



# Office of the State Bank Commissioner

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## APPLICATION FOR AUTHORITY TO ENGAGE IN TRUST BUSINESS (NEW TRUST COMPANY CHARTER)

Pursuant to K.S.A. 9-801 to K.S.A. 9-806, and  
K.A.R. 17-16-1 to K.A.R. 17-16-9

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(Proposed Name of Trust Company)

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(Proposed Street Address and Mailing Address)

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(City, County, State, Zip Code)

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(Name and Telephone Number of Person to Contact Regarding Application)

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(Address of Contact Person)

An original and nine copies of the application and the applicable filing fee should be submitted to:

State Banking Board  
Office of the State Bank Commissioner  
700 SW Jackson Street, Suite 300  
Topeka, Kansas 66603-3796

Remittance of a filing fee of \$2,500 is required pursuant to K.S.A. 9-1726. It should also be understood that the cost of on-site examinations or investigations in connection with this application will be the responsibility of the applicant.

The application is available to members of the public, subject to limitations imposed by federal or state statutes. If the applicant is of the opinion that disclosure of commercial or financial information would likely result in substantial harm to the competitive position of the bank, or that disclosure of information of a personal nature would result in a clearly unwarranted invasion of personal privacy, confidential treatment of such information may be requested. Information for which confidential treatment is requested should be (1) specifically identified in the public portion of the application (by reference to the confidential section), (2) separately bound, and (3) labeled "Confidential."

The following information should be submitted. Separate pages should be attached, where necessary. The State Banking Board may request additional information, if deemed necessary.

## **OVERVIEW**

1. This trust company will be formed as a: (Check one)

**Full Purpose Trust Company**

**Limited Purpose Trust Company**

If requesting full powers, all powers listed in item 2 will be exercised. If requesting limited powers, approval will be granted to exercise only the powers identified in item 2.

2. For a limited purpose trust company, complete the following (trust powers to be exercised will be limited to those checked below):

### **Personal Trust Powers (Check all applicable)**

**Executor and Administrator**

**Trustee**

**Conservator**

**Investment Advisor Agent**

**Agent**

**Investment Management Agent**

**Custodian**

**Other (specify)**

### **Employee Benefit Trust Powers (Check all applicable)**

**Trustee**

**Custodian**

**Agent**

**Investment Advisor Agent**

**Investment Management Agent**

**Other (Specify)**

### **Corporate Trust Powers (Check all applicable)**

**Trustee**

**Agent**

**Escrow Agent**

**Other (specify)**

**Transfer Agent**

**Paying Agent**

**Registrar of Stocks and Bonds**

3. An overview of the application which includes a brief description of the business plan, how the incorporators/organizers came together and the factors that led to filing the application.
4. A statement of fact to support a finding of public need for the proposed trust company in the community where it will be located, and the chances for success.
5. A list and copy of all applications filed in conjunction with this proposal.

## **CAPITAL**

1. The total amount of capital at opening will be: \$ \_\_\_\_\_

Pursuant to K.S.A. 9-901a(b)(2) the minimum capital must be at least \$500,000. The State Banking Board may require capital in excess of this amount.

The par value of common and preferred stock is to be divided into shares of \$1.00 each, or any whole number multiple thereof.

Number of shares to be authorized \_\_\_\_\_

Number of shares to be issued \_\_\_\_\_

Par value per share \$ \_\_\_\_\_

Sale price per share \$ \_\_\_\_\_

Of the total capital indicated above, a distribution between accounts is to be made as follows:

Capital Stock (60%) \$ \_\_\_\_\_

Surplus (30%) \$ \_\_\_\_\_

Undivided Profits (10%) \$ \_\_\_\_\_

2. The names of subscribers to the capital stock and the amount of stock to which each subscribed. Include a copy of any escrow agreement, subscription agreement, or evidence of deposit for each subscriber.

For each subscriber of more than 5% of capital stock, indicate past and present connection(s) with any trust company or depository institution, other than as a customer.

For organizers, directors, 10% shareholders, and senior executive officers, include the source of the funds for investment. If all or part of these funds will be borrowed, give the name of the lender and the terms and conditions of loan, including the security, interest rate, and maturity date. A commitment letter from the lender should also be provided.

