

Memo 1995-13 5-10-95 All-Bank Mailing

**To:** All Kansas State Banks  
**From:** Commissioner Frank D. Dunnick  
**Date:** May 10, 1995

**Re:**            **1. Special Orders 1995-1 and 1995-2.**  
                  **2. Discontinuation of State Call Reports.**  
                  **3. CSBS Press Release.**

1. Enclosed you will find a copy of two special orders which I have issued pursuant to the "wild-card" authority presented by K.S.A. 9-1715, as amended. It is my belief that the legislature's enactment of the wild-card statute represents the legislative intent to provide this office with the ability to protect the delicate balance of competitive equality, which is crucial to the viability of the dual banking system. To this end, both orders were formulated to eliminate competitive inequities created by discrepancies between the laws governing state and national banks.

Special Order 1995-1 relates to a state bank's legal lending limit. K.S.A. 9-1104(a)(7) provides a general exception from the limitations for any portion of a loan which is secured by same-bank "time deposits" in an amount equal to or greater than 115% of the amount of the indebtedness. The special order broadens this exception to bring it into conformity with a similar exception found in the rules governing national banks. In effect, the special order removes the requirement that the deposit be a "time deposit" so long as it is a segregated account over which the bank has exercised adequate control. The order has also eased the exception by only requiring the collateral deposit to equal at least 100% of the amount of the indebtedness to be excluded from the limitations.

Special Order 1995-2 relates to a state bank's ability to make loans on the security of the stock of its parent company. K.S.A. 9-1112 contains an express provision prohibiting this activity for state banks while the federal statutes contain no equivalent prohibition for national banks. By virtue of this special order, Kansas state banks will now be able to utilize their own holding company stock as collateral to the same extent as national banks.

2. Enclosed is a memorandum intended to serve as official notice to all state banks that commercial call reports are no longer required by this office pursuant to K.S.A. 9-1704, until further written notification from this department. Additionally, state banks are no longer required to publish any portion of these reports.

However, passage of H.B. 2073 by the 1995 Kansas Legislature requires trust departments and trust companies to continue submitting annual trust asset reports to this department on or before the last day of January. Report forms will be supplied each year by this office.

3. Because most local media do not cover banking releases, I have enclosed a copy of a press release which discusses a set of guidelines developed by the Conference of State Bank Supervisors (CSBS). The guidelines are designed to bring about a streamlined system for state supervision of multi-state banking operations. While the interstate branching debate over opt-in or opt-out has not occurred in this state, there is no question we are currently operating in an interstate banking environment. I am committed to the dual banking system and I believe it is imperative the states mount a concerted effort to preserve the viability of the state charter.

If these special orders or the press release raise questions or you have specific comments, please do not hesitate to contact me or departmental staff.

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Enc.