As Amended by Senate Committee

Session of 2016

SENATE BILL No. 390

By Committee on Financial Institutions and Insurance

2-1


Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2015 Supp. 9-519 is hereby amended to read as follows: 9-519. For the purposes of K.S.A. 9-520 through 9-524, and amendments thereto, and K.S.A. 9-532 through 9-541, and amendments thereto, unless otherwise required by the context:

(a) "Bank" means an insured bank as defined in 12 U.S.C. § 1813(h) except the term shall not include a national bank that: (1) Engages only in credit card operations;

(2) does not accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others;

(3) does not accept any savings or time deposits of less than $100,000;

(4) maintains only one office that accepts deposits; and

(5) does not engage in the business of making commercial loans.

(b) (1) "Bank holding company" means any company that:

(A) Directly or indirectly owns, controls, or has power to vote 25% or more of any class of the voting shares of a bank or 25% or more of any class of the voting shares of a company which that is or becomes a bank holding company by virtue of this act;

(B) which controls in any manner the election of a majority of the directors of a bank or of a company which that is or becomes a bank holding company by virtue of this act;

(C) which the commissioner determines, after notice and opportunity for a hearing, that the company directly or indirectly exercises a
controlling influence over the management or policies of the bank or company.

(2) Notwithstanding paragraph (1), no company:

(A) Shall be deemed to be a bank holding company by virtue of the company's ownership or control of shares acquired by the company in connection with such company's underwriting of securities if such shares are held only for such period of time as will permit the sale thereof on a reasonable basis;

(B) formed for the sole purpose of participating in a proxy solicitation shall be deemed to be a bank holding company by virtue of the company's control of voting rights of shares acquired in the course of such solicitation;

(C) shall be deemed to be a bank holding company by virtue of the company's ownership or control of shares acquired in securing or collecting a debt previously contracted in good faith, provided such shares are disposed of within a period of two years from the date on which such shares could have been disposed of by such company; or

(D) owning or controlling voting shares of a bank shall be deemed to be a bank holding company by virtue of the company's ownership or control of shares held in a fiduciary capacity except where such shares are held for the benefit of such company or the company's shareholders.

(c) "Company" means any corporation, limited liability company, trust, partnership, association or similar organization including a bank, but shall not include any corporation the majority of the shares of which are owned by the United States or by any state or include any individual, partnership or qualified family partnership upon the determination by the commissioner that a general or limited partnership qualifies under the definition in 12 U.S.C. § 1841(o)(10).

(d) "Foreign bank" means any company organized under the laws of a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa or the Virgin Islands or any subsidiary or affiliate organized under such laws, which engages in the business of banking.

(e) "Kansas bank" means any bank, as defined by subsection (a), which, in the case of a state chartered bank, is a bank chartered under the authority of the state of Kansas, and in the case of a national banking association, a bank with its charter location in Kansas.

(f) "Kansas bank holding company" means a bank holding company, as defined by subsection (b), with total subsidiary bank deposits in Kansas which exceed the bank holding company's subsidiary bank deposits in any other state.

(g) "Out-of-state bank holding company" means any holding company which is not a Kansas bank holding company as defined in subsection (f).
(h) "Subsidiary" means, with respect to a specified bank holding company:

(1) Any company with more than 5% of the voting shares, excluding shares owned by the United States or by any company wholly owned by the United States, that are directly or indirectly owned or controlled by, or held with power to vote, such bank holding company; or

(2) any company, the election of a majority of the directors of which, is controlled in any manner by such bank holding company.

Sec. 2. K.S.A. 2015 Supp. 9-534 is hereby amended to read as follows: 9-534. In determining whether to approve an application filed pursuant to K.S.A. 9-532, and amendments thereto, the commissioner shall consider the following factors:

(a) Whether the subsidiary banks of the applicant are operated in a safe, sound and prudent manner.

(b) Whether the subsidiary banks of the applicant have provided adequate and appropriate services to their communities, including services contemplated by 12 U.S.C. § 2901 et seq.

(c) Whether the applicant proposes to provide adequate and appropriate services, including services contemplated by 12 U.S.C. § 2901 et seq., in the communities served by the Kansas state chartered bank or by the Kansas bank subsidiaries of the bank holding company that has an ownership interest in a Kansas state chartered bank.

(d) Whether the proposed acquisition will result in a Kansas state chartered bank or bank holding company that has an ownership interest in a Kansas state chartered bank that has adequate capital and good earnings prospects.

(e) Whether the financial condition of the applicant or any of its subsidiary banks would jeopardize the financial stability of the Kansas state chartered bank or bank holding company that has an ownership interest in a Kansas state chartered bank which is the subject of the application.

(f) Whether the competence, experience and integrity of the managerial resources of the applicant or any proposed management personnel of any Kansas state chartered bank or any Kansas bank subsidiaries of the bank holding company that has an ownership interest in a Kansas state chartered bank indicates that to permit such person to control a bank would not be in the interest of the depositors of a bank or in the interest of the public.

Sec. 3. K.S.A. 2015 Supp. 9-701 is hereby amended to read as follows: 9-701. Unless otherwise clearly indicated by the context, the following words when used in the state banking code, for the purposes of the state banking code, shall have the meanings respectively ascribed to them in this section:
(a) "Bank" means a state bank incorporated under the laws of Kansas.
(b) "Business of banking" means 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. "Business of banking" shall not include any activity conducted by a student bank.
(c) "Trust company" means a trust company incorporated under the laws of Kansas and which does not accept deposits.
(d) "Commissioner" means the Kansas state bank commissioner.
(e) "Executive officer" means a person who participates or has authority to participate, other than in the capacity of a director, in major policymaking functions of the bank or trust company, whether or not the officer has an official title, the title designates the officer as an assistant or the officer is serving without salary or other compensation. The chairperson of the board, the president, every vice president, the cashier, the secretary and the treasurer of a company or bank are considered executive officers.
(1) A bank may, by resolution of the board of directors or by the bylaws of the bank or trust company, exempt an officer from participation, other than in the capacity of a director, in major policymaking functions of the bank or trust company if the officer does not actually participate therein.
(2) The commissioner may make the determination that a person is an executive officer if the commissioner determines that the criteria are met despite the existence of a resolution allowed pursuant to this subsection.
(f) "Demand deposit" means a deposit that: (1) (A) Is payable on demand;
(B) is issued with an original maturity or required notice period of less than seven days;
(C) represents funds for which the depository institution does not reserve the right to require at least seven days' written notice of an intended withdrawal; or
(D) represents funds for which the depository institution does reserve the right to require at least seven days' written notice of an intended withdrawal; and
(2) is not also a negotiable order of withdraw account.
(g) "Time deposit," also known as a certificate of deposit, means a deposit that the depositor does not have a right and is not permitted to make withdrawals from within six days after the date of deposit unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after
deposit. A time deposit from which partial early withdrawals are permitted
must impose additional early withdrawal penalties for at least seven days'
simple interest on amounts withdrawn within six days after each partial
withdrawal. If such additional early withdrawal penalties are not
contractually imposed, the account ceases to be a time deposit, but may
become a savings deposit if the account meets the requirements for a
savings deposit.

(h) "Savings deposit" means a deposit or account with respect to
which the depositor is not required by the deposit contract, but may at any
time, be required by the depository institution to give written notice of an
intended withdrawal not less than seven days before such withdrawal is
made and that is not payable on a specified date or at the expiration of a
specified time after the date of deposit.

(i) "Public moneys" means all moneys coming into the custody of the
United States government or any board, commission or agency thereof,
and also shall mean all moneys coming into the custody of any officer of
any municipal or quasi-municipal or public corporation, the state or any
political subdivision thereof, pursuant to any provision of law authorizing
any such official to collect or receive the same.

(j) "Municipal corporation" means any city incorporated under the
laws of Kansas.

(k) "Quasi-municipal corporation" means any county, township,
school district, drainage district, rural water district or any other
governmental subdivision in the state of Kansas having authority to
receive or hold moneys or funds.

(l) "Certificate of authority" means a certificate signed and sealed by
the commissioner evidencing the authority of a bank or trust company to
transact a general banking or trust business as provided by law.

(m) "Trust business" means engaging in, or holding out to the public
as willing to engage in, the business of acting as a fiduciary for hire,
except that no accountant, attorney, credit union, insurance broker,
insurance company, investment adviser, real estate broker or sales agent,
savings and loan association, savings bank, securities broker or dealer, real
estate title insurance company or real estate escrow company shall be
deemed to be engaged in a trust company business with respect to
fiduciary services customarily performed by those persons or entities
for compensation as a traditional incident to their regular business
activities.

(n) "Community and economic development entity" means an entity
that makes investments or conducts activities that primarily benefit low-
income and moderate-income individuals, low-income and moderate-
income areas, or other areas targeted by a governmental entity for
redevelopment, or would receive consideration as "qualified investments"
under the community reinvestment act pub. L. 95-128, title VIII, 91 stat. 1147, 12 U.S.C. § 2901 et seq., and any state tax credit equity fund established pursuant to K.S.A. 74-8904, and amendments thereto.

(o) "Depository institution" means any state bank, national banking association, state savings and loan or federal savings association, without regard to the state where the institution is chartered or the state in which the institution's main office is located.

(p) "Student bank" means any nonprofit program offered by a high school accredited by the state board of education, where deposits are received, checks are paid or money is lent for limited in-school purposes.

Sec. 4. K.S.A. 2015 Supp. 9-801 is hereby amended to read as follows: 9-801. (a) No bank or trust company shall be organized or incorporated under the laws of this state nor transact either a banking business or a trust business in this state, until the application for such bank's or trust company's incorporation and application for certificate of authority has been submitted to and approved by the state banking board. The form for making any such application shall be prescribed by the state banking board and any application made to the state banking board shall contain such information as the state banking board shall require.

(b) No private bank shall engage in the banking business in this state.

(c) The state banking board shall not accept an application unless:

(1) The bank or trust company is organized by five or more persons who shall also be stockholders of the proposed bank or trust company or parent company of the proposed bank or trust company;

(2) at least five of the organizers are residents of the state of Kansas and at least those five sign and acknowledge the articles of incorporation;

(3) the name selected for a bank is different from that of any other bank: (A) Doing business in the same city or town; and

(B) within a 15-mile radius of the proposed location;

(4) the name selected for the trust company is different or substantially dissimilar from any other trust company doing business in this state. Although, any bank or trust company may request exemption from the commissioner from the provisions of this subsection; and

(4) (5) the articles of incorporation contain the names and addresses of the bank's or the trust company's stockholders and the amount of common stock subscribed by each. The articles of incorporation may contain such other provisions as are consistent with the general corporation code.

(d) Any bank or trust company may request an exemption from the commissioner from the provisions of subsections (c)(3) and (c)(4).

(e) If the state banking board shall determine any of the following factors unfavorably to the applicants, the application may be denied:

(1) The financial standing, general business experience and character
of the organizers and incorporators;

(2) the character, qualifications and experience of the officers of the proposed bank or trust company;

(3) the public need for the proposed bank or trust company in the community wherein it is proposed to locate the same and whether existing banks or trust companies are meeting such need;

(4) the prospects for success of the proposed bank or trust company; and

(5) any other criteria the state banking board may require.

(e) The state banking board shall not make membership in any federal government agency a condition precedent to the granting of the authority to do business.

(f) The state banking board may require fingerprinting of any officer, director, incorporator or any other person of the proposed trust company related to the application deemed necessary by the state banking board. Such fingerprints may be submitted to the Kansas bureau of investigation and the federal bureau of investigation for a state and national criminal history record check. The fingerprints shall be used to identify the person and to determine whether the person has a record of arrests and convictions in this state or other jurisdictions. The state banking board may use information obtained from fingerprinting and the criminal history for purposes of verifying the identification of the person and in the official determination of the qualifications and fitness of the persons associated with the applicant trust company to be issued a charter. Whenever the state banking board requires fingerprinting, any associated costs shall be paid by the applicant or the parties to the application.

(g) In the event two or more applications for incorporation and authority to do business seeking to serve the same general territory are pending before the state banking board and the state banking board determines all of such matters favorably in two or more such applications, the state banking board may approve the application of the proposed bank or trust company which the state banking board determines will best serve the needs of the territory sought to be served.

(h) The state banking board may approve the application of an existing bank or trust company to change such bank's or trust company's place of business and deny the application or applications for incorporation and authority to do business if:

(1) One or more such applications seeking to serve a territory are pending before the state banking board;

(2) the board has determined all of such matters favorably in one or more of such applications;

(3) there is an application of an existing bank or trust company pending before the state banking board to change such bank's or trust-
company’s place of business to serve the same territory which the state banking board determines should be approved; and

(4) the board determines that there is public need for only one bank or trust company to serve the territory.

(†) (i) Any final action of the state banking board approving or disapproving an application shall be subject to review in accordance with the Kansas judicial review act.

(†) (j) If upon the dissolution, insolvency or appointment of a receiver of any bank, trust company, national bank association, savings and loan association, savings bank or credit union, the commissioner is of the opinion that by reason of the loss of services in the community, an emergency exists which may result in serious inconvenience or losses to the depositors or the public interest in the community, the commissioner may accept and approve an application for incorporation and an application for authority to do business from applicants for the organization and establishment of a successor bank or trust company.

Sec. 5. K.S.A. 2015 Supp. 9-802 is hereby amended to read as follows: 9-802. (a) The existence of any bank or trust company as a corporation shall date from the filing of the bank’s or trust company’s articles of incorporation with the Kansas secretary of state’s office from which time such bank or trust company shall have and may exercise the incidental powers conferred by law upon corporations, except that no bank or trust company shall transact any business except the election of officers, the taking and approving of their official bonds, the receipts of payment upon stock subscriptions and other business incidental to its organization, until such bank or trust company has secured the approval of the state banking board and the authorization of the commissioner to commence business.

(b) The full amount of the common stock including the surplus and undivided profits as required by the Kansas banking code shall be subscribed before the articles of incorporation are filed with the Kansas secretary of state’s office.

Sec. 6. K.S.A. 2015 Supp. 9-803 is hereby amended to read as follows: 9-803. (a) Any bank whose articles of incorporation have lapsed, or hereafter shall lapse, may renew and extend the bank’s corporate existence in the manner provided by law and upon payment of the requisite fees.

(b) The acts of any bank or trust company whose articles of incorporation that have lapsed or terminated by the expiration of time and whose such bank’s or trust company’s corporate existence is renewed and extended are hereby legalized and declared to be valid in the same manner and to the same effect as though the banks and trust companies had been duly authorized at all times since their organization.
Sec. 7. K.S.A. 2015 Supp. 9-804 is hereby amended to read as follows: 9-804. (a) Upon approval of an application to organize a bank or trust company with the state banking board, such board shall cause to be made by and through the commissioner, a careful examination and investigation concerning:

(1) The amount of moneys paid in for capital, surplus and undivided profits, the persons that paid and the amount of capital stock owned in good faith by each stockholder;

(2) whether such bank or trust company has complied with the applicable provisions of law; and

(3) any other criteria the commissioner may require.

(b) When the capital of any bank or trust company shall have been paid in, the president or cashier shall transmit to the commissioner a verified statement showing the names and addresses of all stockholders, the amount of stock each subscribed and the amount paid in by each.

(c) If the commissioner finds, after examination and investigation, that the bank or trust company has been organized as provided by law, has complied with the provisions of law and has secured the preliminary approval of the commissioner, if required by K.S.A. 9-801(e)(i), and amendments thereto, or upon the approval of the state banking board, the commissioner shall issue a certificate showing that such bank or trust company has been organized and its capital has been paid in as required by law, and that it the bank or trust company is authorized to transact a general banking or trust business as provided by law.

Sec. 8. K.S.A. 2015 Supp. 9-808 is hereby amended to read as follows: 9-808. (a) Upon the affirmative vote of not less than $2/3$ of its outstanding voting stock, Any national bank, federal savings association or federal savings bank organized under the laws of the United States and located in this state may become a state bank upon the affirmative vote of not less than $2/3$ of the institution's outstanding voting stock. Any national bank, federal savings association or federal savings bank desiring to become a state bank shall apply to the commissioner for permission to convert to a state bank and:

(1) Shall submit a transcript of the minutes of the meeting of its the institution's stockholders showing approval of the proposed conversion;

(2) the name selected for the bank shall not be the name of any other bank: (A) Doing business in the same city or town; or

(B) within a 15-mile radius of the location of the converted institution. The name shall be accepted or rejected by the commissioner, although any bank may request exemption from the commissioner from this paragraph; and

(3) provide any other information required in the application form prescribed by the commissioner.
(b) A federal savings association or federal savings bank operating in a mutual form must also convert to a stock form prior to converting to a state bank and shall submit appropriate documentation to the commissioner to show that the appropriate federal regulator has approved such mutual to stock conversion.

(c) Upon receipt of each of the items required by this section the commissioner shall make or cause to be made such investigation as the commissioner deems necessary to determine whether:

(1) All state and federal requirements for a conversion have been satisfied;

(2) the conversion or the financial condition of the bank will not adversely affect the interests of the depositors;

(3) the resulting state bank will have an adequate capital structure in accordance with K.S.A. 9-901a et seq., and amendments thereto; and

(4) the competence, experience or integrity of the proposed management personnel indicates that approving the conversion would be in the interest of the depositors of the bank and in the interest of the public to permit the conversion.

(d) If the commissioner determines each of the matters in subsection (c) favorably, the conversion shall be approved and the commissioner shall issue a certificate of authority. Upon issuance of a certificate of authority, the articles of incorporation, duly executed as required by the Kansas corporate code, shall be filed with the Kansas secretary of state's office.

