deposits of West Virginia financial institution.
Wisconsin	Wis. Stat. Ann. §§ 215.36; 221.58 (West Supp. 1986). A regional bank or bank holding company may acquire a Wisconsin bank or bank holding company. A regional savings association may acquire a Wisconsin savings association. A regional Savings and loan holding company may acquire either a Wisconsin savings association or savings and loan holding company. Regional compact includes: Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri and Ohio. Only those Wisconsin financial institutions in existence for five years may be acquired. The law becomes effective for banks when 3 of the regional states adopt reciprocal laws that permit entry by Wisconsin banks. Two of the three regional states must come from the following group: Illinois, Indiana, Iowa, Michigan or Minnesota. The same two conditions regarding the effective date of the law applies to interstate acquisition of savings and loans. The adoption of interstate acquisition of banks by a regional state without similar authority for savings associations will go to satisfy the effective date requirement for banks but not for savings and loans.