



Rules of
Department of Economic
Development
Division 140—Division of Finance
Chapter 15—Operations of Associations

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**Title 4—DEPARTMENT OF
ECONOMIC DEVELOPMENT**

Division 140—Division of Finance

Chapter 15—Operations of Associations

4 CSR 140-15.010 Accounting Procedures

PURPOSE: This regulation establishes accounting and recordkeeping procedures of a savings and loan association, including the maintenance of records by means of data processing services and notification of the director in the event records are maintained at a location other than the home office, or if a savings and loan association converts record-keeping to a data processing system.

(1) Each association shall use the forms and follow accounting practices as the director may from time-to-time require.

(2) An association shall maintain a complete record of all business transacted by it, and shall maintain either at its home office, or at a branch or service office located within one hundred (100) miles of the home office, all general accounting records, including all control records, of all business transacted by the association at each of its offices and agencies. Records produced by electronic data processing may be maintained at the data processing center. Neither the general accounting or control records nor the maintenance of the records shall be transferred by an association from its home office to its branch or service office, from a branch or service office to its home office or to another branch or service office until—

(A) The board of directors of the association, by resolution, has authorized that transfer or maintenance; and

(B) The association has sent a certified copy of the resolution to the director.

(3) An association which determines to maintain any of its records by means of data processing services shall so notify the director in writing at least ninety (90) days prior to the date on which the maintenance of records will begin. An association maintaining any of its records by means of data processing services at the effective date of this rule shall serve a similar notice within ninety (90) days from the effective date of this rule (October 7, 1971) (January 5, 1972) identifying only those records as to which no previous notice has been given. The notification shall include identification of the records to be maintained by data processing services and a statement as to the location at which those records will be maintained. Any contract, agreement or arrangement made by an association pursuant to which data processing services are to be

performed for that association shall be in writing and shall expressly provide that the records to be maintained by those services shall be available at all times for examination and audit.

(4) All business of the association shall be accounted for in accordance with generally accepted accounting principles or regulatory accounting principles as are permitted by federal laws and regulations.

AUTHORITY: section 369.299, RSMo 1994. This rule previously filed as 4 CSR 260-3.010. Original rule filed Sept. 28, 1971, effective Oct. 7, 1971. Amended: Filed Nov. 4, 1986, effective Jan. 30, 1987. Amended: Filed June 14, 1988, effective Aug. 29, 1988. Changed to 4 CSR 140-15.010, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

**Original authority 1971, amended 1994.*

4 CSR 140-15.011 Accounting for Deferred Losses and Gains on the Sale or Other Disposition of Mortgage Loans, Mortgage-Related Securities and Certain Debt Securities

PURPOSE: This regulation authorizes deferred losses and gains on certain loans to the extent permitted by federal laws and regulations.

(1) Associations, to the extent permitted by federal laws and regulations, may elect to defer and amortize all gains and losses on any sale or other disposition of the following: mortgage loans; redeemable ground-rent leases; mortgage-related securities; preferred stock that, at the time of issuance of that preferred stock, provides for redemption on a fixed date in a fixed dollar amount or for redemption pursuant to a fixed schedule of periodic payments and has a remaining term to maturity of at least five (5) years; and debt securities that do not qualify as liquid assets because of their maturities or that have remaining terms to maturity of at least five (5) years.

(2) The gains and losses referred to in section (1) shall be net of related income taxes computed in accordance with generally accepted accounting principles and shall not include any gains or losses related to the disposition of scheduled items, including loans to facilitate sales of foreclosed property.

(3) This regulation shall be considered a blanket concurrence for state law purposes for the use of this accounting treatment.

AUTHORITY: sections 369.129, 369.249 and 369.299, RSMo 1994. This rule previously filed as 4 CSR 260-3.011. Original rule filed June 12, 1981, effective Sept. 11, 1981. Emergency amendment filed Oct. 23, 1981, effective Nov. 2, 1981, expired Jan. 13, 1982. Amended: Filed Oct. 23, 1981, effective Feb. 11, 1982. Rescinded and readopted: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-15.011, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

**Original authority: 369.129, RSMo 1971, amended 1982, 1994 and 369.249 and 369.299, RSMo 1971, amended 1994.*

4 CSR 140-15.020 Bond

(Rescinded January 30, 1999)

AUTHORITY: section 369.299, RSMo 1994. This rule previously filed as 4 CSR 260-3.020. Original rule filed Sept. 28, 1971, effective Oct. 7, 1971. Amended: Filed July 11, 1979, effective Oct. 12, 1979. Amended: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-15.020, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995. Rescinded: Filed July 9, 1998, effective Jan. 30, 1999.

4 CSR 140-15.040 Subordinated Debt Security

PURPOSE: This regulation permits an association to issue a subordinated debt security for purposes of either borrowing money or increasing the net worth of an association.

Editor's Note: Copies of all referenced federal regulations are available to any interested party at the Division of Finance, Room 630, 301 West High Street, Jefferson City, Missouri or the Office of the Secretary of State at a cost established by state law.

