

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

*As Engrossed: S1/11/01*

# A Bill

SENATE BILL 36

5 By: Senators Wilkinson, Gwatney, P. Malone  
6 By: Representatives Files, Glover, and McMellon  
7

## For An Act To Be Entitled

10 AN ACT TO AMEND VARIOUS SECTIONS OF THE ARKANSAS  
11 BANKING CODE RELATING TO BRANCH BANKING ACTIVITY,  
12 AUTHORITY TO HOLD REAL ESTATE AND FINANCIAL  
13 SUBSIDIARIES, FOR PARITY WITH NATIONAL BANKS, AND FOR  
14 OTHER PURPOSES.

## Subtitle

15  
16 AN ACT TO AMEND VARIOUS SECTIONS OF THE  
17 ARKANSAS BANKING CODE RELATING TO BRANCH  
18 BANKING ACTIVITY, AUTHORITY TO HOLD REAL  
19 ESTATE AND FINANCIAL SUBSIDIARIES, FOR  
20 PARITY WITH NATIONAL BANKS, AND FOR  
21 OTHER PURPOSES.  
22

23  
24  
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

26  
27 SECTION 1. Arkansas Code Title 23, Chapter 47, Subchapter 6 is amended  
28 to add an additional section to read as follows:

29 23-47-608. With prior notice to the Bank Commissioner and in accordance  
30 with the state and federal law, state banks are authorized to engage in  
31 activities through financial subsidiaries.  
32

33 SECTION 2. Arkansas Code 23-47-508 is amended to read as follows:

34 23-47-508. Disposition of real estate acquired through debt collection.

35 (a) Except as provided in subsection ~~(e)~~(b) of this section, real estate  
36 acquired through the collection of debts previously contracted in the ordinary

1 course of business shall not be held by the state bank as an asset for a  
 2 longer period than five (5) years.

3 ~~(b)(1) The amount of the charge off shall be one sixtieth (1/60) of the~~  
 4 ~~acquisition cost of the real estate and shall be made monthly within thirty~~  
 5 ~~(30) days after acquisition of the real estate.—~~

6 ~~(2) The Bank Commissioner has the authority to waive or extend~~  
 7 ~~the monthly charge off of the real estate upon written request of the state~~  
 8 ~~bank. The book value of the real estate exclusive of the required charge off~~  
 9 ~~shall be considered an asset of the bank.—~~

10 (b) The Bank Commissioner is authorized to grant an extension of the  
 11 holding period not to exceed five (5) additional years or for shorter periods  
 12 as circumstances warrant, based upon his discretion.

13 ~~(c)(1) Upon good cause shown, the commissioner may permit real estate~~  
 14 ~~acquired through the collection of debts previously contracted in the ordinary~~  
 15 ~~course of business to be held by the state bank and to be charged off at the~~  
 16 ~~rate of one two hundred fortieth (1/240) per month (five percent (5%) per~~  
 17 ~~year) of the appropriate account maintained by the bank.—~~

18 ~~(2) The amount of charge off shall be made on a pro rata basis no~~  
 19 ~~less frequently than monthly and shall begin within thirty (30) days after the~~  
 20 ~~acquisition of the real estate.—~~

21 ~~(3) However, the entire balance must be charged off within ten~~  
 22 ~~(10) years from the date of acquisition.—~~

23 ~~(4) The commissioner shall review annually all approvals granted~~  
 24 ~~under this section and may modify and extend approvals so granted.—~~

25 (c) Real estate held pursuant to this section shall be considered an  
 26 asset of the bank. The value of the asset shall be based upon fair market  
 27 value supported by an appraisal or appropriate evaluation when the bank  
 28 acquires ownership of the property or as established by regulation of the Bank  
 29 Commissioner.

30  
 31 SECTION 3. Arkansas Code 23-48-702(a)(1) is amended to read as follows:

32 (a)(1) No bank shall engage in core banking activities, receiving  
 33 deposits, paying checks, or lending money, ~~in this state~~ at any location other  
 34 than at a main banking office or full-service branch, except as otherwise  
 35 permitted by law.

SECTION 4. Arkansas Code 23-48-702(b)(3) is amended to read as follows:

(3) Full-service branches may be established as follows:

(A) An Arkansas bank may establish full-service branches anywhere within the state in which the establishing bank's main banking office is located;

(B) A state bank which relocates its main banking office may continue to use its former main banking office location as a full-service branch so long as the use as a banking facility is uninterrupted; ~~and~~

(C) Following the consummation of any bank merger transaction authorized under the Arkansas Banking Code of 1997, ~~§§ 23-45-101 et seq., 23-46-101 et seq., 23-47-101 et seq., 23-48-101 et seq., 23-49-101 et seq., and 23-50-101 et seq.,~~ the resulting bank may establish, acquire, or operate additional branches at any location in the State of Arkansas, or in the case of an Arkansas bank, at any location within another state, where the main banking office of the bank which was a party to the merger could have established, acquired, or operated a full-service branch under applicable law if such bank had not been a party to the merger transaction, provided that full-service branches shall not be established if one (1) or more of the banks is an Arkansas bank which has a de novo charter;

(D) An Arkansas bank possessing a capital and surplus of one million dollars (\$1,000,000) or more may file an application with the Bank Commissioner for permission to exercise, upon such conditions as the commissioner may prescribe, the power to establish branches in foreign countries or dependencies or insular possessions of the United States and to act as fiscal agent for any governmental entity; and

(E) Notwithstanding any other provisions of state law regarding locations of full-service branches, any federal or state savings bank or association chartered and in operation prior to the effective date of this 2001 act, with branches in operation in one or more states, may convert to a state bank in accordance with § 23-48-504 and may retain its branches, both in-state and out-of-state, as branches of the state bank.

*/s/ Wilkinson*