(e) In any conversion authorized by this section, the resulting state bank by operation of law shall continue all trust functions being exercised by the national bank, federal savings association or federal savings bank and shall be substituted for the national bank, federal savings association or federal savings bank and shall have the right to exercise trust or fiduciary powers created by any instrument designating the national bank, federal savings association or federal savings bank even though such instruments are not yet effective.

(f) In any conversion authorized by this section, the resulting state bank shall succeed by operation of law without any conveyance or transfer by the act of the national bank, federal savings association or federal savings bank to all the actual or potential assets, real property, tangible personal property, intangible personal property, rights, franchises and interests, including those in a fiduciary capacity of the national bank, federal savings association or federal savings bank and shall be subject to all of the liabilities of the national bank, federal savings association or federal savings bank.

(g) In any conversion authorized by this section the corporate existence of the national bank, federal savings association or federal savings bank shall be continued in the resulting state bank, and the
resulting state bank shall be deemed to be the identical corporate entity as
the national bank, federal savings association or federal savings bank.

(h) Within a reasonable time after the effective date of the conversion,
the resulting bank shall divest itself of all assets and liabilities that do not
conform to state banking laws and rules and regulations. The length of this
transition period shall be determined by the commissioner.

Sec. 9. K.S.A. 2015 Supp. 9-809 is hereby amended to read as
follows: 9-809. (a) Upon the affirmative vote of not less than \( \frac{2}{3} \) of its
outstanding voting stock, Any state bank may convert to a national bank

upon the affirmative vote of not less than \( \frac{2}{3} \) of the bank's outstanding
voting stock.

(b) The state bank shall provide a copy of the application submitted to
the comptroller of currency to the commissioner within 10 days after the
date the state bank applies for approval to convert to a national banking
association from the office of the comptroller of the currency.

(c) The state bank shall provide to the commissioner written notice of
approval by the comptroller of currency to convert to a national bank
within 10 days of receiving the approval.

(d) Within 15 days following the issuance of a charter certificate to
the bank by the comptroller, the bank shall surrender its state certificate of
authority or charter and shall certify in writing that notice of the
conversion has been given to the Kansas secretary of state's office.

Sec. 10. K.S.A. 2015 Supp. 9-811 is hereby amended to read as
follows: 9-811. No financial institution whose with deposits are insured by
the federal deposit insurance corporation shall conduct business in this
state unless such institution: (a) Has the legal right to accept deposits that
the depositor has the legal right to withdraw on demand and to engage in
the business of making commercial loans; or; (b) is a national bank which
engages only in credit card operations, does not accept demand deposits or
deposits that the depositor may withdraw by check or similar means for
payment to third parties or others, does not accept any savings or time
deposits of less than $100,000, maintains only one office that accepts
deposits and does not engage in the business of making commercial loans.

Sec. 11. K.S.A. 2015 Supp. 9-812 is hereby amended to read as
follows: 9-812. (a) No bank or trust company shall change its name until
such name change has been submitted to and approved by the
commissioner.

(b) The commissioner shall not approve the name selected for the
bank if it is the name of any other bank: (1) Doing business in the same
city or town; or

(2) within a 15-mile radius of the proposed location any bank or
branch bank.

(c) The commissioner shall not approve the name selected for the
trust company if it is the same or substantially similar name of any other
trust company doing business in the state of Kansas.

(d) Any bank or trust company may request exemption from the
commissioner from subsection (b) or (c).

(e) Upon approval of such name change, the bank or trust company
must notify and make the necessary filings as may be required by the
Kansas secretary of state's office.

(f) Any bank or trust company authorized to do business pursuant to
the state banking code may use a name other than the name approved by
the commissioner, provided:

1. The bank or trust company must notify the commissioner, and the
commissioner must approve, any use of a name other than the name
approved by the commissioner;
2. the bank's or trust company's actual name is prominently
displayed adjacent to any other name displayed; and
3. the bank or trust company continues to use the name approved by
the commissioner in all legally enforceable documents and memoranda.

Sec. 12. K.S.A. 2015 Supp. 9-814 is hereby amended to read as
follows: 9-814. (a) No bank or trust company organized under the laws of
this state shall change the bank's or trust company's place of business,
from one city or town to another or from one location to another within the
same city or town, without prior approval. Any such bank or trust
company desiring to change the bank's or trust company's place of
business shall file written application with the office of the state bank
commissioner in such form and containing such information the
commissioner shall require. Notice of the proposed relocation shall be
published in a newspaper of general circulation in the county where the
main bank or trust company is currently located and in the county to which
the bank or trust company proposes to relocate. The notice shall be in the
form prescribed by the commissioner and at a minimum shall contain the
name and address of the applicant bank or trust company, the address of
the proposed new location and a solicitation for written comments. The
notice shall be published on the same day for two consecutive weeks and
provide for a comment period of not less than 10 calendar days after the
date of the second publication. The applicant shall provide proof of
publication to the commissioner.

(b) The commissioner shall examine and investigate the application.
The commissioner shall approve the application if it is found that:

1. There is a reasonable probability of usefulness and success of the
bank or trust company in the proposed location;
2. the applicant bank's or trust company's financial history and
condition is sound; and
3. the name selected for the bank is different from that of any other
bank: (A) Doing business in the same city or town; and
(B) within a 15-mile radius of the proposed location—although any
bank or trust company may request exemption from the commissioner
from this paragraph; and
(4) the name selected for a trust company is different or substantially
dissimilar from any other trust company doing business in this state.
(c) any bank or trust company may request an exemption from the
commissioner from the provisions of subsection (b)(3) or (b)(4).
(e) (d) If the commissioner denies an application, the applicant shall
have the right to a hearing before the state banking board to be conducted
in accordance with the Kansas administrative procedure act. Any action of
the state banking board pursuant to this section is subject to review in
accordance with the Kansas judicial review act.
(d) (e) Upon approval of such place of business change, the bank or
trust company must notify and make the necessary filings as may be
required by the secretary of state's office.
Sec. 13. K.S.A. 2015 Supp. 9-815 is hereby amended to read as
follows: 9-815. (a) Any applicant making application under article 8 of
chapter 9 of the Kansas Statutes Annotated, and amendments thereto, shall
pay to the commissioner a fee in an amount established pursuant to K.S.A.
2015 Supp. 9-1726, and amendments thereto, to defray the expenses of the
state banking board, commissioner or other designees in the examination
and investigation of the application.
(b) The commissioner shall remit all moneys received under this
section to the state treasurer in accordance with the provisions of K.S.A.
75-4215, and amendments thereto. Upon receipt of each such remittance,
the state treasurer shall deposit the entire amount in the state treasury to
the credit of the bank investigation fund. The moneys in the bank
investigation fund shall be used to pay the expenses of the commissioner,
or designee, in the examination and investigation of such applications and
any unused balance shall be transferred to the bank commissioner fee
fund.
(c) Any members of the state banking board who make such an
examination or investigation shall be paid the sum of $35 per diem for the
time they actually are engaged in performing their duties as
members of such the state banking board and shall be compensated from
such funds all their actual and necessary expenses incurred in the
performance of such the members' duties from such funds.
Sec. 14. K.S.A. 2015 Supp. 9-816 is hereby amended to read as
follows: 9-816. (a) As used in this section, "bankers' bank" means a state
bank which is owned exclusively, except to the extent directors’ qualifying
shares are required by law, by other state banks, federally chartered banks
or a one-bank holding company and is organized to engage exclusively in
providing services for other state banks or federally chartered banks and
their officers, directors and employees.
(b) The state banking board may approve the application for the
organization of a state bankers' bank under the provisions of K.S.A. 9-801
et seq., and amendments thereto.
Sec. 15. K.S.A. 2015 Supp. 9-901a is hereby amended to read as
follows: 9-901a. (a) For purposes of this section: (1) "Capital" means the
total of the aggregate par value of a bank's or trust company's
outstanding shares of capital stock, its surplus and its undivided profits;
(2) "equity capital" means the total of common stock, preferred stock,
surplus and undivided profits less intangibles; and
(3) "total assets" means the total of all tangible bank assets as
reported on the daily balance sheet of the bank.
(b) (1) For banks organized on or after July 1, 2015, the minimum
capital of a bank at the time of organization shall be the greater of
$3,000,000 or an amount equal to 8% of the proposed bank's estimated
deposits five years after its organization. The capital shall be divided with
60% of the amount as the aggregate par value of outstanding shares of
capital stock, 30% as surplus and 10% as undivided profits.
(2) For trust companies organized on or after July 1, 2015, the
minimum capital shall at all times be $500,000. The capital shall be
divided with 60% of the amount as the aggregate par value of outstanding
shares of capital stock, 30% as surplus and 10% as undivided profits.
(3) The state banking board may require that a bank or trust company
have capital in excess of the amounts specified in this subsection if the
state banking board determines that excess capital is necessary based on
the character and qualifications of the proposed board of directors and the
nature of the business of the bank or trust company.
(c) The minimum capital of a bank or trust company organized
pursuant to K.S.A. 9-801(j), and amendments thereto, shall be determined
by the commissioner, provided that the successor bank has obtained
deposit insurance from the federal deposit insurance corporation or its any
successor.
(d) All banks shall maintain a capital ratio of at least 5% of equity
capital to total assets at all times.
(e) Any bank that relocates its main office from one city to another
pursuant to K.S.A. 2015 Supp. 9-814, and amendments thereto, shall have
equity capital equal to the greater of $3,000,000 or 8% of its estimated
deposits five years after the relocation.
(1) The commissioner, in the commissioner's discretion, may approve
a relocation with a smaller equity capital amount if the bank can show that
the circumstances surrounding the relocation warrant consideration of a
lesser amount and the safety of depositors would not be impacted by
requiring a lesser amount.

(2) If the main office relocation is part of an interchange of the main office with a branch location that has been in operation for at least one year, this equity capital requirement shall not apply.

(f) Any national bank, federal savings association or federal savings bank which converts its charter to a state bank pursuant to K.S.A. 9-808, and amendments thereto, shall have a minimum capital ratio of 5% of equity capital to total assets at the time of its conversion. The capital division requirements of subsection (b) shall not apply.

(g) The commissioner may require that a bank or trust company have capital in excess of the amounts specified in subsections (b) through (d) if the commissioner determines that excess capital is necessary based on the character and qualifications of the proposed board of directors and nature of the business of the bank or trust company.

(h) Any bank that fails to meet the minimum capital ratio of 5% of equity capital to total assets required by this section shall notify the commissioner within three business days. Upon notice, the commissioner may require the bank to submit a written plan for restoring capital approved by the commissioner.

Sec. 16. K.S.A. 2015 Supp. 9-902 is hereby amended to read as follows: 9-902. (a) The common and preferred stock of any bank or trust company hereafter created shall be divided into shares of $1 each, or any whole number multiple thereof. All subscriptions to such stock shall be paid in cash and any bank or trust company may change the par value of its shares to conform with this section.

(b) Any bank or trust company may reduce the number of shares of common stock and replace them with preferred stock, as long as the total dollar amount of capital stock is not changed. In lieu of reducing the number of shares of common stock, the bank may reduce the par value of the common stock and issue preferred stock with a par value that is equal to the amount of the reduction in the par value of the common stock. When the preferred stock is retired, the par value of the common shares shall be restored.

(c) The requirements for a capital reduction pursuant to K.S.A. 9-904, and amendments thereto, and the requirements for new issue of preferred stock pursuant to K.S.A. 9-908, and amendments thereto, shall not apply to the circumstance described in this section.

Sec. 17. K.S.A. 2015 Supp. 9-903 is hereby amended to read as follows: 9-903. (a) The shares of stock of any bank or trust company shall be deemed personal property and shall be transferred on the books of the bank or trust company in such manner as the bylaws thereof may direct.

(b) No transfer of stock shall be valid against the issuing bank or trust
company so long as the registered owner thereof shall be liable as
principal debtor, surety or otherwise to the bank or trust company on a
matured, charged off or forgiven obligation. No dividend, interest or profit
shall be paid on such stock so long as the registered owner thereof is
indebted to the bank or trust company on a matured, charged off or
forgiven obligation. All such dividends or profits shall be retained by the
bank or trust company and applied to the discharge of any such
obligations.

(c) No stock shall be transferred on the books of any bank or trust
company when the bank or trust company is in a failing condition, or when
its capital stock is impaired, except upon approval of the commissioner.

(d) The president or other chief executive officer of a bank or trust
company shall report to the commissioner within 10 days of the transfer of
shares of stock on the books of the bank or trust company if there is a
transfer of:

(1) Shares of stock that results in the direct or indirect ownership by a
stockholder or an affiliated group of stockholders of 10% or more of the
outstanding stock of the bank or trust company; or

(2) additional shares of stock to stockholders or an affiliated group of
stockholders who own 10% or more of the outstanding stock of a bank or
trust company.

(e) If there is a transfer of shares of stock that results in the direct or
indirect ownership by a stockholder or an affiliate group of stockholders of
25% or more of the outstanding stock of the bank or trust company, a
change of control shall be filed pursuant to K.S.A. 9-1719 et seq., and
amendments thereto.

Sec. 18. K.S.A. 2015 Supp. 9-904 is hereby amended to read as
follows: 9-904. (a) With prior approval of the commissioner, a bank or
trust company may reduce the amount of its capital stock account. No such
reduction shall be approved unless the commissioner finds that:

(1) The proposed reduction is necessary to provide greater
operational flexibility to an adequately capitalized, well-managed
institution;

(2) the proposed reduction does not result in or is not in furtherance
of a reduction in the institution's capital to an amount below the amount
required by K.S.A. 9-901(a), and amendments thereto;

(3) the proposed reduction is not intended to delay, prevent or be in
lieu of capital stock impairment or a stockholder's assessment pursuant to
K.S.A. 9-906, and amendments thereto;

(4) the proposed reduction poses no significant risk to the financial
stability, safety or soundness of the institution;

(5) the bank's or trust company's surplus account will be increased in
an amount equal to the amount of the proposed reduction in the capital
stock account, unless a waiver is granted by the commissioner; and

(6) a resolution approving the reduction has been adopted by the stockholders representing 2/3 of the voting stock of the bank or trust company.

(b) Upon completion of the reduction, the bank or trust company shall file with the commissioner a list of its stockholders and the amount of stock held by each.

(c) Whenever the capital stock of any bank or trust company shall be reduced as herein provided, every stockholder, owner or holder of any stock certificate shall surrender the same for cancellation and shall be entitled to receive a new certificate for such person's proportion of the new stock. No dividends shall be paid to any such stockholder until the old certificate is surrendered.

Sec. 19. K.S.A. 2015 Supp. 9-906 is hereby amended to read as follows: 9-906. (a) Whenever it shall appear that the capital stock of any bank or trust company is impaired, the commissioner shall notify the bank or trust company to restore the capital stock within 90 days of receipt of such notice.

(b) For purposes of this section, "impairment" means that charges or losses to the bank or trust company's capital accounts have been sufficient to eliminate all of the bank or trust company's allowance for loan and lease loss, undivided profits, surplus fund and any other capital reserves and has brought the book amount of the capital stock-value below the par value of the capital stock.

(c) Within 15 days of receipt of the impairment notice from the commissioner, the board of directors of the bank or trust company shall levy an assessment on the common stockholders sufficient to restore the capital stock.

(d) A bank or trust company may reduce its capital stock to the extent of the impairment, if such reduction is conducted pursuant to the requirements of K.S.A. 9-904, and amendments thereto.

Sec. 20. K.S.A. 2015 Supp. 9-907 is hereby amended to read as follows: 9-907. (a) Whenever any stockholder of a bank or trust company or an assignee of such stockholder, fails to pay any assessment as required by K.S.A. 9-906, and amendments thereto, the directors of the bank or trust company may sell the stock of such delinquent stockholder, or so much of the stock as necessary, to satisfy the assessment and any related incidental expenses within 120 days of the bank or trust company's receipt of impairment notice.

(b) The sale of stock of a delinquent stockholder may be either public or private. The bank or trust company may sell the stock to any person paying the highest price, however, the price shall not be less than the amount due upon the stock, including any incidental expenses. If the stock
is sold at private sale and the price offered by any non-stockholder does not exceed the highest bid of any stockholder, then such stock shall be sold to the stockholder. If the stock is sold at a public sale, then notice of the public sale shall be published on the same day for two consecutive weeks, in a newspaper of general circulation in the city or county where the bank or trust company is located.

(c) Any excess moneys realized from the sale of the stock shall be paid to the delinquent stockholder, unless the stockholder is indebted to the bank or trust company. If the stockholder has debt, then the excess may be retained by the bank or trust company as an offset against the debt.

(d) If no purchaser can be found for the stock at the public or private sale, it shall be forfeited to the bank or trust company to be disposed of as the board of directors shall determine within six months from the date of the public or private sale. If the stock cannot be disposed of within six months, the bank or trust company may request permission from the commissioner for additional time to dispose of the stock.

Sec. 21. K.S.A. 2015 Supp. 9-1101 is hereby amended to read as follows: 9-1101. (a) Any bank hereby is authorized to exercise by its board of directors or duly authorized officers or agents, subject to law, the following powers:

(1) To receive and to pay interest on deposits. The commissioner, with approval of the state banking board, may by rules and regulations fix maximum rates of interest to be paid on deposit accounts other than accounts for public moneys;

(2) to buy, sell, discount or negotiate domestic currency, gold, silver, foreign currency, bullion, commercial paper, bills of exchange, notes and bonds. Foreign currency shall not be bought, sold, discounted or negotiated for investment purposes;

(3) to make all types of loans, subject to the loan limitations contained in the state banking code;

(4) (A) to buy and sell: (i) Bonds, securities; or other evidences of indebtedness, including temporary notes, of the United States of America; (ii) Bonds, securities or other evidences of indebtedness, including temporary notes, fully guaranteed, directly or indirectly, by the United States of America or those fully guaranteed, directly or indirectly, by it; or (iii) general obligations of any state of the United States of America or any municipality or quasi-municipality thereof.

