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**Rules of**  
**Department of Insurance,**  
**Financial Institutions and**  
**Professional Registration**  
**Division 1140—Division of Finance**  
**Chapter 23—Association’s Service Corporations**

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**Title 20—DEPARTMENT OF  
INSURANCE, FINANCIAL  
INSTITUTIONS AND  
PROFESSIONAL REGISTRATION**  
Division 1140—Division of Finance  
Chapter 23—Association's Service  
Corporations

**20 CSR 1140-23.010 Service Corporations**

*PURPOSE: This rule authorizes investments by associations in service corporations, specifies the powers of service corporations and establishes the limitations on and conditions of such investments and powers.*

*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) Definitions. As used in this regulation—

(A) Aggregate outstanding investment means the sum of amounts paid to acquire capital stock or securities and amounts invested in obligations of service corporations less amounts received from the sale of capital stock or securities of service corporations and amounts paid to the association to retire obligations of service corporations. It also includes all nonconforming loans and conforming loans to the extent that they exceed the amounts specified in subsection (4)(B) of this regulation;

(B) Conforming loan means a loan or portion of a loan which an association may make under Chapter 20 except unsecured construction loans. A guarantee or takeout commitment with respect to a loan which could have been made by an association as a conforming loan may be deemed a conforming loan for purposes of this regulation, if the association complies with all requirements for such loans, including appraisal and recordkeeping requirements, as though it were itself making the loan subject to its guarantee or take-out commitment;

(C) Joint venture means any joint undertaking by a service corporation or a wholly-owned subsidiary thereof with one (1) or more persons or legal entities in any form, including a joint tenancy, tenancy in common or partnership and including investment in a corporation other than a wholly-owned subsidiary; and

(D) Subsidiary includes a wholly-owned subsidiary and any joint venture in which a service corporation or wholly-owned subsidiary thereof owns, controls or holds with power to vote more than twenty-five percent

(25%) of the capital stock, is a general partner or is a limited partner and has contributed more than twenty-five percent (25%) of the limited partnership's capital.

(2) General. An association may invest in service corporations organized under the laws of this state, provided that—

(A) The association provides written notification to the director prior to the establishment of the service corporation;

(B) The service corporation's activities, performed directly or through one (1) or more wholly-owned subsidiaries or joint ventures, consist of one (1) or more of the activities set forth in section (3) of this regulation or are otherwise specifically approved by the director subsequent to review of an application;

(C) Approval of the director is obtained before any activity of the service corporation is performed through one (1) or more joint ventures if a director, officer or controlling person of any stockholder of the service corporation has a direct or indirect beneficial interest in the joint venture;

(D) If all of the capital stock is held by fewer than five (5) savings and loan associations, or more than forty percent (40%) of such stock is held by one (1) savings and loan association with a home office in this state, then the consolidated debt outstanding at any one (1) time (to holders of its capital stock and to others) of the service corporation and its subsidiaries may not exceed—

1. Ten (10) times the total of the service corporation's consolidated net worth and its unsecured debt (excluding accounts payable incurred in the ordinary course of business and paid within sixty (60) days) to holders of at least twenty-five percent (25%) of its capital stock; or

2. Twenty (20) times such total if the service corporation is engaged solely in the activities set forth in paragraph (3)(A)1. of this regulation. The consolidated debt of the service corporation and its subsidiaries shall include the entire amount of any obligation of the service corporation or subsidiary resulting from the sale of loans with recourse;

(E) The service corporation must agree in writing to permit and to pay the cost of such examinations as the director deems necessary;

(F) The director may limit service corporation activities or refuse to permit activities, for supervisory reasons; and

(G) Prior approval of the director must be obtained for investment in a service corporation or for investment by a service corporation in a joint venture or subsidiary if the purpose of the investment is to acquire a going

business for an amount exceeding the fair market value of the tangible net assets of that business from a director or officer of an association which owns any of the capital stock of the service corporation or from an entity in which a director or officer of the association has a direct or indirect beneficial interest or is a director, officer, controlling person, partner or trustee.

