

State of Arkansas

76th General Assembly

Regular Session, 1987

SENATE BILL 239

By: Senator Moore

"THE REGIONAL RECIPROCAL SAVINGS AND LOAN ACT OF 1987."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. This Act shall be known and may be cited as "The Regional Savings and Loan Act of 1987."

SECTION 2. DEFINITIONS. As used in Sections 2 through 11: (A) "Acquire", as applied to an association or a savings and loan holding company, means any of the following actions or transactions:

(1) The merger or consolidation of an association with another association or with a savings and loan hold company.

(2) The acquisition of the direct or indirect ownership or control of voting shares of another association or savings and loan holding company if, after the acquisition, the acquiring association or savings and loan holding company will directly or indirectly own or control more than ten percent of any class of voting shares of the acquired association or savings and loan holding company.

(3) The direct or indirect acquisition of all or substantially all of the assets of another association or savings and loan holding company.

(4) The taking of any other action that would result in the direct or indirect control of another association or savings and loan holding company.

(B) "Arkansas association" means an association organized under the laws of the State of Arkansas or under the laws of the United States and that:

(1) Has its principal place of business in the State of Arkansas;

(2) Which if controlled by an organization, the organization is either an Arkansas association, Southern Region association, Arkansas savings and loan holding company, or a Southern Region savings and loan holding com-

pany; and

(3) More than eighty percent of its total deposits other than deposits located in branch offices pursuant to Section 10(A) are in its branch offices located in one or more of the Southern Region states.

(C) "Arkansas savings and loan holding company" means a savings and loan holding company that:

(1) Has its principal place of business in the State of Arkansas;

(2) Has total deposits of its Southern Region association subsidiaries and Arkansas association subsidiaries that exceed eighty percent of the total deposits of all association subsidiaries of the savings and loan holding company other than those association subsidiaries held under Section 10(A).

(D) "Association" means a mutual or capital stock savings and loan association, savings association, building and loan association or savings bank chartered under the laws of any one of the states or by the Federal Home Loan Bank Board, pursuant to the Homeowner's Loan Act of 1933, 12 U.S.C. § 1461 et seq.(1982), and whose deposits are eligible to be insured by the Federal Savings and Loan Insurance Corporation.

(E) "Board" means the Savings and Loan Association Board.

(F) "Branch office" means any office at which an association accepts deposits. The term branch office does not include:

(1) Unmanned automatic teller machines, point-of-sale terminals, or similar unmanned electronic banking facilities at which deposits may be accepted;

(2) Offices located outside the United States; and

(3) Loan production offices, representative offices, service corporation offices, or other offices at which deposits are not accepted.

(G) "Company" means any company under the Savings and Loan Holding Company Amendments of 1967, 12 U.S.C. § 1730a(a)(1)(C)(1982).

(H) "Control" means that which is set forth in the Savings and Loan Holding Company Amendments of 1967, 12 U.S.C. §1730a(a)(2)(1982).

(I) "Deposits" means with respect to an association, withdrawable or repurchaseable shares, investment certificates, deposits, or other savings accounts in an association held by individuals, partnerships, corporations, the United States Government, states, and political subdivisions in the United States, and other entities, exclusive of deposits (a) by foreign governments

and foreign official institutions, and (b) by other associations.

Determination of deposits must be made by reference to regulatory reports of condition or similar reports filed by the association with applicable state or federal regulatory authorities.

(J) "Federal association" means an association chartered by the Federal Home Loan Bank Board pursuant to §5 of the Homeowner's Loan Act of 1933, 12 U.S.C. §1464 (1982).

(K) "Principal place of business" of an association means the state in which the aggregate deposits of the association are the largest. For the purposes of this section the principal place of business of a savings and loan holding company is the state where the aggregate deposits of the association subsidiaries of the holding company are the largest.

(L) "Savings and loan holding company" means that which is set forth in the Savings and Loan Holding Company Amendments of 1967, 12 U.S.C. §1730a(a)(1)(D) (1982).

(M) "Service corporation" means any corporation, the majority of the capital stock of which is owned by one or more associations and which engages, directly or indirectly, in any activities similar to activities which may be engaged in by a service corporation in which an association may invest under the laws of one of the states or under the laws of the United States.

(N) "Southern Region association" means an association other than an Arkansas association organized under the laws of one of the Southern Region states or under the laws of the United States and that:

(1) Has its principal place of business only in a Southern Region state other than Arkansas;

(2) Which if controlled by an organization, the organization is either a Southern Region association or a Southern Region savings and loan holding company; and

(3) More than eighty percent of its total deposits other than deposits located in branch offices pursuant to Section 10(A) are in its branch offices located in one or more of the Southern Region states.

(O) "Southern Region savings and loan holding company" means a savings and loan holding company that :

(1) Has its principal place of business in a Southern Region state other than the State of Arkansas;

(2) Has total deposits of its Southern Region association sub-

sidiaries and Arkansas association subsidiaries that exceed eighty percent of the total deposits of all association subsidiaries of the savings and loan holding company other than those association subsidiaries held under Section 10(A).

(P) "Southern Region states" means the states of Arkansas, Tennessee, Missouri, Mississippi, Texas, Louisiana, Oklahoma, Alabama, Florida, Georgia, Maryland, North Carolina, South Carolina, and Virginia.

(Q) "State" means one of the states of the Union and the District of Columbia.

(R) "State association" means an association organized under the laws of one of the states.

(S) "Subsidiary" means that which is set forth in the Savings and Loan Holding Company Amendments of 1967, 12 U.S.C. §1730a(a)(1)(H)(1982).

SECTION 3. ACTS REQUIRING PRIOR APPROVAL OF THE BOARD. With the prior approval of the Board in accordance with Section 6(A) and upon receipt of approval from all other applicable state and federal regulatory authorities having approval authority over the transaction:

(A) A company may become an Arkansas savings and loan holding company;

(B) An Arkansas savings and loan holding company may acquire an Arkansas association or another Arkansas savings and loan holding company;

(C) An Arkansas savings and loan holding company may acquire a Southern Region association or a Southern Region savings and loan holding company;

(D) An Arkansas savings and loan holding company may acquire an Association or savings and loan holding company having association offices which are located outside of the Southern Region as is authorized under Section 10(A);

(E) A Southern Region savings and loan holding company may acquire a Southern Region savings and loan holding company having an Arkansas association subsidiary;

(F) An Arkansas state association may acquire a Southern Region association;

(G) A Southern Region association may acquire an Arkansas state association.

SECTION 4. ACTS REQUIRING PRIOR APPROVAL OF FEDERAL AUTHORITIES. With

the prior approval of the Federal Home Loan Bank Board and other applicable federal authorities in accordance with their approval authority over the transaction and without the necessary approval of the Board except for the requirements under Section 9(A):

(A) An Arkansas federal association may acquire a Southern Region association; and

(B) A Southern Region association may acquire an Arkansas federal association.

SECTION 5. SAVINGS AND LOAN HOLDING COMPANY ACQUISITIONS NOT REQUIRING PRIOR APPROVAL. Without any prior approval of the Board, a Southern Region savings and loan holding company having an Arkansas association subsidiary may acquire a Southern Region savings and loan holding company that does not have an Arkansas association subsidiary, may acquire a Southern Region association that does not have any branch offices in Arkansas, or to the extent authorized by Section 10(A) may acquire an association or savings and loan holding company having association offices which are located outside the Southern Region. The Southern Region savings and loan holding company shall notify the Board at least thirty days prior to the consummation of the proposed transaction. The notification requirements of this section are satisfied by furnishing the Board with a copy of the completed application seeking approval for the proposed transaction which is filed with the federal savings and loan regulatory authority.

SECTION 6. APPLICATIONS TO THE BOARD FOR APPROVAL. (A) Whenever an application is filed as is required under Section 5 or if approval of the Board pursuant to this Section is required under Section 9, the Board shall approve the transaction if it is otherwise approved as required by applicable laws and if in addition:

(1) The laws of the state in which the Southern Region association or Southern Region savings and loan holding company, as applicable, filing the application has its principal place of business, permit Arkansas associations and Arkansas savings and loan holding companies, as applicable, to acquire associations and savings and loan holding companies in that state;

(2) Under the laws of the state where it has its principal place of business the Southern Region association or Southern Region savings and loan

holding company filing the application could be acquired by the Arkansas association or Arkansas savings and loan holding company, as applicable;

(3) Each Arkansas association sought to be acquired directly or indirectly in the proposed transaction has been in existence and continuously operated as an association for a period of five (5) years or more prior to the date the application for approval of the transaction was filed with the Board. This requirement does not prohibit a Southern Region association or Southern Region savings and loan holding company from acquiring all or substantially all of the ownership of an Arkansas association organized solely for the purpose of facilitating the acquisition of an Arkansas association that has been in existence and continuously operated as an association for the requisite five-year period.