(B) No bank shall invest in bonds, securities or other evidences of indebtedness if:

(i) The direct and overlapping indebtedness of such municipality or quasi-municipality is in excess of 10% of its assessed valuation, excluding therefrom all valuations on intangibles and homestead exemption
valuation; or
(ii) any bond, security, or evidence of indebtedness of any such municipality or quasi-municipality that has been in default in the payment of principal or interest within 10 years prior to the time that any bank acquires any such bonds, security or evidence of indebtedness;
(5) to buy and sell investment securities which are evidences of indebtedness limited to buying and selling without recourse marketable obligations evidencing indebtedness of any state or federal agency, including revenue bonds issued pursuant to K.S.A. 76-6a15, and amendments thereto, or the state armory board in the form of bonds, notes or debentures or both. The total amount of such investment securities of any one obligor or maker held by such bank shall at no time exceed 25% of the capital stock, surplus, undivided profits, 100% of the allowance for loan and lease loss, capital notes and debentures and reserve for contingencies of such bank, except that this limit shall not apply to obligations of the United States government or any agency thereof;
(6) to buy and sell investment securities which are evidences of indebtedness limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association or corporation. The total amount of such investment securities of any one obligor or maker held by such bank shall at no time exceed 25% of the capital stock surplus, undivided profits, 100% of the allowance for loan and lease loss, capital notes and debentures and reserve for contingencies of such bank;
(7) to subscribe to, buy, hold and sell stock of:
(A) The federal national mortgage association in accordance with the national housing act;
(B) the federal home loan mortgage corporation in accordance with the federal home loan mortgage corporation act;
(C) the federal agricultural mortgage corporation, provided no bank's investment in such corporation shall exceed 5% of its bank's capital stock, surplus and undivided profits; and
(D) a federal home loan bank. Any bank may also become a member of a federal home loan bank;
(8) to subscribe to, buy and own stock in one or more small business investment companies in Kansas as otherwise authorized by federal law, except that in no event shall any bank acquire shares in any small business investment company if, upon the making of that acquisition, the aggregate amount of shares in small business investment companies then held by the bank would exceed 5% of its bank's capital and surplus;
(9) to subscribe to, buy and own stock in any agricultural credit corporation or livestock loan company, or its affiliate, organized pursuant to the provisions of the laws of the United States providing for the
information and operation of agricultural credit corporations and livestock
loan companies, in an amount not exceeding either the undivided profits or
10% of the capital stock and surplus and undivided profits from such bank,
whichever is greater;
(10) to buy, hold and sell any type of investment securities not
enumerated in this section with approval of the commissioner and upon
such conditions and under such regulations as are prescribed by the state
banking board;
(11) to act as escrow agent;
(12) to subscribe to, acquire, hold and dispose of stock of a
corporation—the purpose of which is to acquire, hold and dispose of
real estate mortgages, and to acquire, hold and dispose of the debentures
and capital notes of such corporation. No bank’s investment in such stock,
debentures and capital notes shall exceed 2% of its capital stock, surplus
and undivided profits;
(13) to purchase and sell securities and stock without recourse solely
upon the order, and for the account, of customers;
(14) to subscribe to, acquire, hold and dispose of any class of stock,
debentures and capital notes of MABSCO agricultural services, inc. or any
similar corporation—the purpose of which is to acquire, hold and dispose of
agricultural loans originated by Kansas banks. No bank’s investment in
such stock, debentures and capital notes shall exceed 2% of its capital
stock, surplus and undivided profits;
(15) to engage in financial future contracts on United States
government and agency securities subject to such rules and regulations as
the commissioner may prescribe pursuant to K.S.A. 9-1713, and
amendments thereto, to promote safe and sound banking practices;
(16) to subscribe to, buy and own stock in a bankers’ bank organized
under the laws of the United States, this state or any other state, or a one
bank holding company which owns or controls such a bankers’ bank,
except no bank’s investment in such stock shall exceed 10% of its capital
stock, surplus and undivided profits;
(17) to buy, hold and sell shares of an open-end investment company
in a manner consistent with the parameters outlined by the office of the
comptroller of the currency in banking circular 220, as such circular was
issued on November 21, 1986;
(18) subject to the prior approval of the commissioner and subject to
such rules and regulations as are adopted by the commissioner pursuant to
K.S.A. 9-1713, and amendments thereto, to promote safe and sound
banking practices, a bank may establish a subsidiary which engages in the
following securities activities: (A) Selling or distributing stocks, bonds,
debentures, notes, mutual funds and other securities; (B) issuing and
underwriting municipal bonds; (C) organizing, sponsoring and operating
mutual funds; or (D) acting as a securities broker-dealer;

(19) to subscribe to, buy and own stock in an insurance company
incorporated prior to 1910, under the laws of Kansas, with corporate
headquarters in this state, which only provides insurance to financial
institutions. The investment in such stock shall not exceed 2% of the
bank's capital stock, surplus and undivided profits;

(20) to purchase and hold an interest in life insurance policies and, to
the extent applicable, to purchase and hold an annuity in a manner
consistent with the parameters outlined in the interagency statement of the
purchase and risk management of life insurance, issued by the office of the
comptroller of the currency, the board of governors of the federal reserve
system, the federal deposit insurance corporation and the office of the
thrift supervision on December 7, 2004; and set out in the respective
agencies' issuances, including the federal deposit insurance corporation
financial institution letter 127-2004, effective December 7, 2004, subject
to the following limitations:

(A) The cash surrender value of any life insurance policy or policies
underwritten by any one life insurance company shall not at any time
exceed 15% of the total of the bank's capital stock, surplus, undivided
profits, 100% of the allowance for loan and lease losses, capital notes and
debentures and reserve for contingency contingencies, unless the bank has
obtained the prior approval of the commissioner;

(B) the cash surrender value of life insurance policies, in the
aggregate from all companies, cannot at any time exceed 25% of the total
of the bank's capital stock, surplus, undivided profits, 100% of the
allowance for loan and lease losses, capital notes and debentures and
reserve for contingency contingencies, unless the bank has obtained the
prior approval of the state bank commissioner; and

(C) the limitations set forth in subparagraphs (A) and (B) shall not
apply to any life insurance policy in place prior to July 1, 1993; and

(D) for the purposes of subsections (a)(20)(A) and (a)(20)(B),
intangibles, such as goodwill, shall not be included in the calculation of
capital.

(21) act as an agent and receive deposits, renew time deposits, close
loans, service loans and receive payments on loans and other obligations
for any company which is a subsidiary, as defined in K.S.A. 9-519, and
amendments thereto, of the bank holding company which owns the bank.
Nothing in this subsection shall authorize a bank to conduct activities as an
agent which the bank or the subsidiary would be prohibited from
conducting as a principal under any applicable federal or state law. Any
bank which enters or terminates any agreement pursuant to this subsection
shall within 30 days of the effective date of the agreement or termination provide written notification to the commissioner which details all parties involved and services to be performed or terminated;

(22) to make loans to the bank's stockholders or the bank's controlling holding company stockholders on the security of the shares of the bank or the bank's controlling bank holding company, but loans on the security of the shares of the bank may occur only if the bank would have extended credit to such stockholder on exactly the same terms without the bank shares pledged as collateral;

(23) to make investments in and loans to community and economic development entities as defined in K.S.A. 9-701, and amendments thereto, subject to the limitations prescribed by community reinvestment act pub. l. 95-128, title VIII, 91 Stat. 1147, 12 U.S.C. § 2901 et seq.;

(24) to participate in a school savings deposit program authorized under K.S.A. 9-1138, and amendments thereto;

(25) with prior approval of the commissioner, to control or hold an interest in a financial subsidiary.

(A) The financial subsidiary may engage in one or more of the following activities:

(i) Lending, exchanging, transferring, investing for others or safeguarding money or securities;

(ii) acting as agent or broker for purposes of insuring, guaranteeing or indemnifying against loss, harm, damage, illness, disability, death or providing annuities as agent or broker subject to the requirements of chapter 40 of the Kansas Statutes Annotated, and amendments thereto;

(iii) issuing or selling instruments representing interests in pools or assets permissible for a bank to hold directly;

(iv) operating a travel agency; and

(v) activities that are financial in nature as determined by the commissioner.

(B) Such activities do not include:

(i) Insuring, guaranteeing or indemnifying against loss, harm, damage, illness, disability, death or providing or issuing annuities the income of which is subject to tax treatment under 26 U.S.C. § 72;

(ii) real estate development or real estate investment, except as otherwise expressly authorized by Kansas law; or

(iii) any activity permitted for financial holding companies under 12 U.S.C. § 1843(k)(4)(H) and (I).

(C) As used in subsection (a)(25), "control" means:

(i) Directly or indirectly owning, controlling or having power to vote 25% or more of any class of the voting shares of a financial subsidiary;

(ii) controlling in any manner the election of a majority of the directors or trustees of the financial subsidiary; or
(iii) otherwise directly or indirectly exercising a controlling influence over the management or policies of the financial subsidiary, as determined by the commissioner;

(26) to maintain and operate a postal substation on banking premises, in accordance with the rules and regulations of the United States postal service. The bank may advertise the services of the substation for the purpose of attracting customers to the bank and receive income therefrom. The bank shall keep the books and records of the substation separate from those the records of other banking operations;

(27) with prior approval of the commissioner, to invest in foreign bonds an amount not to exceed 1% of the bank's capital or surplus as long as such bonds comply with the form and definition of investment securities;

(28) to act as an agent for any credit life, health and accident insurance, sometimes referred to as credit life and disability insurance, and mortgage life and disability insurance in connection with extensions of credit and only as a source of protection for such extension of credit;

(29) to act as agent for any fire, life or other insurance company authorized to do business in this state at any approved office of the bank which is located in any place the population does not exceed 5,000 inhabitants. Such insurance may be sold to existing and potential customers of the bank regardless of the geographic location of the customers;

(30) to become a stockholder and member of the federal reserve bank of the federal reserve district where such bank is located;

(31) with prior approval of the commissioner, to acquire the stock of, or establish and operate a subsidiary to acquire the stock of, another insured depository institution or the holding company of the insured depository institution provided such acquisition is incidental to a reorganization otherwise authorized by the law of this state and which occurs nearly simultaneously with such acquisition;

(32) with prior approval of the commissioner, to establish and operate a subsidiary for the purpose of owning, holding and managing all or part of the bank's securities portfolio provided the parent bank owns 100% of the stock of the subsidiary and the subsidiary shall not own, hold or manage securities for any party other than the parent bank. The subsidiary shall be subject to:

(A) All banking laws and rules and regulations applicable to the parent bank unless otherwise provided;

(B) consolidation with the parent bank of pertinent book figures for the purpose of applying all applicable statutory limitations including, but not limited to, capital requirements, owning and holding real estate and legal lending limitations;
(C) examination and supervision by the commissioner, the cost and responsibility of which will be attributable to the parent bank; and

(D) any additional terms or conditions required by the commissioner to address any legal or safety and soundness concerns;

(33) with prior approval of the commissioner, to establish or acquire operating subsidiaries for the purpose of engaging in any activity which is part or incidental to the business of banking as long as the parent bank owns at least 50% of the stock of the subsidiary. The subsidiary shall be subject to:

(A) All banking laws and regulations applicable to the parent bank unless otherwise provided;

(B) consolidation with the parent bank of pertinent book figures for the purpose of applying all applicable statutory limitations including, but not limited to, capital requirements, owning and holding real estate and legal lending limitations;

(C) examination and supervision by the commissioner the cost and responsibility of which will be attributable to the parent bank; and

(D) any additional terms or conditions required by the commissioner to address any legal or safety and soundness concerns;

(34) to invest in, without limitation, obligations of or obligations which are insured as to principal and interest by or evidences of indebtedness that are fully collateralized by obligations of the federal home loan banks, the federal national mortgage association, the government national mortgage association, the federal home loan mortgage corporation, the student loan marketing association and the federal farm credit banks; and

(35) any bank or trust company may invest in bonds or notes secured by mortgages which in turn are insured or upon which there is a commitment to insure by the federal housing administration, or any successor thereto, in debentures issued by the federal housing administration or its any successor, and in obligations of national mortgage associations.

(b) Any bank hereby is authorized to exercise by the bank's board of directors or duly authorized officers or agents, subject to approval by the commissioner, any incidental power necessary to carry on the business of banking.

Sec. 22. K.S.A. 2015 Supp. 9-1102 is hereby amended to read as follows: 9-1102. (a) Any bank or trust company may own, purchase, lease, hold, encumber or convey real property, including any building or buildings necessary for the bank's or trust company's accommodation in the transaction of its business. Real property shall be disposed of or charged off the bank's or trust company's books not later than seven years after the real property's intended use for bank or trust purposes ends.
Before the end of the holding period, a bank or trust company may request authorization from the commissioner to hold the real property for an additional year. No bank or trust company shall be granted more than three requests for additional time to hold any one parcel of real property.

(b) Any bank or trust company may own, purchase, lease, hold, encumber or convey certain personal property necessary for the bank's or trust company's accommodation in the transaction of such bank's or trust company's business.

(c) Any bank may own all or part of the stock in a single trust company or safe deposit company organized under the laws of the state of Kansas.

(d) Any bank may own all of the stock in a corporation or limited liability company organized under the laws of the state of Kansas, owning real estate, all or a part of which is occupied or to be occupied by the bank or trust company.

(e) A bank's or trust company's total investment or ownership at all times in any one or more of the following shall not exceed 50% of its unimpaired capital stock, surplus, undivided profits and capital notes and debentures and the total of capital stock, surplus, undivided profits, 100% of the allowance for loan and lease loss, capital notes and debentures and reserve for contingencies. For purposes of this subsection, intangibles, such as goodwill, shall not be included in the calculation of capital. Any such excess shall be removed from the bank's or trust company's books unless approval is granted by the commissioner:

1. The book value of real estate plus all encumbrances thereon;
2. The book value of furniture and fixtures;
3. The book value of stock in a safe deposit company;
4. The book value of stock in a trust company; or
5. The book value of stock in a corporation organized under the laws of this state owning real estate occupied by the bank or trust company and advances to such corporation acquired or made after July 1, 1973, except that any real estate not necessary for the accommodation of the bank's or trust company's business shall be disposed of or charged off its books according to subsection (a).

(f) Any bank or trust company may acquire or purchase real estate in satisfaction of any debts due such bank or trust company, and may purchase real estate at judicial sales, subject to the following:

1. No bank or trust company shall bid at any judicial sale a larger amount than is necessary to protect its debts and costs.
2. No real estate or interest in oil and gas leasehold acquired in the satisfaction of debts or upon judicial sales shall be carried as a book asset of the bank or trust company for more than 10 years.
3. At the termination of the 10 years such real estate shall be charged
off. The commissioner may grant an extension not to exceed four years, if in the commissioner's judgment, it will be to the advantage of the bank or trust company to carry the real estate as an asset for such extended period will be to the advantage of the bank or trust company. Any such extensions issued shall be reviewed by the commissioner on an annual basis.

(g) No bank or trust company may buy and sell real estate as a business.

(h) A bank may hold or sell any personal property coming into ownership of the bank in the collection of debts. All such property, except legal investments, shall be sold within one year of acquisition, provided a commercially reasonable sale can occur. If a commercially reasonable sale cannot occur within one year, the commissioner may authorize a bank to carry such property as a book asset for a longer period. The bank shall not carry such property as a nonbook asset.

(i) The time periods for holding real estate or other property shall begin when:

1. The bank has received title or deed to the property;
2. the property is in a redemption period following the bank's purchase at a judicial sale; or
3. the bank has actual control of the property.

(j) With prior notification to the commissioner, any bank may operate a wholly owned subsidiary corporation or limited liability company which holds and manages property acquired through debt previously contracted. The subsidiary shall be subject to:

1. All banking laws and rules and regulations applicable to the parent bank unless otherwise provided;
2. consolidation with the parent bank of pertinent book figures for the purpose of applying all applicable statutory limitations including, but not limited to, capital requirements, owning and holding real estate and legal lending limitations;
3. examination and supervision by the commissioner, the cost and responsibility of which will be attributable to the parent bank; and
4. any additional terms or conditions required by the commissioner to address any legal or safety and soundness concerns.

(k) (1) With prior approval of the commissioner, any bank may exchange such bank's participation interest in real estate acquired or purchased in satisfaction of any debts previously contracted for an interest in a corporation or limited liability company which will manage, market and dispose of the real property. Prior to the exchange, the bank's directors must:

(A) Find and document that the exchange is in the best interest of the bank and would improve the ability of the bank to recover, or otherwise...
limit, the bank's loss on real estate acquired through debts previously contracted;

(B) certify that the bank's loss exposure is limited, as a legal and accounting matter, and that the bank does not have open-ended liability for the obligations of the corporation or limited liability company;

(C) certify that the corporation or limited liability company agrees to be subject to the supervision and examination by the commissioner; and

(D) ensure that the corporation or limited liability company complies with this section and K.A.R. 17-11-17, including obtaining a current appraisal of the real estate.

(2) A bank may not further exchange the bank's interest in the corporation or limited liability company for an interest in any other real or personal property.

Sec. 23. K.S.A. 2015 Supp. 9-1104 is hereby amended to read as follows: 9-1104. (a) Definitions. As used in this section:

(1) "Borrower" means an individual, sole proprietorship, partnership, joint venture, association, trust, estate, business trust, corporation, limited liability company, not-for-profit corporation, state government of the United States or a United States government unit or agency, instrumentality or political subdivision thereof or any similar entity or organization.