(3) Permitted Activities. A service corporation in which an association may invest is permitted to engage in activities reasonably related to the activities of associations as the director may approve. Applications for approval to engage in such activities shall be made to the director. In addition, a service corporation may engage in the following activities without prior approval:

(A) Loans. Originating, investing in, selling, purchasing (including purchasing participations in), servicing or otherwise dealing in (including brokerage or warehousing) any of the following:

1. Loans and participations in loans on a prudent basis and secured by real estate or liens on manufactured homes;

2. Loans and participations in loans, with or without security, for altering, repairing, improving, equipping or furnishing real estate;

3. Loans and participations in loans for business purposes secured in part by real estate and insured or guaranteed by an agency of the United States;

4. Educational loans and participations therein;

5. Consumer loans, including loans for inventory financing, floor planning and leasing and participations therein;

6. Loans to finance insurance premiums secured by the unearned premiums of such policy of insurance; and

7. Commercial loans and participations therein provided, that such commercial loans, not secured by real estate, together with commercial loans made by the parent association do not exceed fifteen percent (15%) of the assets of the parent. Where a service corporation is owned by more than one (1) association, each parent for purposes of this calculation shall include a portion of the subsidiary's commercial loans in the proportion of that parent's investment in the service corporation;

(B) Services Primarily for Financial Institutions. Performing any of the following services, primarily for financial institutions:

1. Credit analysis, appraising, construction loan inspection and abstracting;



2. Developing and administering personnel benefit programs, including life insurance, health insurance and pension or retirement plans;

3. Research, studies and surveys;

4. Developing and operating storage facilities for microfilm or other duplicate records;

5. Advertising, brokerage and other services to procure and retain both savings accounts and loans, but not pooling savings accounts or soliciting or promoting pooled savings accounts;

6. Serving as escrow agent or as trustee under deeds of trust, including executing and delivering conveyances, reconveyances and transfers of title;

7. Providing liquidity management, investment, advisory and consulting services;

8. Providing clerical, accounting and internal auditing services;

9. Establishing, owning, leasing, operating or maintaining remote service units; and

10. Purchase of office supplies, furniture and equipment;

(C) Real Estate Services.

1. Maintaining and managing real estate, including real estate used for agricultural purposes;

2. Managing owners' associations for condominium, cooperative, planned unit development or other rental real estate projects;

3. Providing home ownership and financial counseling;

4. Providing relocation services;

5. Providing real estate brokerage services for property owned by an association, its service corporation or by others;

6. Acquiring real estate for prompt development or subdivision, for construction of improvements, for resale or leasing to others for such construction or for use as manufactured home sites, provided that any development, subdivision and construction of improvements is to be completed within eleven (11) years after acquisition of the real estate, unless such period is extended by the director upon written application by the service corporation, which application shall be supported by information evidencing that the service corporation will proceed or has proceeded in accordance with a prudent development plan and has not caused undue delay in the completion of construction, and provided further that acquisition of an option to purchase is not an acquisition for the purpose of determining the periods provided for in this paragraph;

7. Acquiring improved real estate or manufactured homes to be held for rental or resale or for remodeling, renovating or

demolishing and rebuilding for sale or rental; and

8. Acquiring, maintaining and managing real estate (improved or unimproved) to be used for offices and related facilities of a stockholder of the service corporation or for such offices and related facilities and for rental or sale, if such acquisition, maintenance and management is performed under a prudent program of property acquisition to meet either the stockholder's present needs or reasonable future needs for office and related facilities provided that, without prior approval of the director, no service corporation shall acquire such real estate if, as a result of the acquisition, the outstanding aggregate book value of all such real estate owned by the stockholder and its service corporations would exceed its consolidated net worth;

(D) Other Investments.

