

March 16, 2020

Kansas bankers and their banks are being tested perhaps like they've never been before dealing with the Coronavirus Pandemic (COVID-19). But we are prepared and will get through this. Each of you will make decisions and implement actions to keep your staff and community safe. We're doing that at the Office of the State Bank Commissioner (OSBC) so wanted to share with you some important news.

First, effective for the week of March 16, 2020, all OSBC offices will be closed and all OSBC staff will work remotely. We anticipate re-opening March 23. But we are still available. All phone calls to the main office number will automatically be directed to voice-mail messaging. OSBC staff will monitor calls and forward them to the appropriate department or person. E-mails will be received and promptly considered. E-mail addresses for all OSBC staff is their first name, last name @osbckansas.org. A period between the first and last name is necessary, for example: David.Herndon@osbckansas.org.

Secondly, all OSBC on-site exams have been suspended at least until the end of March. Consequently, our schedules may be interrupted for finishing exams and/or commencing new exams. Your Examiner-in-charge will keep you current on the schedule.

And third, you know all those liquidity and sensitivity tests you've been running for all these years. Well, they aren't tests any longer, they're the new normal. Financial statements and borrowers are going to be stressed. So be prepared.

Finally, our website (www.osbckansas.org) contains information regarding the Kansas statutes relating to temporary bank office closures and relocations. Please familiarize yourselves with these statutes as you implement your actions and decisions.

We'll get through this in large part due to the professionalism and commitment by Kansas bankers. Be smart and be safe,

Best,

David L. Herndon
Commissioner

TO: OSBC Staff, and All Kansas State-Chartered Institutions
FROM: David L. Herndon, Bank Commissioner
RE: Temporary Office Closures & Relocations due to Coronavirus Pandemic (COVID-19)
DATE: March 16, 2020

This memo provides information in the event any temporary office closure and/or relocation is necessary as a result of COVID-19. Please be aware the information provided pertains to State of Kansas requirements. Institutions should contact their federal regulator for closing/relocation procedures required under Federal Law.

RESTRICTION OF LOBBY ACCESS

A bank may place notice on the lobby doors of any location asking customers to use its drive-thru services rather than entering the lobby. Notice to the OSBC is not required provided the bank provides all “business of banking” services to customers. K.S.A. 9-701(b) defines the business of banking as receiving or accepting money on deposit, and may include the performance of related activities that are not exclusive to banks, including paying drafts or checks, lending money or any other activity authorized by applicable law.

In-person activities include but are not limited to: access to safe deposit boxes, loan application services, and loan closing activities. These in-person activities are included within the OSBC definition of “business of banking” services. Should a bank decide to temporarily discontinue any of these services at any location, it will be considered a temporary branch closing and bank management should follow the procedures as outlined within the “Temporary Branch Closings” section of this memo.

TEMPORARY BRANCH CLOSINGS

K.S.A. 9-1122(d) allows officers of a bank or trust company to not open offices on any business or banking day if they are of the opinion that an emergency exists or is impending. K.S.A. 9-1122(a)(3) defines emergency as any condition or occurrence which may interfere physically with the conduct of normal business operations at the offices of a bank or trust company or which poses an imminent or existing threat to the safety or security of persons or property, or both. An emergency may arise as a result of any one or more of the following, but is not limited to, ...epidemic or other catastrophe.

If the officers of a bank or trust company decide to temporarily close any locations pursuant to K.S.A. 9-1122(d), they shall notify the Commissioner within 48 hours of the closing, if practical. This notice should include the type of emergency, the time of closing, the duration of the closing, and the subsequent reopening procedures. The bank shall also post notice of the closing in a conspicuous place at each closed location.

In no case shall an office remain closed for more than 48 consecutive hours, excluding legal holidays. Any office wishing to remain closed for more than 48 consecutive hours must first request and obtain approval of the Commissioner. If OSBC offices are closed due to a proclamation provided by the Governor or State Legislature, the Commissioner shall automatically grant authority for banks/branches temporarily closed to remain closed until OSBC offices are reopened.

Please note that no such proclamation has been issued by the Governor or State Legislature as of the date of this memo.

Per K.S.A. 9-1122(e), every day on which any bank or trust company shall remain closed shall be deemed a holiday for all the purposes of chapter 84 of the Kansas Statutes Annotated, and amendments thereto. No bank or trust company shall be required to permit access to the bank’s or trust company’s safe, deposit vault or vaults on any such day. Where the terms of a contract requires

the payment of money or the performance of a condition on any such day by, through, with or at any bank or trust company, then the payment may be made or condition performed on the next business day with the same force and effect as if made or performed in accordance with the terms of the contract. No liability or loss of rights of any kind shall result from the delay.

PROCLAMATION BY BANK COMMISSIONER

Per K.S.A. 9-1725(a), whenever the Commissioner is of the opinion that an emergency, as defined by K.S.A. 9-1122(a)(3), exists or is impending, he/she may, by proclamation, temporarily close the particular institutions located in the affected area. The banks or trust companies so closed shall remain closed until the Commissioner proclaims that the emergency has ended. Any bank or trust company so closed shall post notice of the closing in a conspicuous place at each closed location.

Please note that no such proclamation has been issued by the Commissioner as of the date of this memo.

Per K.S.A. 9-1725(d), every day on which any bank or trust company shall remain closed shall be deemed a holiday for all the purposes of chapter 84 of the Kansas Statutes Annotated, and amendments thereto. No bank or trust company shall be required to permit access to the bank's or trust company's safe, deposit vault or vaults on any such day. Where the terms of a contract requires the payment of money or the performance of a condition on any such day by, through, with or at any bank or trust company, then the payment may be made or condition performed on the next business day with the same force and effect as if made or performed in accordance with the terms of the contract. No liability or loss of rights of any kind shall result from the delay.