(2) "Capital" means the total of capital stock, surplus, undivided profits, 100% of the allowance for loan and lease loss, capital notes and debentures and reserve for contingencies. Intangibles, such as goodwill, shall not be included in the definition of capital when determining lending limits.

(3) "Loan" means:

(A) a bank's direct or indirect advance of funds to or on behalf of a borrower based on an obligation of the borrower to repay the funds;

(B) a contractual commitment to advance funds;

(C) an overdraft;

(D) loans that have been charged off the bank's books in whole or in part, unless the loan is unenforceable by reason of:

(i) Discharge in bankruptcy;

(ii) expiration of the statute of limitations;

(iii) judicial decision; or

(iv) the bank's forgiveness of the debt;

(E) any credit exposure to a borrower arising from a derivative transaction, repurchase agreement, reverse repurchase agreement, securities lending transaction or securities borrowing transaction between a bank and that borrower.

(4) "Derivative transaction" means any transaction that is a contract, agreement, swap, warrant, note or option that is based in whole, or in part,
on the value of any interest in, or any quantitative measure or the
occurrence of any event relating to, one or more commodities, securities,
currencies, interest or other rates, indices or other assets.

(b) General lending limit rule. Subject to the provisions in
subsections (d), (e) and (f), loans to one borrower, including any bank
officer or employee, shall not exceed 25% of a bank's capital.

(c) Calculation of the lending limit. (1) The bank's lending limit shall
be calculated on the date the loan or written commitment is made. The
renewal or refinancing of a loan shall not constitute a new lending limit
calculation date unless new funds are advanced.

(2) If the bank's lending limit increases subsequent to the origination
date, a bank may use the current lending limit to determine compliance
when advancing funds. An advance of funds includes the lending of
money or the repurchase of any portion of a participation.

(3) If the bank's lending limit decreases subsequent to the origination
date, a bank is not prohibited from advancing on a prior commitment that
was legal on the date the commitment was made.

(d) Exemptions. (1) Overnight federal funds.

(2) That portion of a loan which is continuously secured on a dollar
for dollar basis by any of the following will be exempt from any lending
limit:

(A) A guaranty, commitment or agreement to take over or to
purchase, made by any federal reserve bank or by any department, bureau,
board, commission, agency or establishment of the United States of
America, including any corporation wholly owned, directly or indirectly
by the United States;

(B) a perfected interest in a time deposit account in the lending bank.

In the case of a time deposit which may be withdrawn in whole or in part
prior to maturity, the bank shall establish written internal procedures to
prevent the release of the deposit;

(C) a bonded warehouse receipt issued to the borrower by some other
person;

(D) treasury bills, certificates of indebtedness or bonds or notes of, or
fully guaranteed by, the United States of America or instrumentalities or
agencies thereof or those fully guaranteed by them;

(E) general obligation bonds or notes of the state of Kansas or any
other state in the United States of America;

(F) general obligation bonds or notes of any Kansas municipality or
quasi-municipality; or

(G) a perfected interest in a repurchase agreement of United States
government securities with the lending bank.

(e) Special rules. (1) The total liability of any borrower may exceed
the general 25% limit by up to an additional 10% of the bank's capital. To
qualify for this expanded limit:

(A) The bank shall have as collateral a recorded first lien or liens on real estate securing a portion of the borrower's total liability equal to at least the amount by which the total liability exceeds the 25% limit;

(B) the appraised value of the real estate shall equal at least twice the amount by which the borrower's total liability exceeds the 25% limit; and

(C) a portion of the borrower's total liability, equal to at least the amount by which the total liability exceeds the 25% limit, shall amortize within 20 years by regularly scheduled installment payments.

(2) That portion of any loan endorsed or guaranteed by a borrower will not be added to that borrower's liability until the endorsed or guaranteed loan is past due 10 days.

(3) If the total liability of any shareholder owning 25% or more of any class of voting shares, officers or directors will exceed $50,000, prior approval from the bank's board of directors shall be noted in the minutes.

(4) To the extent time deposits are insured by the federal deposit insurance corporation, such deposits purchased by a bank from another financial institution shall not be considered a loan to that financial institution and shall not be subject to the bank's lending limit.

(5) Third-party paper purchased by the bank will not be considered a loan to the seller unless and until the bank has the right under the agreement to require the seller to repurchase the paper.

(f) Combination rules.

(1) General rule. Loans to one borrower will be attributed to another borrower and their total liability will be combined:

(A) When proceeds of a loan are to be used for the direct benefit of the other borrower, to the extent of the proceeds so used; or

(B) when a common enterprise is deemed to exist between the borrowers.

(2) Direct benefit. The proceeds of a loan to a borrower will be deemed to be used for the direct benefit of another person and will be attributed to the other person when the proceeds, or assets purchased with the proceeds, are transferred to another person, other than in a bona fide arm's length transaction where the proceeds are used to acquire property, goods or services.

(3) Common enterprise. A common enterprise will be deemed to exist and loans to separate borrowers will be aggregated:

(A) When the expected source of repayment for each loan or extension of credit is the same for each borrower and neither borrower has another source of income from which the loan, together with the borrower's other obligations, may be fully repaid;

(B) when both of the following circumstances are present:

(i) Loans are made to borrowers who are related directly or
indirectly through common control, including where one borrower is
directly or indirectly controlled by another borrower. Common control
means to own, control or have the power to vote 25% or more of any class
of voting securities or voting interests or to control, in any manner, the
election of a majority of the directors or to have the power to exercise a
controlling influence over the management or policies of another person;
and

(ii) substantial financial interdependence exists between or among the
borrowers. Substantial financial interdependence is deemed to exist when
50% or more of one borrower's gross receipts or gross expenditures, on an
annual basis, are derived from transactions with the other borrower. Gross
receipts and expenditures include gross revenues, expenses, intercompany
loans, dividends, capital contributions and similar receipts or payments; or

(C) when separate persons borrow from a bank to acquire a business
enterprise of which those borrowers will own more than 50% of the voting
securities or voting interests, in which case a common enterprise is
deemed to exist between the borrowers for purposes of combining the
acquisition loan.

(D) An employer will not be treated as a source of repayment for
purposes of determining a common enterprise because of wages and
salaries paid to an employee.

(4) Special rules for loans to a corporate group. (A) Loans by a bank
to a borrower and the borrower's subsidiaries shall not, in the aggregate,
exceed 50% of the bank's capital. At no time shall loans to any one
borrower or to any one subsidiary exceed the general lending limit of 25%,
except as allowed by other provisions of this section. For purposes of this
paragraph, a corporation or a limited liability company is a subsidiary of a
borrower if the borrower owns or beneficially owns directly or indirectly
more than 50% of the voting securities or voting interests of the
corporation or company.

(B) Loans to a borrower and a borrower's subsidiaries that do not
meet the test contained in subsection (f)(4)(A) will not be combined unless
either the direct benefit or the common enterprise test is met.

(5) Special rules for loans to partnerships, joint ventures and
associations. (A) As used in this paragraph, the term "partnership" shall
include a partnership, joint venture or association. The term partner shall
include a partner in a partnership or a member in a joint venture or
association.

(B) General partner. Loans to a partnership are considered to be
loans to a partner if, by the terms of the partnership agreement, that partner
is held generally liable for debts or actions of the partnership.

(C) Limited partner. If the liability of a partner is limited by the terms
of the partnership agreement, the amount of the partnership debt
attributable to the partner is in direct proportion to that partner's limited partnership liability.

(D) Notwithstanding the provisions of subsections (f)(5)(B) and (f)(5)(C), if by the terms of the loan agreement the liability of any partner is different than delineated in the partnership agreement, for the purpose of attributing debt to the partner, the loan agreement shall control.

(E) Loans to a partner are not attributed to the partnership unless either the direct benefit or the common enterprise test is met.

(F) Loans to one partner are not attributed to other partners unless either the direct benefit or common enterprise test is met.

(G) When a loan is made to a partner to purchase an interest in a partnership, both the direct benefit and common enterprise tests are deemed to be met, and the loan is attributed to the partnership.

(6) Notwithstanding the provisions of this subsection, the commissioner may determine, based upon an evaluation of the facts and circumstances of a particular transaction, that a loan to one borrower may be attributed to another borrower.

(g) The commissioner may order a bank to correct any loan not in compliance with this section within 60 days. A violation of this section shall be deemed corrected if that portion of the borrower's liability which created the violation could be legally advanced under current lending limits.

Sec. 24. K.S.A. 2015 Supp. 9-1111 is hereby amended to read as follows: 9-1111. The general business of every bank shall be transacted at the place of business specified in the bank's certificate of authority and at one or more branch banks established and operated as provided in this section. It shall be unlawful for any bank to establish and operate any branch bank or relocate an existing branch bank except as hereinafter provided. Notwithstanding the provisions of this section, any location at which a depository institution, as defined by K.S.A. 9-701, and amendments thereto, receives deposits, renews time deposits, closes loans, services loans or receives payments on loans or other obligations, as agent, for a bank pursuant to K.S.A. 9-1101(a)(25), and amendments thereto, or other applicable state or federal law, or is authorized to open accounts or receive deposits under K.S.A. 9-1101(a)(28), and amendments thereto, shall not be deemed to be a branch bank:

(a) For the purposes of this section, the term "branch bank" means any office, agency or other place of business located within this state, other than the place of business specified in the bank's certificate of authority, at which deposits are received, checks paid, money lent or trust authority exercised, if approval has been granted by the commissioner pursuant to K.S.A. 9-1602, and amendments thereto;

(b) establishment of a new branch bank or relocation of an existing
branch for eligible banks:

(1) After first applying for and obtaining the approval of the commissioner, a bank incorporated under the laws of this state, may establish and operate one or more branch banks or relocate an existing branch bank, anywhere within this state;

(2) the application shall include the nature of the banking business to be conducted at the proposed branch bank, the primary geographical area to be served by the proposed branch bank, the personnel and office facilities to be provided at the proposed branch bank and other information the commissioner may require;

(3) the application shall include the name selected for the proposed branch bank. The name selected for the proposed branch bank shall not be the name of any other bank or branch bank: (A) Doing business in the same city or town; or

(B) within a 15-mile radius of the proposed location, nor shall the name selected be required to contain the name of the applicant bank. If the name selected for the proposed branch bank does not contain the name of the applicant bank, the branch bank shall provide in the public lobby of such branch bank, a public notice that it is a branch bank of the applicant bank. Any bank may request exemption from the commissioner from the provisions of this paragraph;

(4) the application shall include proof of publication of notice that the applicant bank intends to file or has filed an application to establish a branch bank or relocate an existing branch bank. The notice shall be published in a newspaper of general circulation in the county where the applicant bank proposes to locate the branch bank. The notice shall be in the form prescribed by the commissioner and at a minimum shall contain the name and address of the applicant bank, the location of the proposed branch and a solicitation for written comments. The notice shall be published on the same day for two consecutive weeks and provide for a comment period of not less than 10 days after the date of the second publication;

(5) upon receipt of the application, and following expiration of the comment period, the commissioner may hold a hearing in the county in which the applicant bank seeks to operate the branch bank. The applicant shall publish notice of the time, date and place of such hearing in a newspaper of general circulation in the county where the applicant bank proposes to locate the branch bank, not less than 10, nor more than 30, days prior to the date of the hearing, and proof of publication shall be filed with the commissioner. At any such hearing, all interested persons shall be allowed to present written and oral evidence to the commissioner, or the commissioner's designee, in support of or in opposition to the branch bank. Upon completion of a transcript of the testimony given at any such
hearing, the transcript shall be filed in the office of the commissioner;
(6) if the commissioner determines a public hearing is not warranted, the commissioner shall approve or disapprove the application within 15 days after receipt of a complete application, but not prior to the end of the comment period. If a public hearing is held, the commissioner shall approve or disapprove the application within 60 days after consideration of the complete application and the evidence gathered during the commissioner's investigation. The period for consideration of the application may be extended if the commissioner determines the application presents a significant supervisory concern. The new branch or relocation shall only be granted if the commissioner finds that:
(A) There is a reasonable probability of usefulness and success of the proposed branch bank; and
(B) the applicant bank's financial history and condition is sound;
(7) within 15 days after any final action of the commissioner approving or disapproving an application, the applicant, or any adversely affected or aggrieved person who provided written comments during the specified comment period, may request a hearing with the state banking board. Upon receipt of a timely request, the state banking board shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act. Any decision of the state banking board is subject to review in accordance with the Kansas judicial review act;
(c) upon the request of any bank or trust company proposing to relocate an existing branch less than one mile from the existing location, the commissioner may exempt such bank or trust company from the requirements of this section;
(d) any branch bank lawfully established and operating on the effective date of this act may continue to be operated by the bank then operating the branch bank and by any successor bank;
(e) any bank location which has been established and is being maintained by a bank at the time of its the bank's merger into or consolidation with another bank or at the time the bank's assets are purchased and the bank's liabilities are assumed by another bank may continue to be operated by the surviving, resulting or purchasing and assuming bank;
(f) any state bank or national banking association may provide and engage in banking transactions by means of remote service units wherever located, which remote service units shall not be considered to be branch banks. Any banking transaction effected by use of a remote service unit shall be deemed to be transacted at a bank and not at a remote service unit;
(g) as a condition to the operation and use of any remote service unit in this state, a state bank or national banking association, each hereinafter referred to as a bank, which desires to operate or enable its customers to
utilize a remote service unit must agree that such remote service unit will be available for use by customers of any other bank or banks upon the request of such bank or banks to share its use the use of the remote service unit and the agreement of such bank or banks to share all costs, including a reasonable return on capital expenditures incurred in connection with the remote service unit's development, installation and operation. The owner of the remote service unit, whether a bank or any other person, shall make the remote service unit available for use by other banks and their customers on a nondiscriminatory basis, conditioned upon payment of a reasonable proportion of all costs, including a reasonable return on capital expenditures incurred in connection with the development, installation and operation of the remote service unit. Notwithstanding the foregoing provisions of this subsection, a remote service unit located on the property owned or leased by the bank where the principal place of business of a bank, or an attached auxiliary teller facility or branch bank of a bank, is located need not be made available for use by any other bank or banks or customers of any other bank or banks;

(h) for purposes of this section, "remote service unit" means an electronic information processing device, including associated equipment, structures and systems, through or by means of which information relating to financial services rendered to the public is stored and transmitted to a bank and which, for activation and account access, is dependent upon the use of a machine-readable instrument in the possession and control of the holder of an account with a bank or is activated by a person upon verifiable personal identification. The term shall include "online" computer terminals which may be equipped with a telephone or televideo device that allows contact with bank personnel and "offline" automated cash dispensing machines and automated teller machines. Withdrawals by means of "offline" systems shall not exceed $300 per transaction and shall be restricted to individual not corporate or commercial accounts;

(i) upon providing notice to the commissioner, any state bank may conduct loan production activity at locations other than the place of business specified in the bank's certificate of authority or approved branch banks.

(1) Loan production activity shall consist of the following:

(A) Soliciting, assembling or processing of credit information and loan applications;

(B) approval of loan applications; or

(C) loan closing activities, such as the execution of promissory notes and deeds of trust.

(2) No customer shall be allowed to take actual receipt of the loan funds;

(j) upon providing notice to the commissioner, any state bank may
conduct deposit production activity at locations other than the place of business specified in the bank's certificate of authority or approved branch banks provided there is no acceptance of actual deposits in person or by drop box;

(k) upon providing notice to the commissioner, any state bank may provide any of the following at a location other than the place of business specified in the bank's certificate of authority without becoming a branch bank:

(1) Operate safe deposit boxes;
(2) sell travelers checks and saving bonds; and
(3) operate check cashing services so long as no actual account withdrawal occurs;

(l) any bank or trust company closing a branch bank, loan production office, deposit production office or other location shall provide notice to the commissioner.

Sec. 25. K.S.A. 2015 Supp. 9-1112 is hereby amended to read as follows: 9-1112. (a) No bank or trust company shall buy, sell or trade tangible property as a business or invest in the stock of another bank or corporation, except as specifically authorized.

(b) Unless prior approval of the commissioner is granted, no bank or trust company shall sell, give or purchase any instrument, contract, security or other asset or asset dividend to or from:

(1) Any employee or to an employee's related interest;
(2) any director or to a director's related interest;
(3) the bank's parent company; or
(4) a subsidiary of the bank's parent company.

This paragraph shall not apply to assignment of loans and related security agreements to or from a subsidiary of the bank's parent company.

(c) No bank shall acquire or make a loan on the bank's own shares of stock, or the stock of the bank's parent company or a subsidiary of the bank's parent company, except as otherwise specifically authorized.

(d) No bank shall give any preference to any depositor either by pledging any of the bank's assets as collateral security or in any other manner, except:

(1) As provided under the provisions of K.S.A. 9-1603, and amendments thereto; and
(2) the deposit of public moneys and funds in the custody of the federal court or any of the court's officers may be secured as elsewhere provided in the state banking code or as required by the federal court.

