

Memo RM1994-17

To: All State Chartered Banks

From: Kevin C. Glendening, Assistant Deputy Commissioner

Date: July 1, 1994

Re: Sale of Bank Property to Employees / Approval of the Commissioner

K.S.A. 9-1112 requires, in part, state banks obtain the approval of the Commissioner prior to the sale of any asset to an employee, the bank's parent company, or a subsidiary of the bank's parent company. To assist the department in processing approval requests as rapidly as possible, the following procedures should be utilized:

Automobiles

The bank should submit a brief letter describing the vehicle (make, model, year, mileage, condition), the carrying value on the bank's books, as well as the proposed sale price and terms. The department will assume a sales price at or above the current NADA trade-in/wholesale value to be sufficiently documented. The department will carefully scrutinize any proposed sale below the NADA value, however, as an alternative option to substantiate a lower sale price, the bank may obtain two written appraisals from independent sources or solicit bids through publicly advertising the vehicle in an area newspaper.

Real Estate

Submit a letter describing the property, current book value, date acquired, and proposed sale price and terms. The letter should also indicate what efforts have been made to market the property. The request should be accompanied by a current appraisal/evaluation.

Other Assets

Request for permission to sell other items of personal property (computers, furniture, etc.) should contain a description of the item (model, age, etc.), the proposed sale price, the method used to establish that price, and any efforts to otherwise market the item.

The merits of all requests will be reviewed on a case by case basis. Should you have questions about any of these procedures, please contact our office.