Describe any potential conflicts of interest that could occur as a result of ownership of the proposed trust company.

3. Details of any stock benefit plans, including stock options, stock warrants, and other similar stock based compensation plans. All such plans must be fully disclosed to all potential subscribers.
4. Recipients and amounts of any fees, commissions, or other consideration in connection with the sale of stock.
5. The names of persons, partnerships, associations, or corporations proposing to own or control more than 50% of the capital stock (controlling interest).
6. Discussion of the adequacy of the proposed capital structure relative to internal and external risks, planned operational and financial assumptions, and projected organization and operating expenses. Describe any plans for the payment of dividends.
7. Discussion of plans for raising additional capital after the trust company is open, in the event earnings projections in the original application are not met, or if growth exceeds projections.
8. If the trust company will be controlled by a holding company, provide the following:
  - (a) A statement as to whether the holding company will be paid a management fee. If so, state the amount and basis on which it will be computed.
  - (b) The holding company's pro forma or most recent balance sheet and income statement along with detailed information of any debt now held or to be acquired as a result of this application.
  - (c) A description of the debt service requirements for any existing debt or debt that will be incurred at the holding company level to capitalize the trust company.

## ***INCORPORATORS/ORGANIZERS, DIRECTORS AND MANAGEMENT***

**NOTE: Pursuant to K.S.A. 9-801(f), the state banking board may require fingerprinting of any proposed officer, director, incorporator or any other person related to the application deemed necessary by the state banking board. Please include appropriate fingerprint cards and payment for each. A fingerprint request form is attached and is also available at [www.osbckansas.org](http://www.osbckansas.org).**

1. The names and addresses of each incorporator/organizer, proposed directors, proposed officers and any individual shareholder or group of proposed shareholders acting in concert that will own or control 10% or more of capital stock. A minimum of five incorporators/organizers who are residents of the state of Kansas is required. Additionally, the following should be provided:
  - (a) The number and percentage of shares each will purchase.
  - (b) A complete and current (within 90 days) Interagency Biographical and Financial Report for each person listed. The Report form to be used is available at:  
<https://www.fdic.gov/formsdocuments/Bio-FinReport.pdf>
2. An organization chart for the proposed trust company.
3. If applicable, describe any employment contracts involving officers or employees.
4. Discussion of each proposed director's qualifications and experience. Describe the extent, if any, to which directors or major stockholders are or will be involved in the day-to-day management of the institution. Also list the form(s) of compensation, if any.
5. Discussion of each proposed senior executive officer's duties and responsibilities, qualifications and experience to serve in his/her position. If an individual has not yet been selected for a key position, list the criteria that will be required in the selection process. Provide the proposed annual compensation of all officers.

## ***PREMISES AND FIXED ASSETS***

1. Building plans for the proposed trust company. Provide the complete legal description of the location of the proposed trust company and the terms of the lease or acquisition of the real property. Include a copy of all signed purchase agreements or lease agreements. Identify the present owner of the real property and their relationship, if any, to the organizers, directors, or management.
2. Itemized projected dollar investment in real property, improvements, and equipment. Please include a description of the facilities and furnishings. (NOTE: Pursuant to K.S.A. 9-1102(e), the trust company's investment in total fixed assets cannot exceed 50% of the trust company's total equity capital.
3. A letter from the State Historic Preservation Department of the State Historical Society indicating if the proposed location is included, or eligible for inclusion, in the National Register for Historical Places.
4. If temporary quarters are planned, provide a description of the interim facility, estimated length of use, lease terms and any other associated commitments and costs.