Sec. 26. K.S.A. 2015 Supp. 9-1114 is hereby amended to read as follows: 9-1114. (a) The business of any bank or trust company shall be managed and controlled by such bank's or trust company's board of directors.
(b) The board shall consist of not less than five nor more than 25
members who shall be elected by the stockholders at any regular annual
meeting which shall be held on the date specified in the bank's or trust
company's bylaws. A majority of the directors shall be residents of this
state.
(c) If for any reason the meeting cannot be held on the date specified
in the bylaws, the meeting shall be held on a subsequent day within 60
days of the day fixed, to be designated by the board of directors, or, if the
directors fail to fix the day, by the shareholders representing $2/3 of the
shares.
(d) In all cases, at least 10 days' notice of the date for the annual
meeting shall have been given by first-class mail to the shareholders.
(e) Any newly created directorship must be approved and elected by
the shareholders in the manner provided in the general corporation code. A
special meeting of the shareholders may be convened at any time for such
purpose.
(f) Any vacancy in the board of directors may be filled by the board
of directors in the manner provided in the general corporation code.
(g) Any director of any bank or trust company who shall become
indebted to such bank or trust company on any judgment or whose
indebtedness is charged off or forgiven shall forfeit such person's position
as director.
(h) Within 15 days after the annual meeting the president or cashier
of every bank and every trust company shall submit to the commissioner a
certified list of stockholders and the number of shares owned by each. This
list of stockholders shall be kept and maintained in the bank's or trust
company's main office and shall be subject to inspection by all
stockholders during the business hours of the bank or trust company. The
commissioner may require the list to be filed using an electronic means.
(i) Each director shall take and subscribe an oath to administer the
affairs of such bank or trust company diligently and honestly and to not
knowingly or willfully permit any of the laws relating to banks or trust
companies to be violated. A copy of each oath shall be filed with the
commissioner within 15 days of the election of any officer or director
retained by the bank or trust company in the bank's or trust company's
records after the election of any officer or director, for review by the
commissioner's staff during the next examination. The commissioner may
require the oath to be filed using an electronic means.
(j) Every bank and trust company shall notify the commissioner of
any change in the chief executive officer, president or directors, including
in such bank's or trust company's report a statement of the past and current
business and professional affiliations of the new chief executive officer,
president or directors.
Sec. 27. K.S.A. 2015 Supp. 9-1122 is hereby amended to read as follows: 9-1122. (a) As used in this section:

(1) "Officers" means the person or persons designated by the board of directors of a bank or trust company to act for the bank or trust company in carrying out the provisions of this act or, in the absence of any such designation or of the officer or officers so designated, the president or any other officer currently in charge of the bank or trust company;

(2) "office" means any place at which a bank transacts business; and

(3) "emergency" means 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 and any one or more of the following, but is not limited to, fire, flood, earthquake, tornado, wind, rain or snow storm, labor strike by bank or trust company employees, power failure, transportation failure, interruption of communications facilities, shortage of fuel, housing, food, transportation or labor, robbery or attempted robbery, actual or threatened enemy attack, epidemic or other catastrophe, riot, civil commotion and other acts of lawlessness or violence, actual or threatened.

(b) A bank or trust company may remain closed on any one business day of every week or may make a permanent change in the bank's or trust company's hours of business. The bank or trust company shall post the resolution in a conspicuous place at the main office and all branch locations of the bank or trust company at least 15 days in advance of any closing or change in business hours. If the business day designated in any resolution regarding closing is a legal public holiday, the bank or trust company may close on the business day preceding or following the legal public holiday.

(c) The officers of a bank or trust company may close the bank's or trust company's offices on any day or days designated by proclamation of the president of the United States or the governor or legislature of this state, as a day or days of mourning, rejoicing or other special observance and on such other day or days of local or special observance—as in the reasonable and proper exercise of their discretion the officers feel the bank or trust company should observe. If the bank or trust company is closed pursuant to this subsection, the bank or trust company shall give reasonable notice of the closing by posting a notice in a conspicuous place at the main office and all branch locations of the bank or trust company and through any other means the bank or trust company deems appropriate, including publication in a newspaper of general circulation in the community, if time allows.

(d) Whenever the officers of a bank or trust company are of the
opinion that an emergency exists, or is impending, which affects, or may
affect, a bank's or trust company's offices, the officers shall have the
authority, in the reasonable and proper exercise of the officers' discretion,
to determine not to open such offices on any business or banking day or, if
having opened, to close such offices during the continuation of such
emergency. The officers shall notify the commissioner of the emergency,
the closing, the duration and the subsequent reopening within 48 hours of
any such event, if practical. In no case shall such offices remain closed for
more than 48 consecutive hours, excluding other legal holidays, without
requesting and obtaining the approval of the commissioner.

(e) Every day on which any bank or trust company shall remain
closed pursuant to this section shall be deemed a holiday for all of the
purposes of chapter 84 of the Kansas Statutes Annotated, and amendments
thereto, and with respect to any bank or trust company business of any
character. 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.

(f) The posting of the notice provided for in this section shall be
notice to everyone of the closing or change in hours of the bank or trust
company, and thereafter no liability shall be incurred by the bank or trust
company by reason of closing or changing the bank hours pursuant to this
section.

(g) The provisions of this section shall be construed and applied as
being in addition to, and not in substitution for, or limitation of, any other
law of this state or of the United States, authorizing the closing of a bank
or trust company or excusing the delay by a bank or trust company in the
performance of the bank's or trust company's duties and obligations
because of emergencies or conditions beyond the bank's or trust company's
control or otherwise.

Sec. 28. K.S.A. 2015 Supp. 9-1124 is hereby amended to read as
follows: 9-1124. No limitation or prohibition otherwise imposed by any
provision of state law exclusively relating to banks shall prevent any state
bank or banks from investing not more than 10% of the paid-in and
unimpaired capital and unimpaired surplus in a bank service company. No
bank shall invest more than 5% of its total assets in bank service
companies.

Sec. 29. K.S.A. 2015 Supp. 9-1127c is hereby amended to read as
follows: 9-1127c. (a) No state bank shall invest in the capital stock of a
bank service company that performs any service under K.S.A. 9-1127b(c),
(d) or (e), and amendments thereto, without the prior approval of the
commissioner.

(b) No state bank shall invest in the capital stock of a bank service
company that performs any service under authority of K.S.A. 9-1127b(f),
and amendments thereto, and no bank service company shall perform any
activity under K.S.A. 9-1127b(f), and amendments thereto, without the
prior approval of the commissioner.

(c) In determining whether to approve or deny any application for
prior approval under K.S.A. 9-1124 through 9-1127c, and amendments
thereto, the commissioner is authorized to consider the financial and
managerial resources and future prospects of the bank or banks and bank
service company involved, including the financial capability of the bank to
make a proposed investment under this act, and possible adverse affects
such as undue concentration of resources, unfair or decreased competition,
conflicts of interest or unsafe or unsound banking practices.

(d) In the event the commissioner fails to act on any application under
this section within 90 days of the submission of a complete application to
them, the application shall be deemed approved.

Sec. 30. K.S.A. 2015 Supp. 9-1130 is hereby amended to read as
follows: 9-1130. (a) Every bank and trust company shall retain such bank's
and trust company's business records for such periods as are or may be
prescribed by or in accordance with the provisions of this section.

(b) Each bank and trust company shall retain permanently such bank's
or trust company's:

(1) Minute books of its stockholders and directors;
(2) capital stock ledger and capital stock certificate ledger or stubs;
(3) general ledger or the record kept in lieu thereof;
(4) daily statements of condition; and
(5) all records which the commissioner shall, in accordance with the
provisions of this section, require to be retained permanently.

(c) All other records of a bank or trust company shall be retained for
such periods as the commissioner shall prescribe, in accordance with the
provisions of this section.

(d) The commissioner shall, in accordance with the provisions of
K.S.A. 9-1713, and amendments thereto, adopt and promulgate rules and
regulations classifying all records kept by banks and trust companies,
prescribing the period for which records of each class shall be retained,
and requiring to be kept such record of destruction of records as the
commissioner deems advisable. Such periods may be permanent or for a
term of years. Prior to the adoption, amendment or revocation of such
rules and regulations the commissioner shall consider:

(1) Actions and administrative proceedings in which the production
of bank or trust company records might be necessary or desirable;

(2) state and federal statutes of limitation applicable to such actions or proceedings;

(3) the availability of information contained in bank and trust company records from other sources; and

(4) such other matters as the commissioner shall deem pertinent to the interest of customers and shareholders of banks and trust companies and of the people of this state having such records available.

(e) Any bank or trust company may destroy any record which has been retained for the period prescribed, in accordance with the terms of this section for retention of records of such bank's or trust company's class, and shall, after destroying such record, thereafter be under no duty to produce such record.

(f) In lieu of retention of the original records with the exception of the document or documents creating the fiduciary relationship, any bank or trust company may cause any, or all, of such bank's or trust company's records, and records at any time in the custody of such bank or trust company, including those held by it as a fiduciary, to be photographed or otherwise reproduced to permanent form. Any such photograph or reproduction shall have the same force and effect as the original thereof and be admitted in evidence equally with the original.

(g) Any bank or trust company may cause any, or all, transactions, information and data occurring in the regular course of such bank's or trust company's operations to be recorded and maintained by electronic means. When the electronic records of such transactions, information and data are converted to writing, such writings shall constitute the original records of such transactions, information and data and shall have the force and effect thereof.

(h) To the extent that they are not in contravention of any statute of the United States or regulations promulgated thereunder, the provisions of this section shall apply to all banks and trust companies doing business in this state.

(i) Nothing in this section shall be construed to affect any duty of a bank or trust company to preserve the confidentiality of their records.

Sec. 31. K.S.A. 2015 Supp. 9-1137 is hereby amended to read as follows: 9-1137. (a) For the purposes of this section:

(1) "Bank" means a state chartered or federally chartered bank, trust company or bank holding company as defined in K.S.A. 9-519, and amendments thereto, located in this state;

(2) "compliance review committee" means:

(A) An audit, loan review or compliance committee appointed by the board of directors of a bank whose functions are to evaluate and seek to improve loan underwriting standards, asset quality, financial
reporting to federal or state regulatory agencies or compliance with federal
or state statutory or regulatory requirements; or
(B) any other person to the extent the person acts in an investigatory
capacity at the direction of a compliance review committee;
(3) "compliance review documents" means documents prepared for or
created by a compliance review committee;
(4) "loan review committee" means a person or group of persons
who, on behalf of a bank, reviews loans held by the institution for the
purpose of assessing the credit quality of the loans, compliance with the
institution's loan policies and compliance with applicable laws and
regulations; or
(5) "person" means an individual, group of individuals, board,
committee, partnership, firm, association, corporation or other entity.
(b) Except as provided in subsection (c):
(1) Compliance review documents are confidential and are not
discordable or admissible in evidence in any civil action arising out of
matters evaluated by the compliance review committee; and
(2) compliance review documents delivered to a federal or state
governmental agency remain confidential and are not discoverable or
admissible in evidence in any civil action arising out of matters evaluated
by the compliance review committee.
(c) Subsection (b) does not apply to any information required by
statute or rules and regulations to be maintained by or provided to a
governmental agency while the information is in the possession of the
governmental agency to the extent applicable law expressly authorizes its
disclosure of such information.
(d) This section may not be construed to limit the discovery or
admissibility in any civil action of any documents that are not compliance
review documents.
Sec. 32. K.S.A. 2015 Supp. 9-1213 is hereby amended to read as
follows: 9-1213. When any drawee bank shall be presented with a draft
drawn on the drawee bank in the usual course of business by a drawer
bank that has failed or been closed by operation of law or legal action, the
drawee bank shall accept and pay such draft regardless of having received
notice, constructive or otherwise, of the failure or closing of the drawer
bank if the:
(a) Draft was issued prior to the failure or closing of the drawer bank;
(b) drawee bank has, on deposit to the credit of the failed or closed
drawer bank, sufficient funds to pay the draft; and
(c) drawee bank has received proof that the draft represents payment
of cash letters covering checks that had been charged to the individual
accounts of the failed or closed drawer bank prior to the failure or closing
of the drawer bank.
Sec. 33. K.S.A. 2015 Supp. 9-1304 is hereby amended to read as follows: 9-1304. (a) Upon the approval of the commissioner, the receiver or liquidator or the board of directors of any bank which may be closed because of its inability to meet the demands of its depositors may borrow from the federal deposit insurance corporation or its successor, and pledge any part or all of its assets as security.

(b) The assets, or any portion thereof, of any bank which may close because of its inability to meet the demands of its depositors may be sold to the federal deposit insurance corporation or its successor upon such terms and conditions as the commissioner shall approve. Nothing contained in this section shall limit the power of any bank, the commissioner or receiver or liquidator thereof to pledge or sell any assets in accordance with other provisions of the state banking code and existing laws.

Sec. 34. K.S.A. 2015 Supp. 9-1401 is hereby amended to read as follows: 9-1401. (a) The governing body of any municipal corporation or quasi-municipal corporation shall designate by official action recorded upon its minutes the banks, savings and loan associations and savings banks which shall serve as depositories of its funds and the officer and official having the custody of such funds shall not deposit such funds other than at such designated banks, savings and loan associations and savings banks. The banks, savings and loan associations and savings banks which have main or branch offices in the county or counties in which all or part of such municipal corporation or quasi-municipal corporation is located shall be designated as such official depositories if the municipal or quasi-municipal corporation can obtain satisfactory security therefor.

(b) Every officer or person depositing public funds shall deposit all such public funds coming into such officer's possession in their name and official title as such officer. If the governing body of the municipal corporation or quasi-municipal corporation fails to designate an official depository or depositories, the officer thereof having custody of its funds shall deposit such funds with one or more banks, savings and loan associations or savings banks which have main or branch offices in the county or counties in which all or part of such municipal corporation or quasi-municipal corporation is located if satisfactory security can be obtained therefor and if not then elsewhere, but upon so doing. If the officer having custody is unable to obtain satisfactory security at a depository within the county or counties where the governing body is located, then the officer may deposit funds elsewhere. If the governing body's funds are deposited elsewhere, the officer shall serve notice in writing on the governing body showing the names and locations of such the banks, savings and loan associations and
savings banks where such funds are deposited, and upon so doing the officer having custody of such funds shall not be liable for the loss of any portion thereof except for official misconduct or for the misappropriation of such funds by such officer.

(c) If eligible banks, savings and loan associations or savings banks under subsections (a) or (b) cannot or will not provide an acceptable bid, which shall include services, for the depositing of public funds under this section, then banks, savings and loan associations or savings banks which have main or branch offices in an adjoining county to the county in which all or part of such municipal or quasi-municipal corporation is located may receive deposits of such municipal corporation or quasi-municipal corporation, if such banks, savings and loan associations or savings banks which have been designated as official depositories under subsection (a) and the municipal corporation or quasi-municipal corporation can obtain satisfactory security therefor.

(d) The depository bank, savings and loan association or savings bank and any agent, trustee, wholly owned subsidiary or affiliate having identical ownership granting a security interest shall enter into a written agreement with the municipal corporation or quasi-municipal corporation which so designates the bank as a depository for the municipal corporation or quasi-municipal corporation's public moneys.

(1) The agreement shall secure the public moneys of the municipal corporation or quasi-municipal corporation by granting a security interest in securities held by the depository bank, savings and loan association or savings bank and any agent, trustee, wholly owned subsidiary or affiliate having identical ownership pursuant to K.S.A. 9-1402, and amendments thereto.

(2) The depository bank, savings and loan association or savings bank and any agent, trustee, wholly owned subsidiary or affiliate having identical ownership shall perfect the security interest causing control to be given to the municipal corporation or quasi-municipal corporation in accordance with the Kansas uniform commercial code.

(3) The security agreement shall be in writing, executed by all parties thereto, maintained as part of their official records, and except for the municipal corporations or quasi-municipal corporations, approved by their boards of directors or their loan committees, which approvals shall be reflected in the minutes of the boards or committees.