(B) The Board shall rule on any application requiring approval under this section not later than ninety days following the date of acceptance of a completed application seeking approval of the proposed transaction. If the Board fails to rule on the application within the requisite ninety-day period, the proposed transaction is approved.

(C) The applicant is entitled to notice and a hearing contesting the denial by the Board of any application.

SECTION 7. PERMISSIBLE NONDISQUALIFIED ACQUISITIONS. (A) A Southern Region association, a Southern Region savings and loan holding company, an Arkansas association, or an Arkansas savings and loan holding company may acquire or control, and does not cease to be a Southern Region association, a Southern Region savings and loan holding company, an Arkansas association, or Arkansas savings and loan holding company, respectively, by virtue of its acquisition or control of:

(1) An association or savings and loan holding company other than as expressly permissible under Sections 5 and 6 if: (a) immediately following the consummation of the acquisition, the Arkansas association, Arkansas savings and loan holding company, Southern Region association, or Southern Region savings and loan holding company qualifies as such, and (b) the association or savings and loan holding company making the application complies with the approval and notification requirements in Sections 5 and 6.

SECTION 8. PROHIBITED ACQUISITIONS. (A) Except as specifically per-

mitted under Section 13, no Arkansas association, Arkansas savings and loan holding company, Southern Region association, or Southern Region savings and loan holding company having an Arkansas association subsidiary may acquire an association or savings and loan holding company which is not either an Arkansas savings and loan holding company or a Southern Region savings and loan holding company or an association which is not either an Arkansas association or a Southern Region association.

(B) Except as expressly permitted by federal law, no association which is not either an Arkansas association or a Southern Region association and no savings and loan holding company which is not either an Arkansas savings and loan company or a Southern Region savings and loan holding company may acquire an Arkansas association, an Arkansas savings and loan holding company, or a Southern Region savings and loan holding company controlling an Arkansas association.

SECTION 9. THE ACQUIROR OF AN ARKANSAS ASSOCIATION OR ARKANSAS SAVINGS AND LOAN HOLDING COMPANY IS SUBJECT TO ARKANSAS LAWS. Any Southern Region association or Southern Region savings and loan holding company that directly or indirectly acquires an Arkansas association or an Arkansas savings and loan holding company is subject to all the laws of this State relating to the acquisition, ownership, expansion, and operation of Arkansas associations and Arkansas savings and loan holding companies.

SECTION 10. REGISTRATION OF ASSOCIATION; REPORTS; REGULATIONS. (A) Each Arkansas association, Arkansas savings and loan holding company, Southern Region association controlling an Arkansas association, and Southern Region savings and loan holding company controlling an Arkansas association that engages in a transaction which requires approval of the Board pursuant to Section 6, shall within thirty days after approval of the transaction initially register and file annually with the Board on forms prescribed by the Board which shall include information with respect to the financial condition and operations, management and relations between applicable associations and savings and loan holding companies, and related matters, as the Board may consider necessary or appropriate to carry out the purposes of these sections.

(B) The Board may to the extent authorized by law make examinations of each association or savings and loan holding company required to be registered

pursuant to subsection (A) of this section and any service corporation of the association, the cost of which must be assessed against and paid by the association.

(C) The Board may enter into cooperative and reciprocal agreements with the association and savings and loan holding company regulatory authorities of any state or of the United States for the periodic examination of associations and savings and loan holding companies that are required to be registered under the provisions of subsection (A) of this section and may accept reports of examinations and other records from the authorities in lieu of conducting its own examinations.

(D) The Board may establish regulations to carry out the purposes of Sections 2 through 11.

SECTION 11. PENALTIES AND REMEDIES. (A) In the event any association or savings and loan holding company consummates an acquisition that is prohibited by these Sections 2 through 12, the Board shall require the association or savings and loan holding company to divest itself within two years of its direct or indirect ownership or control of all Arkansas associations or Arkansas savings and loan holding companies.

(B) The Board shall have the power to enforce the prohibitions contained in these sections through the imposition of fines and penalties, the issuance of cease and desist orders, and such other remedies as are provided by law.

SECTION 12. SEVERABILITY. The provisions of this Act shall be deemed to be severable. If any one or more provisions of this Act, or the application thereof to any person or circumstance, shall be held by any court of competent jurisdiction to be invalid or to be inapplicable, such holding shall not affect the validity or applicability of the remainder of the provisions of this Act.

SECTION 13. This Act shall take effect July 1, 1987. For purposes of this Act, the total deposits of savings and loan associations within the region shall be determined by reference to the records of the Federal Home Loan Bank Board, Washington, D.C.