1. Making investments in securities and in corporations or partnerships authorized by Title IX of the Housing and Urban Development Act of 1968;

2. Investing in any savings accounts in any insured association, provided that the service corporation receives no consideration, other than interest at the current market rate, for opening or maintaining any such account;

3. Investing in the capital stock or in the accounts of an interim association that has been chartered solely for the purpose of becoming a constituent in a merger that will result in the acquisition of a stock association by a savings and loan holding company or by a company which will, after the acquisition, be a savings and loan holding company;

4. Investing in tax-exempt bonds of state governments or political subdivisions thereof used to finance residential real property for family units and issued pursuant to section 103 of the *Internal Revenue Code*, and tax-exempt obligations of public housing agencies used to finance housing projects with rental assistance subsidies and issued pursuant to section 11(b) of the United States Housing Act of 1937;

5. Investing in the capital of a small business investment company or minority enterprise small business investment company licensed pursuant to section 301(d) of the Small Business Investment Act of 1958 by the United States Small Business Administration to invest in small businesses engaged exclusively in the activities listed in subsections (3)(A)–(E) of this regulation;

6. Engaging in interest rate futures transactions and financial options trading subject to the provisions of 4 CSR 140-21.031, but not subject to any notification requirements therein; and

7. Making investments to the same extent as authorized for associations in 4 CSR 140-21.021;

(E) Other Services.

1. Preparing state and federal tax returns for individuals or other entities;

2. Serving as insurance broker or agent, or serving as agent for the procurement of judicial bonds (other than bail bonds), fidelity bonds and surety bonds, and organizing, purchasing or owning insurance companies either solely or with others for liability, casualty, credit, automobile, life, health, accident or title insurance, including reinsurance, but not private mortgage insurance;

3. Providing fiduciary services upon application to the director pursuant to 4 CSR 140-27.010;

4. Issuing notes, bonds, debentures or other obligations or securities;

5. Issuing credit cards, extending credit in connection therewith and otherwise engaging in or participating in credit card operations;

6. Acquiring personal property, including office equipment, for the purpose of selling or leasing such property or obtaining an assignment of a lessor's interest in a lease of such property;

7. Providing data processing services to the extent permitted to the parent association;

8. Issuing letters of credit;

9. Serving as broker, dealer or exchange for the sale, purchase or transfer of loans authorized for service corporations or any negotiable instrument or evidence of indebtedness for which the security is such loans, in accordance with other provisions of law;

10. Offering for sale and selling debt instruments secured by loans authorized for service corporations held for the account of the service corporation, in accordance with other provisions of law;

11. Making political contributions as otherwise authorized by law;

12. Engaging in the conduct of a safe deposit vault business;

13. Engaging in the conduct of a money market fund;

14. Acting as securities dealer and to conduct stock, bond and security business;

15. Serving as an agent for collection of funds due any utility as otherwise authorized by law; and

16. Purchasing and selling gold coins minted and issued by the United States Treasury; and

(F) Activities reasonably incident to those listed in subsections (3)(A)–(E) of this regulation.



## (4) Amount of Investment.

(A) An association may invest in the capital stock, obligations or other securities of service corporations provided that its aggregate outstanding investment does not exceed twenty percent (20%) of the association's assets.

(B) In addition to amounts which it may invest under subsection (4)(A) of this regulation, an association that meets the minimum net worth requirement for that association as set forth in applicable federal regulations may lend additional amounts as follows:

1. An amount not to exceed net worth may be invested in conforming loans and functionally equivalent leases made to each service corporation of which the association owns or holds with power to vote not more than ten percent (10%) of the capital stock and to each joint venture, in which a service corporation of which the association is a stockholder, including subsidiaries of such service corporation, owns or holds with power to vote not more than a total of ten percent (10%) of the capital stock or is a limited partner and has contributed not more than ten percent (10%) of such joint venture's capital; and

2. An aggregate outstanding amount not to exceed fifty percent (50%) of net worth may be invested in conforming loans and functionally equivalent leases to all service corporations in which the association owns more than ten percent (10%) of the capital stock and to all joint ventures in which service corporations in which the association is a stockholder, including subsidiaries of such service corporations, own or hold with power to vote more than a total of ten percent (10%) of the capital stock or are partners.

