

Memo 1995-23 9-15-95 All Bank Mailing

Dt: September 15, 1995 (Modified on 10-98)
To: All State Chartered Banks
Fr: Commissioner Frank Dunnick
Re: 1) **Special Order 1995 - 5**
2) **Policy Memorandums:**
A) Vehicle titles on dealer inventory
B) Readily marketable livestock

Enclosed are copies of the above referenced special order and memorandums recently issued by this office, along with the following brief description of each item. This advisory is being provided to you in our continuing efforts to keep you abreast of departmental policies and regulations. As always, our staff is available to assist you in answering any questions you may have.

~~1) Special Order 1995-5 allows state banks to relocate their main office to a location within 30 miles of their current main bank. In February 1995, the Comptroller of Currency issued the Decision of the Office of the Comptroller of the Currency on the Applications of Bank Midwest of Kansas, National Association, Lenexa, Kansas and Bank Midwest, National Association, Kansas City, Missouri. Within this opinion, the OCC interpreted 12 U.S.C. 30 to allow a Kansas national bank to relocate to Missouri, and maintain the bank's Kansas offices as interstate branches. As a direct result of this new interpretation, several banks in the Kansas City metro area have completed, or are in the process of completing, interstate relocation transactions.~~

~~Until the passage of Special Order 1995-5, Kansas law did not provide authority for a state bank to complete similar transactions, thereby putting state banks at a competitive disadvantage with national banks. The seriousness of the inequality presented by the OCC's position is demonstrated by the number of state banks considering a conversion to a national charter for the purpose of accessing the OCC's rule. For example, in July we were notified that a Kansas state bank, with approximately \$190 million in total assets, was converting its charter to a national charter, and moving its main bank to Missouri. This special order was necessary to prevent further defections from the state bank system, and will help maintain the balance necessary to protect the banks' choice of charter.~~

2) A) The office has received several inquiries concerning proper documentation and treatment of titles relating to dealer inventory and floor plan loans. The attached memo clarifies the department's policy on expected documentation and examiner analysis of these credits.

~~B) Several banks have requested the department's interpretation of "readily marketable" livestock as it would pertain to compliance with K.S.A. 9-1104 and lending limit exclusions. The attached memo details the department's policy regarding the use of non-traditional types of livestock to qualify for the expanded limit.~~

In addition to providing you the information described above, we would also like to remind you that this office no longer routinely sends fidelity bond receipts to banks. Information on bond coverage is verified through other sources making the receipts unnecessary. Should you have questions on this specific matter, please contact ~~Ruth Glover~~ in our office.