## ***TRADE AREA, CONVENIENCE, AND NEED OF THE COMMUNITY***

1. A copy of the business plan. The plan should address, at a minimum, topics contained in the Trust Company Business Plan guidelines; see attached. Additionally, the plan should include but not be limited to, a description of the types of accounts the proposed trust company will be primarily involved with, hours the trust company will be open, any additional services which will be provided, and any other relevant information.
2. Competitive factors the proposed trust company faces in the proposed market and how the proposed trust company will address the convenience and needs of that market to maintain its long-term viability.
3. Discussion of the overall marketing/advertising strategy, including approaches to reach designated target markets through marketing of products, services, etc.
4. Population, as stated in the two most recent census reports, of the city or town and the county of the city or town in which the proposed trust company is to be located.
5. Define the intended geographic market area. Include a map of the market area, pinpointing the location of the proposed trust company's office, and offices of competing trust company and banks offering trust services, within a five- and ten-mile radius.

### ***FINANCIAL PROJECTIONS***

1. Detailed pro forma (year-end) balance sheets and income statements for each of the three years immediately following the estimated date of charter. Include an explanation of assumptions used. At a minimum, assumptions should address: market growth, fee structure, expenses and competition.
2. Discussion as to the prospects of success of the proposed trust company.

### ***MISCELLANEOUS***

1. A list of the organization and other preliminary expenses associated with this charter application including attorney's fees (provide name of attorney), investigation fees, advertising, filing fees, etc. Describe how organization expenses will be paid.
2. Describe the electronic information system for the proposed trust company, detailing services to be out-sourced and/or administered internally. Also, if the Internet will be utilized, provide details as to the type of site and its anticipated functions.
3. Indicate whether plans include filing for Subchapter S Corporation tax status.
4. A copy of the proposed Articles of Incorporation and By-laws.
5. A copy of any quotes received for fidelity bond coverage, or if no quotes have been received, provide the names of companies contacted. A commitment to provide bond coverage must be obtained before a charter certificate will be issued.
6. Plans for an annual audit.
7. An affidavit of publication.  
A sample notice is available at <http://www.osbckansas.org/banking/applications.html>.
8. When available, provide a copy of the proposed operating policies.
9. Any other relevant information, not already requested, that is deemed pertinent to this application.



In support of this application, applicants have hereby made the aforementioned statements and representations, and submit this information, based upon the several factors as outlined, for the purpose of inducing the State Banking Board of the State of Kansas to approve the proposed charter.

Applicants hereby authorize the State Bank Commissioner of Kansas to conduct any investigation, examination, or review deemed necessary and agree to provide any other material as requested by the State Banking Board or State Bank Commissioner.

**ATTESTATION**

Applicants affirm that the information contained in this application has been prepared at their direction and that it is accurate and complete to the Applicants' best knowledge and belief.

**INCORPORATORS**

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

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STATE OF KANSAS                    )  
  )  
County of \_\_\_\_\_)

Before me, a Notary Public in and for the County and State above named, personally appeared the incorporators of the aforementioned proposed bank and that each of them stated under oath that all matters herein contained are true and correct to their best knowledge and belief.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

(SEAL)

My Commission Expires: \_\_\_\_\_, \_\_\_\_\_.

Questions should be directed to:  
Taylor Stos, Applications and Statistics Manager  
Office of the State Bank Commissioner  
700 SW Jackson Street, Suite 300  
Topeka, Kansas 66603-3714  
(785) 296-4856                    FAX (785) 296-6037

# Trust Company Business Plan Guidelines

## Preparation and Use

The business plan should be an integral part of the management and oversight of a trust company (company). The plan should be a comprehensive plan, which is the result of in-depth planning by the company's organizers and management.

The plan should realistically forecast market demand, customer base, competition, and economic conditions. It must reflect sound fiduciary principles and demonstrate realistic assessment of risk in light of economic and competitive conditions in the market to be served. If a company will have a special purpose or focus, the business plan should address this special or unique feature in detail.

The business plan should cover three years and provide detailed explanations of actions that are proposed to accomplish the primary functions of the company. The description should provide enough detail to demonstrate that the company has a reasonable chance for success, will operate in a safe and sound manner, and will have adequate capital to support the risk profile.

For any company with an Internet or alternative electronic delivery channel, the plan should contain a clear and detailed definition of the market the company plans to serve and the products and services it will provide through electronic channels. Because the Internet has a potential global market and can reach anyone with Internet access, the selected information on market area and products and services is essential. The marketing plan should explain how the company would achieve brand recognition.