Sec. 35. K.S.A. 2015 Supp. 9-1402 is hereby amended to read as follows: 9-1402. (a) Before any deposit of public moneys or funds shall be made by any municipal corporation or quasi-municipal corporation of the state of Kansas with any bank, savings and loan association or savings bank, such municipal or quasi-municipal corporation shall obtain security for such deposit in one of the following manners prescribed by this
section.
(b) Such bank, savings and loan association or savings bank may give a corporate surety bond of some surety corporation authorized to do business in this state, which bond shall be in an amount equal to the public moneys or funds on deposit at any given time less the amount of such public moneys or funds which is insured by the federal deposit insurance corporation or its successor and such bond shall be conditioned that such deposit shall be paid promptly on the order of the municipal corporation or quasi-municipal corporation making such deposits.
(c) Such bank, savings and loan association or savings bank may deposit, maintain, pledge, assign and grant a security interest in, or cause its agent, trustee, wholly owned subsidiary or affiliate having identical ownership to deposit, maintain, pledge, assign and grant a security interest in, for the benefit of the governing body of the municipal corporation or quasi-municipal corporation in the manner provided in this section, securities, security entitlements, financial assets and securities accounts owned by the depository institution directly or indirectly through its agent or trustee holding securities on its behalf, or owned by the depository institutions wholly owned subsidiary or by such affiliate, the market value of which is equal to 100% of the total deposits at any given time, and such securities, security entitlements, financial assets and securities accounts, may be accepted or rejected by the governing body of the municipal corporation or quasi-municipal corporation and shall consist of the following and security entitlements thereto:
(1) Direct obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency thereof and obligations, including, but not limited to, letters of credit and securities of United States sponsored corporations which under federal law may be accepted as security for public funds;
(2) bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America;
(3) bonds of the state of Kansas;
(4) general obligation bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas;
(5) revenue bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas if approved by the commissioner;
(6) temporary notes of any municipal corporation or quasi-municipal
corporation of the state of Kansas which are general obligations of the
corporation or quasi-municipal corporation issuing the same;
(7) warrants of any municipal corporation or quasi-municipal
corporation of the state of Kansas the issuance of which is authorized by
the state board of tax appeals and which are payable from the proceeds of
a mandatory tax levy;
(8) bonds of either a Kansas not-for-profit corporation or of a local
housing authority that are rated at least Aa by Moody's investors service or
AA by Standard & Poor's corp.;
(9) bonds issued pursuant to K.S.A. 12-1740 et seq., and amendments
thereto, that are rated at least MIG-1 or Aa by Moody's investors service or
AA by Standard & Poor's corp.;
(10) notes of a Kansas not-for-profit corporation that are issued to
provide only the interim funds for a mortgage loan that is insured by the
federal housing administration;
(11) bonds issued pursuant to K.S.A. 74-8901 through 74-8916, and
amendments thereto;
(12) bonds issued pursuant to K.S.A. 68-2319 through 68-2330, and
amendments thereto;
(13) commercial paper that does not exceed 270 days to maturity and
which has received one of the two highest commercial paper credit ratings
by a nationally recognized investment rating firm; or
(14) (A) negotiable promissory notes together with first lien
mortgages on one to four family residential real estate located in Kansas
securing payment of such notes when such notes or mortgages:
(i) are underwritten by the federal national mortgage association, the
federal home loan mortgage corporation, the federal housing
administration or the veterans administration standards;
(ii) have been in existence with the same borrower for at least two
years and with no history of any installment being unpaid for 30 days or
more; and
(iii) are valued at not to exceed 50% of the lesser of the following
three values: Outstanding mortgage balance, current appraised value of the
real estate or discounted present value based upon current federal national
mortgage association or government national mortgage association interest
rates quoted for conventional, federal housing administration or veterans
administration mortgage loans.
(B) Securities under paragraph (A) shall be taken at their value for
not more than 50% of the security required under the provisions of this
section.
(C) Securities under paragraph (A) shall be withdrawn immediately
from the collateral pool if any installment is unpaid for 30 days or more.
(D) A status report on all such loans shall be provided to the investing
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governmental entity by the financial institution on a quarterly basis.
(d) No such bank, savings and loan association or savings bank may
deposit and maintain for the benefit of the governing body of a municipal
or quasi-municipal corporation of the state of Kansas, any securities which
consist of:
(1) Bonds secured by revenues of a utility which has been in
operation for less than three years; or
(2) bonds issued under K.S.A. 12-1740 et seq., and amendments
thereto, unless such bonds have been refunded in advance of their maturity
as provided in subsection (d) or such bonds are rated at least Aa by
Moody's investors service or AA by Standard & Poor's corp.
(e) Any applicant requesting approval of a revenue bond pursuant to
subsection (c)(5) shall pay to the commissioner a fee in an amount
established pursuant to K.S.A. 2015 Supp. 9-1726, and amendments
thereto, to defray the expenses of the commissioner in the examination and
investigation of the application. The commissioner shall remit all amounts
received under this section to the state treasurer in accordance with the
provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
each such remittance, the state treasurer shall deposit the entire amount in
the state treasury to the credit of the bank investigation fund. The moneys
in the bank investigation fund shall be used to pay the expenses of the
commissioner in the examination and investigation of such applications
and any unused balance shall be transferred to the bank commissioner fee
fund.
Sec. 36. K.S.A. 2015 Supp. 9-1405 is hereby amended to read as
follows: 9-1405. (a) All bonds and securities given by any bank, savings
and loan association or savings bank to secure public moneys of the
United States or any board, commission or agency thereof, shall be
deposited as required by the United States government or any of its
designated federal agencies.
(b) All securities, security entitlements and financial assets securing
the deposits of any municipal corporation or quasi-municipal corporation
shall be deposited as described in subsection (c) or (d) or in a securities
account with one of the following custodial banks or trust companies:
(1) A Kansas state bank;
(2) a Kansas national bank;
(3) a state bank organized in another state and which has a branch
office in this state;
(4) a trust company incorporated under the laws of this state or
another state; or
(5) the federal home loan bank of Topeka.
(c) Securities, security entitlements and financial assets securing the
deposits of any municipal corporation or quasi-municipal corporation may
be deposited with the state treasurer pursuant to a written custodial agreement and a receipt issued with one copy going to the municipal corporation or quasi-municipal corporation making the public deposit and one copy going to the bank, savings and loan association or savings bank which has secured such public deposits. The receipt shall identify the securities, security entitlements and financial assets which are subject to a security interest to secure payment of the deposits of the municipal corporation or quasi-municipal corporation.

(d) Securities, security entitlements and financial assets securing the deposits of any municipal corporation or quasi-municipal corporation may be deposited with the federal reserve bank of Kansas City to be there held in such manner, under regulations and operating letters of the federal reserve bank of Kansas City, as to secure payment of the deposits of the municipal corporation or quasi-municipal corporation in the depository institution.

(e) This section shall not prohibit any custodial bank or trust company from depositing securities, security entitlements and financial assets in the custodial bank or trust company's account if:

1. The custodial bank or trust company's account is located at a bank or trust company organized under the laws of any state, the United States or any centralized securities depository wherever located within the United States; and
2. The custodial bank or trust company issues a receipt which identifies the securities, security entitlements and financial assets on deposit at the custodial bank or trust company.

(f) No securities, security entitlements and financial assets securing public deposits shall be deposited in any custodial bank or trust company which has the following commonalities with the depository bank, savings and loan association or savings bank:

1. Direct or indirect ownership by any parent corporation;
2. Common controlling shareholders;
3. Common majority of the board of directors; or
4. Common directors with the ability to control or influence directly or indirectly the acts or policies of the depository bank, savings and loan association or savings bank securing such public deposits.

(g) When securities, security entitlements and financial assets are deposited with the state treasurer as authorized by this section, the state treasurer shall make a charge for such service which is equivalent to the reasonable and customary charge made therefor.

(h) The custodial agreement shall be in writing, executed by all parties thereto, maintained as part of their official records, and except for the municipal corporations or quasi-municipal corporation, approved by their boards of directors or their loan committees, which
approvals shall be reflected in the minutes of the boards or committees.

(i) A bank, savings and loan association or savings bank which fails
to pay according to its terms any deposit of public moneys of any
municipal or quasi-municipal corporation according to the terms of the
security agreement shall immediately take action to enable bonds and
securities pledged to secure such deposit to be sold to satisfy its the
bank's or association's obligation to the municipal or quasi-municipal
corporation.

Sec. 37. K.S.A. 2015 Supp. 9-1408 is hereby amended to read as
follows: 9-1408. As used in article 14 of chapter 9 of the Kansas Statutes
Annotated, and amendments thereto:

(a) "Branch" means any office within this state or another state, other
than the main office, that is approved as a branch by a federal or state
supervisory agency and at which deposits are received, checks paid or
money lent. Branch does not include an automated teller machine, remote
service unit or similar device, a loan production office or a deposit
production office;

(b) "centralized securities depository" means a clearing agency
registered with the securities and exchange commission which provides
safekeeping and book-entry settlement services to its the agency's
participants;

(c) "government unit" means any state, county, municipality or other
political subdivision thereof;

(d) "Kansas national bank" means a federally chartered bank which
has a main office or branch located in this state;

(e) "Kansas state bank" means a Kansas state chartered bank;

(f) "main office" means the place of business specified in the articles
of association, certificate of authority or similar document where the
business of the institution is carried on and which is not a branch;

(g) "municipal corporation" or "quasi-municipal corporation"
includes each investing governmental unit under K.S.A. 12-1675, and
amendments thereto;

(h) "savings and loan association" means any savings and loan
association incorporated under the laws of this state or any other state or
organized under the laws of the United States and which has a main or
branch office in this state;

(i) "savings bank" means any savings bank organized under the laws
of the United States and which has a main or branch office in this state;

and

(j) "securities," "security entitlements," "financial assets," "securities
account," "security agreement," "security interest," "perfection" and
"control" shall have the meanings given such terms under the Kansas
uniform commercial code.
Sec. 38. K.S.A. 2015 Supp. 9-1504 is hereby amended to read as follows: 9-1504. (a) In the event the sole lessee or all lessees in joint tenancy named in the lease agreement covering a safe deposit box rental shall die, the safe deposit box may be opened, forcibly if necessary, at any time thereafter, in the presence of persons holding a legal or beneficial interest relating to the lessee, by two employees of the lessor, one of whom shall be an officer of the lessor. The contents shall be disposed of as follows:

(1) Instruments of a testamentary nature may be removed by the named executor. If no executor is named or if the named executor fails to act within 60 days after the date of death of the lessee, such employees may remove all instruments of a testamentary nature and deposit the same with the district court pursuant to K.S.A. 59-601 et seq., and amendments thereto.

(2) The employees in their discretion may deliver life insurance policies therein contained to the beneficiaries named in such policies, and any deed to a cemetery lot and any burial instructions found therein to the appropriate parties.

(3) Any and all other contents of such box so opened shall be kept and retained by the bank, trust company or safe deposit company and shall be delivered only to the parties legally entitled to the same.

(b) In the event no person claims to be interested in the contents of such box within 60 days after the death of the lessee, the lessor may open the box by forcible entry and remove all instruments of a testamentary nature and deposit the same with the district court pursuant to K.S.A. 59-601 et seq., and amendments thereto, subject to payment of rentals, expenses and repairs. Any and all other contents of such box so opened shall be kept and retained by the bank or trust company and shall be delivered only to the parties legally entitled to the same.

Sec. 39. K.S.A. 2015 Supp. 9-1506 is hereby amended to read as follows: 9-1506. (a) The lessor shall have a lien upon the contents of any safe deposit box for the rental thereon.

(b) The lessor may, after giving not less than 60 days' written notice to the lessee of such lessor's intention to enter the box, remove the contents and sell the same for the payment of rent due or other expenses incurred by the bank in keeping the contents, open the box forcibly and remove the contents in the presence of two of its employees, one of whom shall be an officer, when:

(1) The lessee has not paid the rent within 30 days after the same is due; or

(2) the lessee has failed to surrender possession of any box within 30 days from the date of the termination of the lease.

(c) The lessor shall retain such contents for at least 90 days after
opening the box. The lessor then may sell any part or all of the contents at
public sale pursuant to the requirements for a commercially reasonable
sale under article 9 of the Kansas uniform commercial code and retain
from the proceeds of sale the rent due, the costs of opening and repairing
the box, the costs of sale and any other amounts due to the lessor.

(d) Any article, item or document without apparent market value may
be destroyed after two years from the date of giving or mailing the
required notice.

(e) Any notice required by this section shall be delivered either
personally or by registered mail delivered to the latest address shown on
the safe deposit records of the lessor.

Sec. 40. K.S.A. 2015 Supp. 9-1601 is hereby amended to read as
follows: 9-1601. (a) Any bank, upon the affirmative vote of at least 2/3 of
the voting stock, may apply to the commissioner for approval to conduct
trust business. If approval is granted by the commissioner, a special permit
shall be issued and the bank shall be authorized, subject to such conditions
as the commissioner may require, to exercise all powers necessary or
incidental to carrying on a trust business and also may exercise the
following powers to:

(1) Receive for safekeeping personal property of every description;
(2) accept and execute any trust agreement and perform any trustee
duties as required by such trust agreement;
(3) act as agent, trustee, executor, administrator, registrar of stocks
and bonds, conservator, assignee, receiver, custodian, corporate trustee or
attorney-in-fact in any agreed-upon capacity;
(4) accept and execute all trusts and to perform any fiduciary duties
as may be committed or transferred to it by order, judgment or
decree of any court of record of competent jurisdiction;
(5) act as executor or trustee under the last will and testament, or as
administrator, with or without the will annexed to the letters of
administration, of the estate of any deceased person;
(6) be a conservator for any minor, incapacitated person or trustee for
any convict under the appointment of any court of competent jurisdiction;
(7) receive money in trust for investment in real or personal property
of every kind and nature and to reinvest the proceeds thereof;
(8) act as either an originating trustee or as a contracting trustee
pursuant to K.S.A. 9-2107, and amendments thereto;
(9) buy and sell foreign or domestic exchange, gold, silver, coin or
bullion;
(10) act in any fiduciary capacity and to perform any act as a
fiduciary which trust companies incorporated under the laws of this state
may perform under any provision of the banking or insurance laws of this
state, including, without limitation, acting as a successor fiduciary to any
trust company upon liquidation pursuant to K.S.A. 9-2107, and
amendments thereto; and
(11) to perform or purchase trust services for or from a bank or
service corporation through a trust service agency agreement provided the
commissioner is notified 30 days after contracting for the service. Such
notification shall include the trust services provided, the name of the
servicer and the date the service will commence.
(b) (1) The commissioner has the discretion to grant or reject the
application of any bank to acquire trust authority. In making such
determination, the commissioner shall take into consideration:
(A) The reasonable probability of usefulness and success of the bank
having trust authority;
(B) the financial history and condition of the bank and the character,
qualifications and experience of the trust officers and personnel; and
(C) any other facts and circumstances that the commissioner deems
appropriate.
(2) If the commissioner denies an application, the applicant shall have
the right to a hearing to be conducted in accordance with the Kansas
administrative procedure act. Any final order of the commissioner
pursuant to this section is subject to review in accordance with the Kansas
judicial review act.
(c) (1) If the governing instrument limits investment of funds to
deposit in time or savings deposits in the bank, any bank may act as trustee
or custodian for any of the following without being issued a special
permit:
(A) Individual retirement accounts established pursuant to 26 U.S.C.
§ 408;
(B) trusts established pursuant to 26 U.S.C. § 401; and
(C) medical savings accounts established pursuant to 26 U.S.C. §
220.
(2) If the governing instrument limits investment of funds to deposit
in time, savings or demand deposits in the bank, any bank may act as a
trustee or custodian for any health savings accounts established pursuant to
26 U.S.C. § 223, without being issued a special permit pursuant to
subsection (a).
(d) Any state bank having been granted trust authority by the
commissioner may add "and trust company" to its corporate name.
(e) A bank making application to the commissioner for approval to
conduct trust business shall pay to the commissioner a fee, in an amount
established pursuant to K.S.A. 2015 Supp. 9-1726, and amendments
thereto, to defray the expenses of the commissioner in the examination and
investigation of the application. The commissioner shall remit all moneys
received under this section to the state treasurer in accordance with the
provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the bank investigation fund. The moneys in the bank investigation fund shall be used to pay the expenses of the commissioner in the examination and investigation of such applications and any unused balance shall be transferred to the bank commissioner fee fund.

Sec. 41. K.S.A. 2015 Supp. 9-1607 is hereby amended to read as follows: 9-1607. (a) Any bank or trust company, when acting as a fiduciary or a co-fiduciary with others and with the consent of its co-fiduciary or co-fiduciaries, if any, who that are hereby authorized to give such consent, may cause any investment held in any such capacity to be registered and held in the name of a nominee or nominees of such bank or trust company. Such bank or trust company shall be liable for the acts of any such nominee with respect to any investment so registered.

(b) The records of the bank or trust company shall at all times show the ownership of any investment registered and held in the name of a nominee, which investment shall be in the control of the bank or trust company and be kept separate and apart from the assets of the bank or trust company.

Sec. 42. K.S.A. 2015 Supp. 9-1609 is hereby amended to read as follows: 9-1609. (a) Any bank or trust company authorized to act as fiduciary may establish common trust funds for the purpose of furnishing investments to:

(1) Such bank or trust company as fiduciary;
(2) such bank or trust company and others, as co-fiduciaries;
(3) another state or national bank or trust company, as fiduciary, which is a subsidiary of the same bank holding company of which it the bank or trust company is a subsidiary, as such terms are defined in K.S.A. 9-519, and amendments thereto; or
(4) another state or national bank or trust company with which it the bank or trust company is affiliated through common control, as defined in K.S.A. 9-1612, and amendments thereto.

(b) Any bank or trust company authorized to act as fiduciary may, as such fiduciary or co-fiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds, if such investment is not prohibited by the instrument, judgment, decree or order creating such fiduciary relationship, and if, in the case of co-fiduciaries, the bank or trust company procures the consent of its co-fiduciaries to such investment.

Sec. 43. K.S.A. 2015 Supp. 9-1611 is hereby amended to read as follows: 9-1611. Whenever the governing instrument of any trust authorizes a bank or trust company acting as fiduciary to engage in any of the following activities, such instrument shall also be deemed to authorize
the bank or trust company to engage in the following activities, with any
company which has or acquires control of such bank or trust company:
   (a) Hold as a trust investment the bank's or trust company's own
 stock or obligations, or property acquired from the bank or trust company;
or
   (b) sell or transfer, by loan or otherwise, property held as fiduciary to
 the bank or trust company; or
   (c) purchase for investment the stock or obligations of, or property
 from, the bank or trust company.

Sec. 44. K.S.A. 2015 Supp. 9-1704 is hereby amended to read as
follows: 9-1704. (a) Each bank or trust company shall be required to make
a report to the commissioner at any time upon the commissioner's request.
Such reports shall be in a form and manner prescribed by the
commissioner and shall be verified by the president, chief executive
officer or cashier and attested to by at least three directors of the bank or
trust company, none of whom shall have verified the report. The report
shall show in detail the assets and liabilities of the bank or trust company
at the close of business upon the date determined by the commissioner.
The commissioner may require a copy of the report, or a portion thereof, to
be published in a newspaper, published in or having a general circulation
in the place where the bank or trust company is located, within 10 days
after the report is forwarded to the commissioner. The expense of
publication shall be paid by the bank or trust company.

   (b) Each trust company shall report to the commissioner all assets
 held by the trust company in a fiduciary capacity as of December 31 of
each year. The report shall be in the form and manner prescribed by the
commissioner and shall be filed with the commissioner by January 30 of
each year. The commissioner may require the report to be filed using an
electronic means.

   (c) Each trust department of a bank shall report to the commissioner
all assets held by the trust department in a fiduciary capacity at any time
upon the commissioner's request. The report shall be in the form
prescribed by the commissioner. The commissioner may require the report
to be filed using an electronic means.

   (d) A request for information made pursuant to this section shall be
made in writing and mailed to each bank and trust company. The request
shall be deemed to be legal notice to each bank and trust company. The
request may include the requirement for the filing of information by the
bank or trust company using electronic means.

Sec. 45. K.S.A. 2015 Supp. 9-1712 is hereby amended to read as
follows: 9-1712. (a) All information the state bank commissioner generates
in making an investigation or examination of a state bank or trust company
shall be confidential information.
(b) All confidential information shall be the property of the state of Kansas and shall not be disclosed except upon the written approval of the commissioner.

(c) Except for disclosure pursuant to subsection (e) and K.S.A. 9-2014, and amendments thereto, the commissioner shall give 10 days prior written notice to the affected bank or trust company of intent to disclose confidential information.

(d) Any bank or trust company receiving notice of the intent to disclose confidential information may object to the disclosure of the confidential information and shall be afforded the right to a hearing in accordance with the provisions of the Kansas administrative procedure act.

(e) (1) The commissioner may furnish to the federal deposit insurance corporation, or to any officer or examiner thereof, a copy of any or all examination reports made by the commissioner, or the commissioner's examiners, of any bank or trust company insured by such corporation. The commissioner may disclose to the federal deposit insurance corporation, or any official or examiner thereof, any and all information contained in the commissioner's office concerning the condition of any bank or trust company insured by such corporation.

(2) The commissioner may disclose any and all information contained in the commissioner's office concerning the condition of any bank or trust company to the:

(A) Federal reserve bank;
(B) office of the comptroller of currency;
(C) federal home loan bank;
(D) office of thrift supervision;
(E) financial crimes enforcement network; or
(F) consumer financial protection bureau.

(3) The commissioner may furnish to the state treasurer a copy of any or all examination information relating specifically to apparent violations of the uniform unclaimed property act, K.S.A. 58-3934 through 58-3978, and amendments thereto.

(4) To reduce the potential for duplicative and burdensome filings, examinations and other regulatory activities, the commissioner, by agreement, may establish an information sharing and exchange program with any regulatory agency of this state, another state or the United States concerning activities that are financial in nature, incidental to financial activities, or complementary to financial activities, as those terms are used in 15 U.S.C. § 6801 et seq. on the effective date of this act. Each agency that is party to such an agreement shall agree to maintain confidentiality of information that is confidential under applicable state or federal law and to take all reasonable steps to oppose any effort to secure disclosure of the information by such agency.
(5) Disclosure of information by or to the commissioner pursuant to this section shall not constitute a waiver of or otherwise affect or diminish a privilege to which the information is otherwise subject, whether or not the disclosure is governed by a confidentiality agreement. "Privilege" includes any work product, attorney-client or other privilege recognized under federal or state law.

(6) Nothing in this section shall be construed to limit the powers of the commissioner with reference to examinations and reports required by the state banking code.

(f) As used in this section, "information" means, but is not limited to, all documents, oral and written communication and all electronic data.

(g) Any person who violates this section, upon conviction, shall be guilty of a class C misdemeanor.

(h) The commissioner may provide any person with a letter of good standing upon request. Any person requesting a letter of good standing shall pay to the commissioner a fee in an amount established pursuant to K.S.A. 2015 Supp. 9-1726, and amendments thereto, to defray the expenses of the commissioner in investigating and complying with the request. The commissioner shall remit all moneys received under this section to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the bank investigation fund. The moneys in the bank investigation fund shall be used to pay the expenses of the commissioner in the examination and investigation of such applications and any unused balance shall be transferred to the bank commissioner fee fund.

Sec. 46. K.S.A. 2015 Supp. 9-1715 is hereby amended to read as follows: 9-1715. (a) (1) Notwithstanding any provision of law to the contrary, the commissioner shall have the power to authorize any or all banks to engage in any activity in which any other bank, savings and loan association or a savings bank, organized under the laws of the United States, this state or any other state whose deposits are insured by the United States government is lawfully authorized to engage in at the time authority is granted.

(2) The commissioner shall have the power to authorize any or all Kansas trust companies, trust departments or both to engage in any trust-related activity in which any trust company or trust department, organized under the laws of the United States, this state or any other state, is lawfully authorized to engage in at the time authority is granted.

(b) (1) The commissioner shall exercise the power granted in subsection (a) by the issuance of a special order if the commissioner deems such action is reasonably required to: (A) Preserve and protect the welfare of a particular institution; or (B) preserve the welfare of all
Such special order shall provide for the effective date thereof and upon
and after such date shall be in full force and effect until amended or
revoked by the commissioner. Promptly following issuance, the
commissioner shall mail a copy of each special order to all state banks and
trust companies and shall be published in the Kansas register.
(c) The commissioner, at the time of issuing any special order
pursuant to this section, shall prepare a written report, which shall include
a description of the special order and a copy of the special order and
submit the written report to:
   (1) The president and the minority leader of the senate;
   (2) The chairperson and ranking minority member of the senate
      standing committee on financial institutions and insurance;
   (3) The speaker and the minority leader of the house of
      representatives;
   (4) The chairperson and ranking minority member of the house of
      representatives standing committee on financial institutions; and
   (5) The governor.
(d) Within two weeks of the beginning of each legislative session, the
commissioner shall submit to the senate committee on financial
institutions and insurance and the house of representatives committee on
financial institutions, a written summary of each special order issued
during the preceding year. Upon request of the chair of the senate standing
committee on financial institutions and insurance or the chair of the house
standing committee on financial institutions, the commissioner, or the
commissioner's designee, shall appear before the committee to discuss any
special order issued during the preceding year. If the committee desires
information concerning the economic impact of any special order, the
committee chair or ranking minority member may request assistance from
the division of budget.
(e) The issuance of special orders under this section shall not be
subject to the provisions of article 4 of chapter 77 of the Kansas Statutes
Annotated, and amendments thereto.
(f) The powers contained in this section shall be in addition to any
and all other powers granted to the commissioner.
Sec. 47. K.S.A. 2015 Supp. 9-1720 is hereby amended to read as
follows: 9-1720. (a) Except with the prior written approval of the
commissioner, or as otherwise permitted by the state banking code, it shall
be unlawful for a person, acting directly or indirectly or through concert
with one or more persons to:
   (1) A person, acting directly or indirectly or through concert with
one or more persons, to acquire control of any bank or trust company; or
(b) (2) commence any merger transaction with a bank or trust company which includes, but is not limited to, any merger, consolidation, acquisition of assets or assumption of any liabilities of a bank to merge or consolidate with any bank or institution, or either directly or indirectly acquire the assets of, or assume the liability to pay any deposit made in any other bank or institution, referred to hereinafter as a merger transaction; or

(3) a trust company to merge or consolidate with any trust company, or either directly or indirectly acquire the assets of any other trust company, referred to hereinafter as a merger transaction.

(b) A trust company may merge or consolidate with a trust company chartered by:

(1) The comptroller of the currency; or

(2) another state with the prior written approval of the commissioner. An application filed pursuant to this subsection shall be subject to the provisions of K.S.A. 9-1721, 9-1722 and 9-1724, and amendments thereto.

Sec. 48. K.S.A. 2015 Supp. 9-1721 is hereby amended to read as follows: 9-1721. (a) The party person proposing to acquire, control or effectuate a bank or trust company undertaking a merger transaction, hereinafter referred to as the applicant, shall apply in writing for approval from file an application with the commissioner at least 60 days prior to the proposed change of control or merger transaction. If the commissioner does not act on the application within the 60-day time period, the application shall stand approved. The commissioner may, for any reason, extend the time period to act on an application for an additional 30 days. The time period to act on an application may be further extended if the commissioner determines that the applicant has not furnished all the information required under K.S.A. 9-1722, and amendments thereto, or that, in the commissioner's judgment, any material information submitted is substantially inaccurate.

(b) Upon the filing of an application, the commissioner shall make an investigation of each party to the applicant for the change of control or merger transaction. The commissioner may deny the application if the commissioner finds the:

(1) Proposed change of control or merger transaction would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking or trust services in any part of this state;

(2) financial condition of any party to a change of control or merger transaction the applicant might jeopardize the financial stability of the bank or trust company or prejudice the interests of the depositors of a bank;
(3) competence, experience or integrity of any party to a change of
control or merger transaction the applicant or of any of the proposed
management personnel of the bank or trust company or resulting bank or
trust company indicates it would not be in the interest of the depositors of
the bank, the clients of trust services, or in the interest of the public to
permit such person to control the bank or trust company; or

(4) applicant neglects, fails or refuses to furnish the commissioner
with all of the information required by the commissioner.

(c) Upon service of an order denying an application, the applicant
shall have the right to a hearing to be conducted in accordance with the
Kansas administrative procedure act before the state banking board. Any
final order of the commissioner pursuant to this section is subject to
review in accordance with the Kansas judicial review act.

Sec. 49. K.S.A. 2015 Supp. 9-1722 is hereby amended to read as
follows: 9-1722. (a) An A change of control application filed pursuant to
K.S.A. 9-1721, and amendments thereto, shall contain the following
information:

(1) The identity, personal history, business background and
experience of each person by whom or on whose behalf or for whom the
change of control or merger transaction is to be made, including the
material business activities and affiliations during the past five years and a
description of any material pending legal or administrative proceedings in
which the person is a party and any criminal indictment or conviction of
such person by a state or federal court;

(2) a statement of the assets and liabilities of each person by whom or
on whose behalf or for whom the change of control or merger transaction
is to be made, along with any related statements of income and source and
application of funds, as of a date not more than 90 days prior to the date of
the application. Individuals who own 10% or more shares in a bank
holding company, as defined in K.S.A. 9-519, and amendments thereto,
shall file the financial information required by this paragraph;

(3) the terms and conditions of the proposed change of control or
merger transaction and the manner in which such change of control or
merger transaction is to be made;

(4) the identity, source and amount of the funds or other
considerations used or to be used in making the change of control or
merger transaction and, if any part of these funds or other considerations
has been or is to be borrowed or otherwise obtained for such purpose, a
description of the transaction, the names of the parties, and any
arrangements, agreements or understandings with such persons;

(5) any plans or proposals which any applicant may have to liquidate
the bank or trust company or to make any other major change in its the
bank's or trust company's business or corporate structure or management;
(6) the identification of any person employed, retained or to be compensated by any party or by any person on such person's behalf to make solicitations or recommendations to stockholders for the purpose of assisting in the change of control or merger transaction and a brief description of the terms of such employment, retainer or arrangement for compensation;

(7) copies of all invitations or tenders or advertisements making a tender offer to stockholders for purchase of their stock to be used in connection with the proposed change of control or merger transaction;

(8) when applicable, the certified copies of the stockholder proceedings showing a majority of the outstanding voting stock was voted in favor of the change of control or merger transaction; and

(9) any additional relevant information in the form and manner prescribed by the commissioner.

(b) A merger transaction application filed pursuant to K.S.A. 9-1721, and amendments thereto, shall contain the following information:

(1) The structure, terms and conditions and financing arrangements of the proposed merger transaction;

(2) a complete and final copy of the merger transaction agreement;

(3) certified copies of the stockholder proceedings showing a majority of the outstanding voting stock of the banks or trust companies in the merger transaction was voted in favor of the merger transaction;

(4) a list of directors and senior executive officers of the resulting bank or trust company;

(5) one year pro forma statements of financial conditions and future prospects of the resulting bank or trust company, including capital positions;

(6) how the merger transaction will meet the convenience and needs of the community; and

(7) any other relevant information in the form and manner prescribed by the commissioner.

(c) With regard to any trust company which files a notice pursuant to this section, the commissioner may require fingerprinting of any proposed officer, director, shareholder or any other person deemed necessary by the commissioner. Such fingerprints may be submitted to the Kansas bureau of investigation and the federal bureau of investigation for a state and national criminal history record check. The fingerprints shall be used to identify the person and to determine whether the person has a record of arrests and convictions in this state or any other jurisdiction. The commissioner may use information obtained from fingerprinting and the criminal history for purposes of verifying the identification of the person and in the official determination of the qualifications and fitness of the persons proposing to acquire the trust company. Whenever the
commissioner requires fingerprinting, any associated costs shall be paid by
the applicant or the parties to the application.

(e) (d) The commissioner may accept an application filed with the
federal reserve bank or federal deposit insurance corporation in lieu of a
statement an application filed pursuant to subsection (a). The
commissioner may, in addition to such application, request additional
relevant information.

(d) (e) At the time of filing an application pursuant to K.S.A. 9-1721,
and amendments thereto, or an application filed pursuant to subsection (e)
(d), the applicant shall pay to the commissioner a fee in an amount
established pursuant to K.S.A. 2015 Supp. 9-1726, and amendments
thereto, to defray the expenses of the commissioner in the examination and
investigation of the application. The commissioner shall remit all moneys
received under this section to the state treasurer in accordance with the
provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
each such remittance, the state treasurer shall deposit the entire amount in
the state treasury to the credit of the bank investigation fund. The moneys
in the bank investigation fund shall be used to pay the expenses of the
commissioner in the examination and investigation of such applications
and any unused balance shall be transferred to the bank commissioner fee
fund.

Sec. 50. K.S.A. 2015 Supp. 9-1724 is hereby amended to read as
follows: 9-1724. (a) The provisions of K.S.A. 9-1720 through 9-1724, and
amendments thereto, shall not apply to the merger transaction of a bank or
trust company when the surviving entity is a national banking association
or other federally chartered financial institution or a trust company
chartered by:

(1) The comptroller of the currency; or

(2) another state, except that the bank shall provide written
notification to the commissioner of such a merger, consolidation or
transfer of assets and liabilities at least 10 days prior to its the
consummation of any such transaction.

(b) Not more than 15 days following any merger transaction, any
bank or trust company that will cease to exist shall surrender such bank's
or trust company's state certificate of authority or charter and shall certify
in writing that the proper instruments have been executed and filed in
accordance with K.S.A. 17-6003, and amendments thereto.

(c) Notice of the merger transaction shall be published twice in a
newspaper of general circulation in each city or county in which the bank
or trust company is located, or the newspaper nearest such city or county
and a certified copy of each notice shall be filed with the commissioner.
The first publication shall be no later than five days after an application is
filed. The second publication shall be on the 14th day after the date of the
first publication or, if the newspaper does not publish on the 14th day, then the date that is the closest to the 14th day. The notice shall be in the form prescribed by the commissioner and shall provide for a comment period of not less than 10 days after the date of the second publication.

Sec. 51. K.S.A. 2015 Supp. 9-1807 is hereby amended to read as follows: 9-1807. (a) If the commissioner finds that any bank or trust company is engaging, has engaged or is about to engage in an unsafe or unsound practice or if the commissioner finds that any bank or trust company is violating, has violated or is about to violate a law, rule and regulation or order of the commissioner or state banking board, the commissioner may issue and serve upon the bank or trust company a notice of charges. The notice of charges shall contain a statement of the facts that forms the basis for a proposed cease and desist order and shall state the time and place at which a hearing will be held by the state banking board to determine whether an order to cease and desist therefrom should be issued by the state banking board against the bank or trust company. Such hearing shall be fixed for a date not earlier than 30 days nor later than 60 days after service of such notice.

(b) Unless the bank or trust company shall appear at the hearing, such bank or trust company shall be deemed to have consented to the issuance of the cease and desist order. In the event of such consent, or if upon the record made at any such hearing, the state banking board shall find that any unsafe or unsound practice or violation specified in the notice of charges has been established, the state banking board may issue and serve upon the bank or trust company an order to cease and desist from any such practice or violation. Such order may require the bank or trust company and such bank's or trust company's directors, officers, employees or agents to cease and desist or to take affirmative action to correct the conditions resulting from any such practice or violation. A cease and desist order shall become effective at the time specified therein and shall remain effective and enforceable as provided therein, except to such extent as it is stayed, modified or terminated by the state banking board.

(c) Whenever the commissioner finds that a bank's or trust company's unsafe or unsound practice or violation, or the continuation thereof, is likely to cause insolvency, substantial dissipation of assets or earnings or is likely to otherwise seriously prejudice the interests of its depositors or trust company's clients, the commissioner may issue a temporary order requiring the bank or trust company to cease and desist from any such practice or violation. The order shall contain a notice of charges with a statement of the facts that forms the basis for a proposed temporary cease and desist order. Such order shall be effective upon service on the bank or trust company and shall remain effective and enforceable pending the completion of the proceedings pursuant to such
notice and until such time as the state banking board shall dismiss the charges specified in such notice, or if a cease and desist order is issued against the bank or trust company, until the effective date of any such order.

Sec. 52. K.S.A. 2015 Supp. 9-1902 is hereby amended to read as follows: 9-1902. A bank or trust company shall be deemed to be insolvent when: (a) The actual cash market value of a bank's or trust company's assets is insufficient to pay such bank's or trust company's creditor liabilities, except that for this purpose unconditional evidence of indebtedness of the United States of America may be valued, at the discretion of the commissioner, at par or cost whichever is the lesser; or (b) when it the bank or trust company is unable to meet the demands of its creditors in the usual and customary manner.

Sec. 53. K.S.A. 2015 Supp. 9-1905 is hereby amended to read as follows: 9-1905. (a) In the event the commissioner appoints a receiver for any bank or trust company, the commissioner shall appoint:
   (1) The federal deposit insurance corporation; or
   (2) any individual, partnership, association, limited liability company, corporation or any other business entity which shall have accounting, regulatory, legal or other relevant experience in the field of banking or trust as shall be determined by the commissioner.

(b) Any receiver other than the federal deposit insurance corporation shall give such bond as the commissioner deems proper and immediately file in the district court of the county where the bank or trust company is located for liquidation, disposition and dissolution pursuant to the state banking code, K.S.A. 17-101 et seq., and amendments thereto the Kansas general corporation code, and as may be ordered by the court.