(C) The limitation in subsection (4)(A) of this regulation does not apply to conforming loans to any service corporation in which the lending association does not have any investment made under authority of this regulation or to conforming loans to a statewide service corporation in which—

1. All of the capital stock is available for purchase by, and only by, any and all savings and loan associations with a home office in such state;

2. No savings and loan association owns, or may own, more than ten percent (10%) of the service corporation's outstanding capital stock, except that in any state in which the home offices of fewer than fifteen (15) savings and loan associations are located, no association owns or may own more than one-third (1/3) of such stock; and

3. Every eligible savings and loan association may own an equal amount of capital stock or may, on such uniform basis as the

service corporation may determine, own an amount of such stock equal to a stated percentage of its assets or savings capital at the time the stock is purchased, but capital stock outstanding on December 31, 1964, may be disregarded in determining compliance with this requirement.

(D) The loans-to-one-borrower limitations of applicable federal regulations shall not apply to loans to a service corporation.

(5) Disposal of Investment. Whenever a service corporation, including any subsidiary thereof, engages in an activity which is not permissible for, or exceeds limitations on, a service corporation in which an association may invest or whenever the capital stock ownership requirements of this regulation are not met, an association having an interest in the corporation, including any of its subsidiaries, shall dispose of its investment promptly unless, within ninety (90) days after the director mails written notice to the association, the impermissible activity is discontinued, the limitation is complied with or the capital stock ownership requirements are met.

*AUTHORITY: sections 369.219 and 369.299, RSMo 1994. \* This rule originally filed as 4 CSR 260-11.010. This rule previously filed as 4 CSR 140-23.010. Original rule filed Sept. 28, 1971, effective Oct. 8, 1971. Amended: Filed Dec. 22, 1975, effective Dec. 31, 1975. Rescinded and readopted: Filed July 14, 1978, effective Nov. 13, 1978. Amended: Filed June 12, 1981, effective Sept. 11, 1981. Rescinded and readopted: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-23.010, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995. Moved to 20 CSR 1140-23.010, effective Aug. 28, 2006.*

*\*Original authority: 369.219, RSMo 1971, amended 1983, 1989, 1994 and 369.299, RSMo 1971, amended 1994.*

## 20 CSR 1140-23.020 Foreign Service Corporation

*PURPOSE: A foreign service corporation, chartered by another state, shall obtain approval of the director prior to commencing business in the state of Missouri and shall agree to be subject to examination by the Division of Finance.*

(1) A foreign service corporation, for purposes of this regulation, shall include any corporation incorporated in a state other than Missouri, more than half of whose stock is

owned, directly or indirectly, by one (1) or more savings and loan associations.

(2) A corporation which desires to conduct the business of a foreign service corporation in Missouri shall first obtain the approval of the director. Application for such approval shall be in the form required by the director. An application fee of one hundred dollars (\$100), made payable to the director of revenue, shall accompany any application for approval filed with the director. Such application fee will be processed only if approval is granted by the director.

(3) The corporation shall be subject to examination by the Division of Finance. As a condition of the approval required, the corporation shall execute and file with the director a written agreement that the corporation will permit and pay the cost of such examination of the corporation by the office of the state director as the office of the state director from time-to-time considers necessary. The purpose of such examination shall be to determine whether the corporation is complying with the laws and regulations of the state of Missouri.

*AUTHORITY: section 369.299, RSMo 1994. \* This rule originally filed as 4 CSR 260-11.020. This rule previously filed as 4 CSR 140-23.020. Original rule filed Nov. 16, 1973, effective Nov. 26, 1973. Amended: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-23.020, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995. Moved to 20 CSR 1140-23.020, effective Aug. 28, 2006.*

*\*Original authority: 369.299, RSMo 1971, amended 1994.*

## 20 CSR 1140-23.030 Finance Subsidiaries

*PURPOSE: This regulation authorizes associations to establish finance subsidiaries whose sole purpose is to issue debt or equity securities and remit the proceeds of such issuances to the 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) Definitions. As used in this regulation—

(A) Assets collateralizing means any assets of a finance subsidiary securing, pledged to



or committed to a securities issuance by a finance subsidiary;

(B) As used in this regulation—

1. Assets transferred or transferring assets means assets of or liabilities issued by a parent association that are transferred or made available by such association to a finance subsidiary. Assets transferred include guarantees of a finance subsidiary's securities issuances by its parent association.

2. For the purpose of calculating the thirty percent (30%) aggregate and two hundred and fifty percent (250%) per-issuance transfer limitations set forth in paragraphs (3)(A)1. and 2., respectively, of this regulation, assets transferred by an association to a finance subsidiary include:

A. Assets or liabilities used to capitalize a finance subsidiary, to collateralize an issuance of securities by an established finance subsidiary or to maintain collateral levels for any security issued by a finance subsidiary;

B. Any guarantee issued by a parent association with respect to the securities issued by a finance subsidiary or any collateral for such guarantee as provided in subsection (3)(D) of this regulation;

C. Any portion of the proceeds of a securities issuance by a finance subsidiary held by a finance subsidiary for collateral maintenance, fee payment or other necessary expenses related to the securities issuance or collateralizing assets; and

D. Any assets or liabilities received by a finance subsidiary from its parent association by or after remitting to the parent association the proceeds of a securities issuance by such finance subsidiary. The remittance of proceeds of a securities issuance to a parent association by any method, including those set out in section (5) of this regulation, shall not decrease the amount of assets transferred for the purposes of paragraphs (3)(A)1. or 2. of this regulation; and

(C) Finance subsidiary means an association's subsidiary subject to the provisions of this regulation whose sole purpose is to issue securities that the association is authorized to issue directly (or, if the parent association is a mutual association, would be authorized to issue if it converted to the stock form) and to remit the net proceeds of such securities issuances to its parent association.

(2) Establishment of Finance Subsidiaries. An association may establish one (1) or more finance subsidiaries as defined in subsection (1)(C) of this regulation. Prior to the establishment of any finance subsidiary, the board of directors of the association shall, by reso-

lution, vote to authorize the creation of a finance subsidiary in furtherance of a written business plan to reduce interest rate risk and to control credit risk and shall agree to make the books and records of its finance subsidiary available to the director. The board of directors of an association shall be responsible for monitoring the use of all proceeds obtained through the issuance of securities by the finance subsidiary and shall ensure compliance with the business plan pursuant to which the finance subsidiary was established.

(3) Transactions Between a Parent Association and its Finance Subsidiaries.

(A) An association may provide the capital to establish one (1) or more finance subsidiaries by transferring assets to such a finance subsidiary provided that—

1. The aggregate current book value of all assets transferred by an association to a finance subsidiary shall not, without the prior written approval of the director, exceed thirty percent (30%) of the current book value of the association's total assets determined as of the date of any transfer of assets; and

2. The aggregate current market value of all assets transferred shall not, without the prior written approval of the director, exceed the amount necessary and customary for the issuance of the type of securities to be issued by a finance subsidiary (which may be the amount required by the rating criteria of a nationally recognized investment rating service) or two hundred and fifty percent (250%) of the gross proceeds of a finance subsidiary's securities issuance, whichever is less.

(B) A finance subsidiary shall not be consolidated with its parent association for purposes of calculating the net-worth requirement of the parent association pursuant to applicable federal regulations.

(C) An association may guarantee any securities issued by its finance subsidiary, provided that the guarantee shall not exceed the sum of the unpaid principal balance, any accrued but unpaid interest, any redemption premium and any post-default interest on such securities, and provided further, that the guarantee shall provide that the assets collateralizing the payment of such securities of the finance subsidiary shall be exhausted before recourse may be had to the guarantee.