(1) An association, for the purpose of borrowing money or increasing its net worth, may issue subordinated debt securities subject to the conditions and limitations of this regulation and federal laws and regulations. The term "subordinated debt security" shall include any note, bond, debenture or other obligation or security evidencing loans or advances and subordinated on liquidation to

all claims having the same priority as savings accounts or any higher priority.

(2) An association seeking to issue a subordinated debt security shall file with the director one (1) copy of its application for issuance as filed with the appropriate federal regulatory agency. No association shall issue a subordinated debt security unless it has obtained written approval from the appropriate federal regulatory agency. An association shall file with the director a copy of the approval granted by the appropriate federal regulatory agency in connection with the issuance of a subordinated debt security.

(3) An association desiring to issue a subordinated debt security shall comply with the applicable federal regulatory agency regarding securities offerings. The association shall file with the director one (1) copy of any offering circular, amendment, notice, securities sales report or other documents and reports filed with the appropriate federal regulatory agency in connection with the issuance of a subordinated debt security.

(4) An association, the accounts of which are not insured by the appropriate federal regulatory agency shall file its application for issuance of a subordinated debt security solely with the director in the same form and pursuant to the same requirements as would be necessary if the association's accounts were insured by the appropriate federal regulatory agency. Any of these requirements may be waived by the director in the case of an uninsured association as s/he in his/her discretion shall deem prudent and proper.

AUTHORITY: section 369.299, RSMo 1994. This rule previously filed as 4 CSR 260-3.040. Original rule filed April 2, 1973, effective April 11, 1973. Rescinded and readopted: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-15.040, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

**Original authority 1971, amended 1994.*

4 CSR 140-15.050 Mutual Capital Certificates

PURPOSE: This rule allows the issuance of mutual capital certificates by a state-chartered mutual savings and loan association. Those certificates are equity instruments and therefore increase the size of an association's net worth account which in turn affects the rate of deposit growth of the institution and ultimately has a positive impact on the

amount of mortgage funds available for residential lending.

Editor's Note: Copies of all referenced federal regulations are available to any interested party at the Division of Finance, Room 630, 301 West High Street, Jefferson City, Missouri or the Office of the Secretary of State at a cost established by state law.

(1) A mutual association may issue mutual capital certificates, directly to subscribers or through underwriters, as its charter permits subject to applicable federal laws and regulations, provided that the following conditions are met:

(A) The association has provided the director with a copy of the application submitted to the appropriate federal regulatory agency for any issuance of mutual capital certificates;

(B) The association has obtained written approval for the issuance of the mutual capital certificates from the appropriate federal regulatory agency and a copy of the approval has been provided to the director;

(C) The association shall have adopted an amendment to its articles of incorporation in the form set forth in subsection (1)(E). This amendment shall be voted on at a legal meeting of the members of the association called for that purpose where the amendment has been approved by an affirmative vote of a majority of the outstanding eligible members of the association who are present in person or by proxy;

(D) The association shall have obtained the written approval of the director for the amendment to its articles of incorporation pursuant to section 369.059, RSMo and written approval of the director for any supplementary board resolutions pertaining to subsequent issues of mutual capital certificates;

(E) The charter amendment authorizing issuance of mutual capital certificates shall read as follows: "Mutual capital certificates. The association may issue mutual capital certificates pursuant to the rules of the Division of Finance and appropriate federal regulatory agency. Subject to such rules and without the prior approval of the members of the association, the board of directors of the association is authorized, by resolution or resolutions from time-to-time adopted and approved by the director of the Division of Finance, to provide in supplementary sections for the issuance of mutual capital certificates and to fix and state the voting powers, designations, preferences and the relative participating, optional or other special rights of the certificates and the qualifications, limitations and restrictions thereon. Members of the associa-

tion shall not be entitled to pre-emptive rights with respect to the issuance of mutual capital certificates, nor shall holders of such certificates be entitled to pre-emptive rights with respect to any additional issues of mutual capital certificates."'; and

(F) The association shall have complied with the requirements of applicable federal regulations regarding securities offerings. The association shall file with the director one (1) copy of any offering circular, amendment, notice, securities sales report or other documents and reports filed with the appropriate federal regulatory agency in connection with the issuance of mutual capital certificates.

(2) An association, the accounts of which are not insured by the Federal Deposit Insurance Corporation, shall file its application for issuance of mutual capital certificates solely with the director in the same form and pursuant to the same requirements that would be necessary if the association's accounts were insured by the Federal Deposit Insurance Corporation. Any of these requirements may be waived by the director in the case of an uninsured association as s/he in his/her discretion shall deem prudent and proper.

AUTHORITY: sections 369.144 and 369.299, RSMo 1994. This rule previously filed as 4 CSR 260-3.050. Emergency rule filed Jan. 19, 1981, effective Jan. 29, 1981, expired May 10, 1981. Original rule filed Jan. 19, 1981, effective May 11, 1981. Rescinded and readopted: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-15.050, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

**Original authority: 369.144, RSMo 1971, amended 1982, 1983, 1984, 1994 and 369.299, RSMo 1971, amended 1994.*