   (1) The receiver shall be entitled to reasonable compensation subject to the approval of the district court.
   (2) Upon written application made within 30 days after the filing in district court, the court may appoint as receiver any person whom that the holders of more than 60% in amount of the claims against such bank or trust company shall agree upon in writing. The creditors so agreeing may also agree upon the compensation and charges to be paid such receiver. Each receiver so appointed shall make a complete report to the commissioner covering the receiver's acts and proceedings as such.
   (c) The bank or trust company shall have the right to petition for review of the commissioner's order taking charge, appointment of a special deputy or appointment of a receiver. Such review shall not be subject to the provisions of K.S.A. 77-501 et seq., and amendments thereto. A petition for review shall be filed within 10 days of the commissioner's action. Notwithstanding any provision of law to the contrary, or by order of the court, review shall proceed as expeditiously as possible pursuant to
the provisions of K.S.A. 77-601 et seq., and amendments thereto. Notwithstanding any provision of law to the contrary, the decision of the district court may be appealed only to the supreme court of Kansas. The time within which an appeal may be taken shall be 10 days from final disposition of the district court.

Sec. 54. K.S.A. 2015 Supp. 9-1906 is hereby amended to read as follows: 9-1906. (a) A receiver appointed pursuant to K.S.A. 9-1905, and amendments thereto, other than the federal deposit insurance corporation, shall take charge of any bank or trust company and all of its assets and property, and liquidate the affairs and business thereof for the benefit of the depositors, creditors and stockholders of the bank or trust company. The receiver may sell all the property of the bank or trust company upon such terms as the district court of the county where the bank or trust company is located shall approve. The receiver shall pay over all moneys received to the creditors and depositors of such bank or trust company.

(b) In distributing assets of the bank or trust company in payment of its liabilities, the order of payment, in the event its assets are insufficient to pay in full all of its liabilities, shall be by category as follows:

1. The costs and expenses of the receivership and real and personal property taxes assessed against the bank or trust company pursuant to applicable law;
2. claims which are secured or given priority by applicable law;
3. claims of unsecured depositors;
4. all other claims exclusive of claims on capital notes and debentures; and
5. claims on capital notes and debentures.

Should the assets be insufficient for the payment in full of all claims within a category, such claims shall be paid in the order provided by other applicable law or, in the absence of such applicable law, pro rata.

Sec. 55. K.S.A. 2015 Supp. 9-1907 is hereby amended to read as follows: 9-1907. The federal deposit insurance corporation or its successor, hereby is authorized and empowered to be and act without bond as receiver of any bank, the deposits in which are to any extent insured by such corporation. If the federal deposit insurance corporation, or its successor, accepts the appointment, then the federal deposit insurance corporation, or its successor, shall succeed to all the rights, titles, powers and privileges of the bank and of any stockholder, member, account holder, depositor, officer or director of the bank with respect to the bank.

Sec. 56. K.S.A. 2015 Supp. 9-1908 is hereby amended to read as follows: 9-1908. Whenever the federal deposit insurance corporation, or its successor, shall accept the appointment as receiver for any bank the
possession of and title to all of the assets, business and property of every kind of such bank shall pass to and vest in the federal deposit insurance corporation, or its any successor, as receiver without the execution of any instruments of assignment, endorsement, transfer or conveyance.

Sec. 57. K.S.A. 2015 Supp. 9-1909 is hereby amended to read as follows: 9-1909. All claims of depositors and other creditors must be filed with the receiver within one year after the date of the receiver's appointment, and if any claim is not filed, then the claim shall be barred from participation in the estate and assets of any such bank or trust company.

Sec. 58. K.S.A. 2015 Supp. 9-1910 is hereby amended to read as follows: 9-1910. Upon the affirmative vote of 2/3 of the outstanding voting stock, the shareholders of a bank or trust company may transfer all of its assets and property of whatever nature and any rights thereto to the possession and control of the commissioner and waive any right to the Kansas administrative procedure act, the Kansas judicial review act or any other lawful right to challenge the commissioner's authority without the execution of any instruments of assignment, endorsement, transfer or conveyance. Such action shall operate as a bar to any attachment proceedings.

Sec. 59. K.S.A. 2015 Supp. 9-1915 is hereby amended to read as follows: 9-1915. It shall be unlawful for the president, director, managing officer, cashier or any other officer of any bank to agree to accept deposits, in an amount that would create an excess above the federal deposit insurance corporation insured deposit amount, after such person has knowledge of the fact that such bank is insolvent or in failing circumstances. It hereby is made the duty of every such officer or managing officer to examine into the affairs of every such bank and know its condition if possible. Upon failure to discharge such duty such person shall be held to have had knowledge of the insolvency of such bank or that the bank was in failing circumstances, for the purposes of this section. Every person who shall violate that violates the provisions of this section shall be responsible individually for such deposits so received, except that any director or officer who may have paid more than such person's share of the liabilities mentioned in this section shall have the proper remedy at law against such other persons as shall not have paid their full share of such liabilities.

Sec. 60. K.S.A. 2015 Supp. 9-2007 is hereby amended to read as follows: 9-2007. Any receiver of an insolvent bank or trust company, other than the federal deposit insurance corporation, who or any successor, that fails to comply with the provisions of the state banking code, upon conviction shall be guilty of a class A, nonperson misdemeanor.

Sec. 61. K.S.A. 2015 Supp. 9-2011 is hereby amended to read as
follows: 9-2011. It shall be unlawful for any individual, firm or corporation to advertise, publish or otherwise promulgate that they are the individual, firm or corporation is engaged in the banking business or trust business without first having obtained authority from the commissioner. Any such individual or member of any such firm or officer of any such corporation violating this section, upon conviction shall be guilty of a class A, nonperson misdemeanor.

Sec. 62. K.S.A. 2015 Supp. 9-2104 is hereby amended to read as follows: 9-2104. (a) No executor, administrator, conservator or trustee holding trust company stock shall be personally subject to any liability as stockholders in such trust company.

(b) No person holding trust company stock as collateral security shall be personally subject to any liability as stockholders in such trust company.

c) The person owning the stock or the person pledging such stock shall be deemed the person liable as a stockholder in the trust company.

d) Any executor, administrator, conservator or trustee holding trust company stock shall be liable in the normal course of acting and carrying out the fiduciary duties of an executor, administrator, conservator or trustee.

e) (1) Any executor, administrator, conservator or trustee holding shares of stock may vote as a shareholder.

(2) Any person who has pledged such person's stock as collateral security may represent the same at all meetings and may vote accordingly as a shareholder.

Sec. 63. K.S.A. 2015 Supp. 9-2107 is hereby amended to read as follows: 9-2107. (a) As used in this section:

(1) "Contracting trustee" means any trust company, as defined in K.S.A. 9-701, and amendments thereto, any bank that has been granted trust authority by the commissioner under K.S.A. 9-1602, and amendments thereto, any national bank chartered to do business in Kansas that has been granted trust authority by the comptroller of the currency under 12 U.S.C. § 92a, any bank that has been granted trust authority or any trust company, regardless of where such bank or trust company is located, that is controlled, as defined in K.S.A. 9-1612, and amendments thereto, by the same bank holding company as any trust company, state bank or national bank chartered to do business in Kansas, which accepts or succeeds to any fiduciary responsibility as provided in this section;

(2) "originating trustee" means any trust company, bank, national banking association, savings and loan association or savings bank which has trust powers and its principal place of business is in this state and which places or transfers any fiduciary responsibility to a contracting trustee as provided in this section; and
(3) "financial institution" means any bank, national banking association, savings and loan association or savings bank which has its principal place of business in this state but which does not have trust powers.

(b) Any contracting trustee and any originating trustee may enter into an agreement by which the contracting trustee, without any further authorization of any kind, succeeds to and is substituted for the originating trustee as to all fiduciary powers, rights, duties, privileges and liabilities with respect to all accounts for which the originating trustee serves in any fiduciary capacity, except as may be provided otherwise in the agreement. Notwithstanding the provisions of this section, no contracting trustee having its with a home office outside the state of Kansas shall enter into an agreement except with an originating trustee which is commonly controlled as defined in K.S.A. 9-1612, and amendments thereto, by the same bank holding company.

(c) Unless the agreement expressly provides otherwise, upon the effective date of the substitution:

(1) The contracting trustee shall be deemed to be named as the fiduciary in all writings, including, without limitation, trust agreements, wills and court orders, which pertain to the affected fiduciary accounts; and

(2) the originating trustee is absolved from all fiduciary duties and obligations arising under such writings and shall discontinue the exercise of any fiduciary duties with respect to such writings, except that the originating trustee is not absolved or discharged from any duty to account required by K.S.A. 59-1709, and amendments thereto, or any other applicable statute, rule of law, rules and regulations or court order, nor shall the originating trustee be absolved from any breach of fiduciary duty or obligation occurring prior to the effective date of the agreement.

(d) The agreement may authorize the contracting trustee:

(1) To establish a trust service desk at any office of the originating trustee at which the contracting trustee may conduct any trust business and any business incidental thereto and which the contracting trustee may otherwise conduct at its principal place of business; and

(2) to engage the originating trustee as the agent of the contracting trustee, on a disclosed basis to customers, for the purposes of providing administrative, advertising and safekeeping services incident to the fiduciary services provided by the contracting trustee.

(e) Any contracting trustee may enter into an agreement with a financial institution providing that the contracting trustee may establish a trust service desk as authorized by subsection (d) in the offices of such financial institution and which provides such financial institution, on a disclosed basis to customers, may act as the agent of contracting trustee for
purposes of providing administrative services and advertising incident to
the fiduciary services to be performed by the contracting trustee.

(f) No activity authorized by subsections (b) through (e) shall be
conducted by any contracting trustee, originating trustee or financial
institution until an application for such authority has been submitted to and
approved by the commissioner. The application shall be in the form and
contain the information required by the commissioner, which shall at a
minimum include certified copies of the following documents:

(1) The agreement;
(2) the written action taken by the board of directors of the
originating trustee or financial institution approving the agreement;
(3) all other required regulatory approvals;
(4) proof of publication of notice that the applicant intends to file or
has filed an application pursuant to this section. The notice shall be
published in a newspaper of general circulation in the county where the
principal office of the originating trustee or financial institution is located.
The notice shall be in the form prescribed by the commissioner and shall
contain the name of the applicant contracting trustee and the originating
trustee, the proposed date of filing of the application with the
commissioner and a solicitation for written comments. The notice shall be
published on the same day for two consecutive weeks and provide for a
comment period of not less than 10 days after the date of the second
publication; and
(5) a certification by the parties to the agreement that written notice
of the proposed substitution was sent by first-class mail to each co-
fiduciary, each surviving settlor of a trust, each ward of a guardianship,
each person who that has sole or shared power to remove the originating
trustee as fiduciary and each adult beneficiary currently receiving or
entitled to receive a distribution of principle or income from a fiduciary
account affected by the agreement, and that such notice was sent to each
such person's address as shown in the originating trustee's records. An
unintentional failure to give such notice shall not impair the validity or
effect of any such agreement, except an intentional failure to give such
notice shall render the agreement null and void as to the party not
receiving the notice of substitution.

(g) A contracting trustee making application to the commissioner for
approval of any agreement pursuant to this section shall pay to the
commissioner a fee, in an amount established pursuant to K.S.A. 2015
Supp. 9-1726, and amendments thereto, to defray the expenses of the
commissioner in the examination and investigation of the application. The
commissioner shall remit all moneys received under this section to the
state treasurer in accordance with the provisions of K.S.A. 75-4215, and
amendments thereto. Upon receipt of each such remittance, the state
treasurer shall deposit the entire amount in the state treasury to the credit of the bank investigation fund. The moneys in the bank investigation fund shall be used to pay the expenses of the commissioner, or designee, in the examination and investigation of such applications and any unused balance shall be transferred to the bank commissioner fee fund.

(h) Upon the filing of a complete application with the commissioner, the commissioner shall make or cause to be made, a careful examination and investigation of the proposed agreement. If the commissioner finds any of the following matters unfavorably, the commissioner may deny the application:

(1) The reasonable probability of usefulness and success of the contracting trustee; and
(2) the financial history and condition of the contracting trustee including the character, qualifications and experience of the officers employed by the contracting trustee.

(i) The commissioner shall render approval or disapproval of the application within 90 days of receiving a complete application.

(j) Upon service of an order denying an application, the applicant shall have the right to a hearing to be conducted in accordance with the Kansas administrative procedure act before the state banking board. Any final order of the commissioner pursuant to this section is subject to review in accordance with the Kansas judicial review act.

(k) When the commissioner determines that any contracting trustee domiciled in this state has entered into a contracting agreement in violation of the laws governing the operation of such contracting trustee, the commissioner may take such action as available under K.S.A. 9-1714, 9-1805, 9-1807 or 9-1809, and amendments thereto, to remedy such violation.

(l) Any party entitled to receive a notice under subsection (f)(5) may file a petition in the court having jurisdiction over the fiduciary relationship, or if none, in the district court in the county where the originating trustee has its principal office, seeking to remove any contracting trustee substituted or about to be substituted as fiduciary pursuant to this section. Unless the contracting trustee files a written consent to its removal or a written declination to act subsequent to the filing of the petition, the court, upon notice and hearing, shall determine the best interest of the petitioner and all other parties concerned and shall fashion such relief as the court deems appropriate in the circumstances, including the awarding of reasonable attorney fees. The right to file a petition under this subsection shall be in addition to any other rights to remove [the] fiduciary provided by any other statute or regulation or by the writing creating the fiduciary relationship. If the removal of the fiduciary is prompted solely as a result of the contracting agreement, any
reasonable cost associated with such removal and transfer shall be paid by
the originating trustee or financial institution entering into the agreement.

Sec. 64. K.S.A. 2015 Supp. 9-2108 is hereby amended to read as
follows: 9-2108. It is unlawful for any trust company to establish or
operate a trust service office or relocate an existing trust service office
except as provided herein.

(a) As used in this section: "Trust service office" means any office,
agency or other place of business located within this state, other than the
place of business specified in the trust company's certificate of authority, at
which the powers granted to trust companies under K.S.A. 9-2103, and
amendments thereto, are exercised. For the purposes of this section, any
activity in compliance with K.S.A. 9-2107, and amendments thereto, does
not constitute a trust service office.

(b) After first applying for and obtaining the approval of the
commissioner under this section, one or more trust service offices may be
established or operated in any city within this state by a trust company
incorporated under the laws of this state.

(c) An application to establish or operate a trust service office or to
relocate an existing trust service office shall be in the form and manner
prescribed by the commissioner and provide the following documents:
(1) A certified copy of the written action taken by the board of
directors of the trust company approving the establishment or operation of
the proposed trust service office or the proposed relocation of the trust
service office;
(2) all other required regulatory approvals;
(3) proof of publication of notice that the applicant intends to file or
has filed an application pursuant to this section. The notice shall be
published in a newspaper of general circulation where the proposed trust
service office is to be located. The notice shall be in the form prescribed by
the commissioner and shall contain the name of the applicant, the location
of the proposed trust service office, the proposed date of filing of the
application with the commissioner and a solicitation for written comments.
The notice shall be published on the same day for two consecutive weeks
and provide for a comment period of not less than 10 days after the date of
the second publication; and
(4) the application shall include the name selected for the proposed
trust service office. The name selected for the proposed trust service office
shall not be the same or substantially similar to the name of any other trust
company or trust service office doing business in the state of Kansas, nor
shall the name selected be required to contain the name of the applicant
trust company. If the name selected for the proposed trust service office
does not contain the name of the applicant trust company, the trust service
office shall provide in the public lobby of such trust service office, a public
notice that it is a trust service office of the applicant trust company. Any
trust company may request exemption from the commissioner from the
provisions of this subsection.

(d) A trust company making application to the commissioner for
approval of a trust service office under this section shall pay to the
commissioner a fee, in an amount established pursuant to K.S.A. 2015
Supp. 9-1726, and amendments thereto, to defray the expenses of the
commissioner in the examination and investigation of the application. The
commissioner shall remit all moneys received under this section to the
state treasurer in accordance with the provisions of K.S.A. 75-4215, and
amendments thereto. Upon receipt of each such remittance, the state
treasurer shall deposit the entire amount in the state treasury to the credit
of the bank investigation fund. The moneys in the bank investigation fund
shall be used to pay the expenses of the commissioner or designee in the
examination and investigation of such applications and any unused balance
shall be transferred to the bank commissioner fee fund.

(e) Upon the request of any trust company proposing to relocate an
existing trust service office less than one mile from the trust company's
existing location, the commissioner may exempt such trust company from
the requirements of this section.

(f) Upon the filing of a complete application with the
commissioner, the commissioner shall make or cause to be made, a careful
examination and investigation. If the commissioner finds any of the
following matters unfavorably, the commissioner may deny the
application:

1. The reasonable probability of usefulness and success of the
   proposed trust service office; and

2. the applicant trust company's financial history and condition
   including the character, qualifications and experience of the officers
   employed by the trust company.

(g) Upon service of an order denying an application, the applicant
shall have the right to a hearing to be conducted in accordance with the
Kansas administrative procedure act before the state banking board. Any
final order of the state banking board pursuant to this section is subject to
review in accordance with the Kansas judicial review act.

(h) When the commissioner determines that a trust company
domiciled in this state has established or is operating a trust service office
in violation of the laws governing the operation of such trust company, the
commissioner may take such action as available under K.S.A. 9-1714, 9-
1805, 9-1807 or 9-1809, and amendments thereto, to remedy such
violation.

Sec. 65. K.S.A. 2015 Supp. 9-519, 9-534, 9-701, 9-801, 9-802, 9-803,
9-804, 9-808, 9-809, 9-811, 9-812, 9-814, 9-815, 9-816, 9-901a, 9-902, 9-

Sec. 66. This act shall take effect and be in force from and after its publication in the statute book.