(D) If a guarantee of a finance subsidiary's securities by its parent association is collateralized or if a liability issued by a parent association to its finance subsidiary is collateralized, then the greater of the face amount of such guarantee or liability or the current book value of the collateral shall be included in the total amount of assets transferred by a

parent association under the limitation of paragraph (3)(A)1. of this regulation. The greater of the face amount of such guarantee or liability or the market value of the collateral shall be included in the total amount that may be transferred by a parent association under the limitation of paragraph (3)(A)2. of this regulation.

(E) The amount of assets transferred (as defined in subsection (1)(B) of this regulation) by an association to a finance subsidiary shall not be subject to the loans-to-one-borrower limitations imposed by applicable federal regulations.

(4) Issuance of Securities by Finance Subsidiaries.

(A) A finance subsidiary of an association may issue, either directly or through a third party intermediary, any security that its parent association is authorized to issue (or, if the parent association is a mutual association, would be authorized to issue if it converted to the stock form), subject to the provisions of this regulation.

(B) A finance subsidiary shall not issue or deal in the deposits or savings accounts of its parent association or state or imply that securities issued by it are insured by the Federal Deposit Insurance Corporation.

(C) A finance subsidiary shall not issue any security the payment, maturity or redemption of which may be accelerated upon the condition that its parent association is insolvent or has been placed into receivership.

(D) Voting Stock of Finance Subsidiary.

1. An association providing capital to a finance subsidiary shall own one hundred percent (100%) of the finance subsidiary's outstanding voting common stock. An association shall not transfer or otherwise assign any interest in its finance subsidiary's common stock to any other person or entity without the prior written approval of the director.

2. A finance subsidiary may provide for voting rights for holders of preferred stock in the manner, for the time period and to the extent customary to protect the rights of such preferred stockholders, provided that upon the expiration of any event giving rise to the exercise of such voting rights, such rights shall be vested exclusively as provided in paragraph (4)(D)1. of this regulation. Such events include, without limitation, the following:

A. The finance subsidiary fails to pay dividends for at least one (1) dividend period;

B. Authorization is sought for any merger, consolidation or reorganization of the finance subsidiary or its parent association (except in a supervisory case) in which the



issuing finance subsidiary or its parent association is not the survivor and the net worth of the resulting finance subsidiary or parent association available for payment of any class of preferred stock is less than the net worth available for such class prior to the merger, consolidation or reorganization;

C. Authorization is sought to create a class of preferred stock having a preference or priority over an outstanding class or classes of preferred stock;

D. Authorization is sought for any action that would adversely change the specific terms of a class of preferred stock;

E. Authorization is sought to increase the number of shares of a class of preferred stock; and

F. Authorization is sought for the issuance of an additional class or classes of preferred stock without the finance subsidiary having met specified financial standards.

(5) Transfer of Proceeds of the Issuance of Securities. All proceeds from the issuance of any security by a finance subsidiary, net of the reasonable costs (including any proceeds held in the subsidiary for collateral maintenance, fee payment or any other necessary expenses related to the finance subsidiary's securities issuances or collateralizing assets) associated with the issuance of securities by the finance subsidiary and the organization of the finance subsidiary, shall be remitted to the finance subsidiary's parent association. Such remittance may be made by the payment of dividends on the common stock issued by a finance subsidiary to its parent; by a redemption of the common stock issued by the finance subsidiary to its parent association; by the repayment of any loan made by the parent to the finance subsidiary as part of the capitalization of the subsidiary; or by the purchase of assets of, or liabilities issued by, the parent association (subject to the limitations of subsection (3)(A) of this regulation on the aggregate and per-issuance transfers by a parent association to a finance subsidiary) provided that, any capital stock (common or preferred), mutual capital certificate, subordinate debt or any other security that would otherwise be considered to be regulatory net worth as defined in applicable federal regulations shall not, if issued by the parent association to its finance subsidiary, be included in the parent association's regulatory net worth unless no assets of the parent association have been transferred to the finance subsidiary, the transaction transfers the risk of equity ownership to parties other than the finance subsidiary or any insured institution and the director approves the

transaction. The remittance of proceeds to a parent association by any method shall not reduce the amount of assets transferred to a finance subsidiary for purposes of the transfer limitations of subsection (3)(A) of this regulation.

(6) Notification to the Director.

(A) Prior to the establishment of any finance subsidiary, the transfer of any additional assets to an existing finance subsidiary, or the issuance of any additional securities by an existing finance subsidiary, the board of directors of the parent association, or a duly authorized executive committee, shall submit written notification to the director specifying—

1. The name of the finance subsidiary;
2. The jurisdiction of incorporation of the finance subsidiary;
3. The amount of assets of the parent association to be transferred (including the terms of any guarantee to be issued by the association or any affiliate of the association); the current book value of all such assets previously transferred to the finance subsidiary; and the amount representing thirty percent (30%) of the current book value of the parent association's total assets; and
4. When known and to the extent permitted by the Securities Act of 1933.

A. A description of the securities to be issued by the finance subsidiary, including the term;

B. The aggregate amount of the securities issuance; the anticipated amount of gross proceeds of the securities issuance; and the current market value of assets collateralizing the securities issuance;

C. The anticipated interest or dividend rates and yields, or the range, and the frequency of payments on the finance subsidiary's securities;

D. The minimum denomination of the finance subsidiary's securities; and

E. Where the finance subsidiary intends to market the securities.

(B) Within ten (10) days after the issuance of any securities through a finance subsidiary, its parent association shall send to the director written notification and a copy of any prospectus, offering circular or other similar document concerning such an issuance of securities.

(C) Prior Approval of the Director.

1. Any association that fails to meet its net-worth requirement, as provided in applicable federal regulations, or that is operating under any supervisory agreement, shall not establish a finance subsidiary, transfer assets to an existing finance subsidiary or issue additional securities through an existing

finance subsidiary without the prior written approval of the director. To obtain the written approval of the director, the board of directors of the association or an authorized executive committee shall submit a written application containing the information specified in subsection (6)(A) of this regulation, as well as any additional information required by the director.

2. Within ten (10) days of the filing of an application specifically designated as filed pursuant to paragraph (6)(C)1. of this regulation or any additional information by an association subject to such paragraph, the director shall notify the applicant in writing either that all information required has been filed or that additional specified information must be filed. If the director does not act on the application within thirty (30) days of the date of written notice that all required information has been filed, such application shall be deemed to be approved.

3. The director shall approve the application of an association, subject to the requirements of paragraph (6)(C)1. of this regulation, unless the director finds that the establishment and operation of a finance subsidiary, the transfer of assets to an existing finance subsidiary or the issuance of additional securities by an existing finance subsidiary is likely to affect adversely the financial condition or the safe and sound operation of the parent association. An adverse determination made by the director may be challenged by filing, within fifteen (15) days after notice of the director's decision is mailed, a notice of appeal as provided for in section 369.319, RSMo.

(7) Examination of Finance Subsidiaries. A finance subsidiary shall agree in writing to permit and to facilitate examinations and to pay any costs of such examinations as the director and the appropriate federal agency may deem necessary or appropriate.

*AUTHORITY: sections 369.144 and 369.299, RSMo 1994. \* This rule originally filed as 4 CSR 260-II.030. This rule previously filed as 4 CSR 140-23.030. Emergency rule filed May 15, 1985, effective May 25, 1985, expired Sept. 22, 1985. Original rule filed May 24, 1985, effective Aug. 26, 1985. Rescinded and readopted: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-23.030, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995. Moved to 20 CSR 1140-23.030, effective Aug. 28, 2006.*

*\*Original authority: 369.144, RSMo 1971, amended 1982, 1983, 1984, 1989, 1994 and 369.299, RSMo 1971, amended 1994.*