- **Description of Business**

- Describe the company's business and any special market niche, including products, market, and services.
- If in a holding company structure, discuss the operations of the organization, including a brief detail of the organizational structure and interaction between the company and its affiliates.
- Describe the extent, if any, that there are or will be transactions with affiliated entities or persons. Include terms.
- Discuss any plans to acquire existing business.
- Discuss any growth or expansion plans, including additional branches, other offices, mergers, or acquisitions.

- **Marketing Plan**

A marketing plan should provide factual support that the company has reasonable prospects to achieve the revenue projections, customer volume, and key marketing and income targets. The analysis should be based on the most current data available, and the sources of information should be referenced. This section should contain discussion

of the major planning assumptions for the market analysis, economic, and competitive components used to develop the plans, objectives, and the basis for the assumptions.

- Identify the proposed primary market area; describe the demographics of the target market population (for example, age, education, and occupation).
- Specify the types of fiduciary services to be offered and the fees to be charged for each service.
- Demonstrate the need for fiduciary services in the proposed market area and the degree to which business may be drawn from outside this area.
- Discuss the overall marketing/advertising strategy, including approaches to reach target market through the marketing of brand, products, and services. Outline the specific medium that will be used, including timing and level of advertising efforts.
- Competitive Analysis - Identify the institutions offering fiduciary services in the same market area and the competitive role those institutions play, including their relative size and market share of trust business. Describe in what way the company will draw from those institutions or otherwise establish its fiduciary customer base.

- **Management Plan — Directors and Officers**

- Provide the number of organizers and/or directors. Provide a list of board committees and a brief explanation of the responsibilities of each committee.
- Describe the organizational structure and provide an organizational chart, indicating the number of officers and employees. Describe the duties and responsibilities of the senior executive officers. Describe any management committees that are or will be established.
- Discuss the company's plans to address management succession, including any management training program or other available resources.

- **Records, Systems, and Controls**

- Describe the company's proposed accounting and internal control systems, indicating any use of electronic processing systems.
- Discuss the functions that will be outsourced and what the company will do in-house.
- Describe management's proposed internal audit function. The description should set forth the scope and frequency of audits. Discuss the experience and education of the audit staff. If external auditors will be used for internal audits, provide similar information for the external auditors.
- State plans for an annual audit by independent public accountants.

- Describe the compliance management programs, addressing independence, scope, frequency, and staff qualifications. Discuss how the company will respond to consumer complaints.

- **Financial Management Plan**

- Provide a pro forma balance sheet for the opening day and year-ends for each of the three years immediately following the estimated date of charter.
- Estimate the period of time that will be required to place the operation of the company on a profitable basis. Discuss any additional facts that might influence profitability
- Discuss the earnings goals and summarize the strategies to achieve those goals.
- Earnings prospects. Provide an estimate of income and expenses for each of the first three years of operation, including an estimate of the number of fiduciary accounts and the volume of business for each year. See attachment for the format to be used.
- Discuss the adequacy of the proposed capital structure relative to internal and external risks, planned operational and financial assumptions, including technology, branching/expansion, and projected organization and operating expenses. Present a thorough justification to support the proposed capital.
- Describe the debt service requirements for any debt that will be issued at the holding company level to capitalize the institution.
- Summarize the dividend policy.

- **Monitoring and Revising the Plan**

- Describe how the board of directors will monitor adherence to the business plan.
- Describe how the board of directors will adjust and amend the plan to accommodate significant or material economic changes.

	First Year	Second Year	Third Year
Number of Accounts			
Value of Trust Assets			
Number of Officers			
Number of Other Employees			
<b>Gross Fees, Commissions, and Other Fiduciary Income</b>			
Trust and Agency Accounts			
All Other Fiduciary Income (describe below)			
<b>Total Fiduciary Income</b>			
<b>Operating Expenses</b>			
Salaries and Employee Benefits			
Legal Fees			
Consulting Fees			
New Business			
Settlements, Surcharges and Other Losses (Less Recoveries)			
Overhead and Other Direct Expense			
<b>Total Expense</b>			
<b>Net Trust Income (Loss)</b>			

All other fiduciary income includes the following: