RULES OF

Department of Commerce and Insurance

Division 1140—Division of Finance

Chapter 2—Banks and Trust Companies

TITLE 20 — DEPARTMENT OF COMMERCE AND INSURANCE
Division 1140 — Division of Finance
Chapter 2 — Banks and Trust Companies

20 CSR 1140-2.020 Legal Reserves
(Rescinded September 30, 2021)

AUTHORITY: sections 361.105, RSMo 1986 and 362.105.3, RSMo Supp. 1992. This rule originally filed as 4 CSR 140-2.020. Emergency rule filed Sept. 26, 1980, effective Nov. 1, 1980, expired Feb. 28, 1981. Original rule filed Sept. 26, 1980, effective Feb. 28, 1981. Moved to 20 CSR 1140-2.020, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.030 Agricultural Credit Corporation
(Rescinded September 30, 2021)

AUTHORITY: sections 361.105, RSMo 1986, 362.105.3, RSMo Supp. 1992 and 362.170, RSMo Supp. 1989. This rule originally filed as 4 CSR 140-2.030. Original rule filed July 15, 1981, effective Oct. 15, 1981. Moved to 20 CSR 1140-2.030, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.035 Purchase of Federal Home Loan Bank Stock by State-Chartered Banks
(Rescinded September 30, 2021)

AUTHORITY: section 362.105.3, RSMo Supp. 1992. This rule originally filed as 4 CSR 140-2.035. Original rule filed April 16, 1991, effective Aug. 30, 1991. Moved to 20 CSR 1140-2.035, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.040 Reserve Requirements/Unimpaired Capital
(Rescinded September 30, 2021)

AUTHORITY: sections 361.105, RSMo 1986 and 362.170, RSMo Supp. 1989. This rule originally filed as 4 CSR 140-2.040. Original rule filed Aug. 15, 1983, effective Nov. 11, 1983. Amended: Filed Aug. 18, 1987, effective Nov. 12, 1987. Moved to 20 CSR 1140-2.040, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.050 Disposition of Credit Insurance Income

PURPOSE: The practice in state-chartered banks where persons or entities other than the bank receive compensation for the sale of credit life or credit accident and health insurance can be an unsafe and unsound banking practice in that it tends to erode the fiduciary relationship between that person or entity and the bank, encourages the making of loans which are imprudent and may lead to undue pressuring of borrowers to purchase insurance. This rule assures that the bank receives the benefit from the sale of credit life or credit accident and health insurance to loan customers.

(1) Definitions.
(A) Bank means a state-chartered bank or trust company.
(B) Interest shall include:
1. Ownership through a spouse or minor child(ren);
2. Ownership through a broker, nominee or agent; or
3. Ownership through a corporation, partnership, association, joint venture or proprietorship controlled by a director, officer, employee or principal shareholder of the bank.
(C) Principal shareholder means any share holder who, directly or indirectly, owns or controls an interest of more than five percent (5%) in the bank's outstanding shares.
(D) The terms officer, director, employee and principal shareholder shall include the spouse and minor child(ren) of that officer, director, employee or principal shareholder.

(2) Distribution of Credit Life and Credit Accident and Health Insurance Income.
(A) Except as provided in subsection (2)(B) of this rule, no bank employee, officer, director or principal shareholder may retain or receive commissions or other income from the sale of credit life or credit accident and health insurance in connection with any loan made by the bank, nor receive or retain any bonus, salary, premium or other compensation contingent upon sales of credit life or credit accident and health insurance. This income must be paid directly to the bank or trust company, to a trust of which the beneficiaries are entitled to share the proceeds in exact proportion to their ownership of the bank or trust company, to a holding company which owns all of the stock of the bank of trust company except for directors' qualifying shares or to an affiliate of that bank which is also wholly owned by the bank's holding company.
(B) Notwithstanding the prohibition contained in subsection (2)(A), bank employees and officers may participate in a bonus or incentive plan under which payments based on credit life insurance sales are made in cash or in kind out of the bank's funds not more frequently than quarterly and in an amount not exceeding in any one (1) year, five percent (5%) of the recipient's annual salary. Alternatively, bonuses paid to any one (1) individual during the year for credit life sales may not exceed five percent (5%) of the average salary of all loan officers participating in the plan and may not be paid more frequently than quarterly. All compensation under this rule shall be by board resolution which shall contain sufficient detail to permit a determination that the limits of this rule have not been exceeded. Copies of this resolution(s) shall be maintained separately for review by the Division of Finance.

(3) Responsibilities of Directors. The selection of an insurance company and the agreements between the company and the bank shall be approved by an appropriate resolution of the bank's board of directors.

AUTHORITY: section 361.105, RSMo 1986. This rule originally filed as 4 CSR 140-2.050. Original rule filed July 15, 1981, effective Jan. 1, 1982. Amended: Filed Feb. 25, 1986, effective June 1, 1986. Moved to 20 CSR 1140-2.050, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967.*

20 CSR 1140-2.051 Insurance Agencies Operated by State-Chartered Banks

PURPOSE: National banks in places with populations of five thousand persons or fewer are permitted by virtue of the National Banking Act to operate insurance agencies which can sell all types of insurance. State-chartered banks have not been given specific authority for this activity leaving them at a competitive disadvantage especially where state and national banks occupy

the same place with populations of five thousand persons or fewer. Expanding the authority will serve the public by providing convenient insurance services at competitive prices. This rule also clarifies permissible insurance-related activities for banks located in places with populations over five thousand. Section 362.105, RSMo explicitly empowers the director of finance, with the approval of the State Banking Board, to issue rules granting powers and authorities to state-chartered banks which would give competitive equality with federally-chartered institutions. This rule authorizes insurance agencies in state-chartered banks on the same basis as national banks are authorized.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) State-chartered banks or their facilities in any place having a population of five thousand (5,000) persons or fewer according to the last decennial census are authorized to operate insurance agencies to the extent national banks are so authorized by 12 U.S.C. 92.

(2) A state-chartered bank may lease a portion of its premises to insurance agents or agencies. Where the lease involves an officer, director, employee affiliate or principal shareholder as defined in 4 CSR 140-2.050, those lease arrangements may not be for a period longer than one (1) year and must provide reasonable compensation to the bank; a minimum of twenty percent (20%) of the commissions generated shall be considered reasonable. A full accounting of the calculation of that compensation must be made to and approved by the bank's board of directors at the board's organization meeting following the annual stockholders' meeting; the details of the compensation, including gross commissions received by the agency, the portion received by the bank as compensation, and any fees or other payments made by the agency to the officers, directors, and principal shareholders, shall be entered into the board's minutes and disclosed to the shareholders at the annual shareholders' meeting.

(3) Income from the sale of any credit-related insurance shall be treated as though it were income from the sale of credit life insurance according to 4 CSR 140-2.050.

AUTHORITY: sections 361.105, RSMo 1986 and 362.105, RSMo Supp. 1992. This rule originally filed as 4 CSR 140-2.051. Original rule filed June 12, 1984, effective Nov. 11, 1984. Moved to 20 CSR 1140-2.051, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967; 362.105, RSMo 1939, amended 1949, 1963, 1965, 1967, 1977, 1983, 1986, 1990, 1991, 1992.*

20 CSR 1140-2.053 Fees Per Section 408.052, RSMo
(Rescinded September 30, 2021)

AUTHORITY: sections 361.105, RSMo 1986 and 408.052, RSMo Supp. 1989. This rule originally filed as 4 CSR 140-2.053. Original rule filed June 12, 1990, effective Nov. 30, 1990. Moved to 20 CSR 1140-2.053, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.055 Purchase of Bank Owned Life Insurance

PURPOSE: The Division of Finance routinely receives inquiries about the purchase of life insurance. Some bankers indicate they have considered purchasing life insurance policies and treating the cash surrender value as a significant portion of the bank's capital account. A bank may, within the bank's incidental powers, purchase life insurance reasonably related to a legitimate bank interest. A bank may not purchase life insurance for investment purposes. This rule sets guidelines for the purchase of bank owned life insurance.

(1) The powers and authorities of banks and trust companies (bank) are set out in section 362.105, RSMo. This statute is specific in the type of investments authorized by banks and it does not include the purchase of life insurance for the bank's own account as an investment. Accordingly, any purchase of insurance is allowed only if it is within the incidental powers of a bank or it is reasonably related to a legitimate bank interest such as the interest in protecting itself against loss.

(2) A bank may purchase life insurance to indemnify itself against the loss of key management personnel. The amount of insurance purchased must be reasonable in relation to the size and needs of the bank. Also, the board of directors must document the basis upon which it determines who qualifies to be covered by the insurance. The board must document the basis for determining the amount of insurance needed to indemnify the bank against the death of each individual. The bank must document and be able to demonstrate an insurable interest and a legitimate insurance need when insuring a key person. The authority to hold such a policy lapses if, because of a change in employment status or responsibilities, the individual is no longer considered a key person.

(3) A bank may purchase life insurance in conjunction with providing employee compensation and benefits or when the insurance is paid in part to the bank and to the employee, which is commonly referred to as split dollar insurance. A bank may also purchase life insurance in connection with an employee compensation and benefit plan. The bank's funding obligation must be reasonable and the projected cash flow from a life insurance policy must not substantially exceed the projected liabilities to fund the compensation or benefit program. Such life insurance policies may be held only so long as the bank's liability under the associated compensation or benefit plan continues.

(4) A bank may purchase, at the bank's expense, insurance on the life of a borrower to protect its interest in the event of the death of the borrower. The maximum amount of insurance should not exceed the principal balance of the borrower's obligation. Similarly, a bank may take security interest in an existing policy. In no event may the bank's decision to make a loan be based on the availability of the insurance proceeds for repayment of the loan.

(5) Accounting for bank owned life insurance policies must be consistent with the requirements of generally accepted

accounting principles. However, in no event may a bank carry the value of that policy as an asset on its books in an amount which exceeds the current cash surrender value of the policy.

(6) The cash surrender value of the policy represents funds due from a corporation and therefore may not exceed the limit on loans to one (1) borrower set by section 362.170, RSMo. The legal loan limit also will apply to the aggregate book value of all policies, including subsequent earnings, which are purchased from the same company. The bank should examine the financial condition of the insurance company before purchasing the policy and maintain access to and periodically review recent financial statements of the insurance company. Finally, if the aggregate cash surrender value of all these policies owned by the bank is large in relation to the bank's total capital account, these amounts will be considered a concentration of credit.

AUTHORITY: sections 361.105, RSMo 2000 and 362.105, RSMo Supp. 2001. This rule originally filed as 4 CSR 140-2.055. Original rule filed Aug. 22, 1991, effective Feb. 6, 1992. Amended: Filed Jan. 16, 2003, effective Aug. 30, 2003. Moved to 20 CSR 1140-2.050, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967, amended 1993, 1994, 1995 and 362.105, RSMo 1939, amended 1949, 1963, 1965, 1967, 1977, 1983, 1986, 1990, 1991, 1992, 1995, 2000, 2001.*

20 CSR 1140-2.060 Investment in Fixed Assets
(Rescinded September 30, 2021)

AUTHORITY: sections 361.105, 362.170 and 362.105, RSMo Supp. 1995. This rule originally filed as 4 CSR 140-2.060. Original rule filed Dec. 10, 1981, effective April 1, 1982. Amended: Filed Sept. 15, 1995, effective March 30, 1996. Moved to 20 CSR 1140-2.060, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.065 Bank Investment in Real Estate Development Corporations

PURPOSE: Senate Bill 52 was approved by the governor and took effect on September 28, 1985. The bill amended section 362.106, RSMo to permit banks and trust companies to make certain investments in real estate development corporations. This rule establishes guidelines under section 362.106, RSMo which permit banks and trust companies to make certain investments in real estate development corporations and clarifies unclear provisions of the law.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) For purposes of this rule, a real estate development corporation (REDC) shall mean any corporation whose activities are limited to managing or owning agricultural property, subdividing and developing real property and building residential housing or commercial improvements on that property and owning, renting, leasing, managing, operating for income and selling property which the REDC has developed and improved.

(2) A bank may invest in the stock of an REDC; provided –

(A) Within thirty (30) days of investing, the bank advises the office of the commissioner of finance of the name of the REDC, the amount of this investment and related loans, lines of credit and guarantees and the location and general description of the principal projects of the REDC;

(B) The REDC shall not engage in a joint venture with any executive officer or principal shareholder of the bank or any related interest of the bank as those terms are defined in Regulation O of the Federal Reserve Board (12 CFR 215);

(C) The bank's total of investments and extensions of credit in all REDCs shall not exceed five percent (5%) of the bank's assets;

(D) The bank's total equity investment in any one (1) real estate project shall not exceed twenty percent (20%) of its unimpaired capital; for purposes of this subsection, the investments in all REDC joint ventures on a given project shall be aggregated;

(E) The real estate owned by the REDC shall be located – 1) in the same county or a county adjoining that county where the main banking house of the bank is located or 2) in the bank's local community as defined by the Community Reinvestment Act (12 U.S.C. 2901); provided, however, that this real estate may be located anywhere in Missouri or in any state adjoining Missouri with the prior approval of the director of the Division of Finance; and

(F) The REDC shall obtain proper documentation and perfected security interests on all projects.

(3) Subject to the provisions of section (4) of this rule, a bank may extend credit up to its legal loan limit to each REDC in which it has invested.

(4) Extensions of credit by a bank to an REDC shall be subject to the attribution and aggregation rules contained in 4 CSR 140-2.080.

(5) A bank's investment in an REDC will be subject to the same review standards as any other investment. Examiners will be reviewing for solvency of the corporation and all other factors which might be pertinent to determining the value of the investment.

AUTHORITY: sections 361.105, RSMo 1986, 362.106, RSMo Supp. 1990 and 362.170, RSMo Supp. 1989. This rule originally filed as 4 CSR 140-2.065. Original rule filed Aug. 2, 1985, effective Oct. 11, 1985. Amended: Filed June 12, 1990, effective Nov. 30, 1990. Moved to 20 CSR 1140-2.065, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967; 362.106, RSMo 1981, amended 1985, 1990; and 362.170, RSMo 1939, amended 1941, 1943, 1945, 1959, 1963, 1967, 1977, 1983, 1985, 1986, 1989.*

20 CSR 1140-2.067 Community Development Corporations
(Rescinded September 30, 2021)

AUTHORITY: sections 361.105, RSMo 2000 and 362.105.1, RSMo Supp. 2001. This rule originally filed as 4 CSR 140-2.067. Emergency rule filed May 20, 1992, effective June 1, 1992, expired Sept. 29, 1992. Emergency rule filed Sept. 10, 1992, effective Sept. 29, 1992, expired Jan. 26, 1993. Emergency rule filed Jan. 15, 1993, effective Jan. 27, 1993, expired May 8, 1993. Original rule filed July 30, 1992,

effective Feb. 26, 1993. Amended: Filed Feb. 15, 2002, effective Aug. 30, 2002. Moved to 20 CSR 1140-2.067, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.070 Accounting for Other Real Estate

PURPOSE: This rule requires banks and trust companies to account for other real estate in a manner that conforms to generally accepted accounting principles and sets forth when such real estate must be appraised.

(1) For the purposes of this rule, other real estate shall include real property which is purchased by the bank under judicial or nonjudicial foreclosure where the real property was security for debts previously contracted, which is purchased by the bank to protect its interest in debts previously contracted, which is acquired by the bank in partial or complete satisfaction of debts previously contracted, or which is owned by the bank and which has been, but is no longer, used or intended to be used as bank premises.

(2) Other real estate should be booked or accounted for at the lower of – a) the book value of the real estate (or the loan to which it is attributable, plus allowable expenses and less any previous direct write-down unearned interest) or b) the fair market value of the real property at the date of the transfer to that category. Where the other real estate is attributable to debts previously contracted, any excess of the bank's investment in the loan over the fair market value of the real property must be charged against the reserve for loan losses. Additional charge-offs after foreclosure should be charged to other operating expenses. Examiners may classify any portion of the other real estate carried on the bank's books.

(3) At the time real property is transferred to the other real estate category, if the recorded value of the real estate exceeds four hundred thousand dollars ($400,000), the bank shall obtain a current appraisal prepared by an independent qualified appraiser to substantiate the fair market value of the real property, provided that if such property has a recorded value of four hundred thousand dollars ($400,000) or less, an evaluation shall be performed and placed in file.

(A) For purposes of this section, the evaluation must –

1. Be in writing;
2. Be dated;
3. Describe the real estate, its condition, and both current and projected use;
4. List the sources of information;
5. Describe analysis and supporting information;
6. Give an estimate of market value based, as appropriate, on cost and income, and any limiting conditions; and
7. Provide the name, address, and signature of preparer, who must have real estate training or experience, knowledge of the market, and have been independent of the loan decision.

(B) For the purposes of this section, the bank will be considered to be in compliance if –

1. The bank has obtained an appraisal or evaluation, as appropriate, within six (6) months prior to acquisition; or
2. Within thirty (30) days after foreclosure, the bank has documented an agreement with an individual or company to perform the appraisal or evaluation, as appropriate; however, the appraisal or evaluation, as appropriate, shall be completed and in the bank's files within ninety (90) days of foreclosure.

AUTHORITY: section 361.105, RSMo 2016, and sections 362.105 and 362.165, RSMo Supp. 2023. This rule originally filed as 4 CSR 140-2.070. Original rule filed Dec. 10, 1981, effective April 1, 1982. Amended: Filed May 17, 1988, effective Aug. 26, 1988. Amended: Filed Jan. 12, 1993, effective June 7, 1993. Amended: Filed Dec. 29, 2000, effective Aug. 30, 2001. Amended: Filed Feb. 15, 2002, effective Aug. 30, 2002. Moved to 20 CSR 1140-2.070, effective Aug. 28, 2006. Amended: Filed Oct. 11, 2023, effective May 30, 2024.*

**Original authority: 361.105, RSMo 1967 amended 1993, 1994, 1995, 2011; 362.105, RSMo 1939, amended 1949, 1963, 1965, 1967, 1977, 1983, 1986, 1990, 1991, 1992, 1995, 2000, 2001, 2003, 2010, 2011, 2017; and 362.165, RSMo 1939, amended 1967, 1983, 1995, 2021.*

20 CSR 1140-2.080 Legal Loan Limit

PURPOSE: Section 362.170, RSMo limits the amount which may be loaned to "any individual, partnership, corporation, or body politic." Section 362.170.2(c), RSMo requires that certain loans be aggregated for the purpose of determining whether the limit on loans to a certain entity has been exceeded. Thus, the law states that liabilities of an individual, partnership or corporation must be aggregated with all loans made for the benefit of that individual, partnership or corporation. This office will attempt to effectuate the strong public policy evidenced by the law which is to prevent a bank from becoming overextended to any single concern. Recently, we have witnessed several departures from this public policy and sound banking principles with potentially disastrous results. In order to comply with this section of law, a bank must know which loans should be aggregated and treated as a single line of credit and which loans may be treated separately. This rule establishes some guidelines for compliance with the statute and formalizes the existing policy of the Division of Finance.

(1) Rule. The obligations of two (2) or more corporations, partnerships or individuals, or a combination, shall be aggregated pursuant to the following guidelines:

(A) If the proceeds of loans to two (2) or more entities were used for the benefit of a single individual or enterprise, the loans shall be aggregated; and

(B) If two (2) or more entities are effectively operating as separate departments or divisions of a single enterprise, loans to these entities shall be aggregated.

(2) Factors. The decision to aggregate two (2) or more loans under this rule shall be made after considering all relevant factors, including the following:

(A) The extent to which the loans are made to borrowers controlled by the same shareholder or group of shareholders;

(B) The degree to which the bank is relying on a single entity as the source of repayment;

(C) The degree to which one (1) individual, or small group of individuals, dominates management decisions of two (2) or more borrowers;

(D) The proportionate dependence of one (1) borrower upon another as a market for, or supplier of, goods or services;

(E) The extent to which proceeds of a loan to one (1) obligor will flow to the obligor of other loans; and

(F) The degree to which repayment of one (1) loan is secured by or dependent upon moneys to be paid by the obligor of other loans.

(3) Examples.

(A) Corporation A derives all of its income from the production of sausage. Its entire production is sold each year to corporation B whose income is one hundred percent (100%)

derived from the retail marketing of this sausage. A is B's sole supplier of this sausage. A and B are owned or controlled by the same individual or group of individuals. The Division of Finance would treat A and B as a single enterprise and loans to A would be aggregated with loans to B to determine compliance with the legal loan limit.

(B) A and B corporations are owned by the same individuals but operated independently. A is engaged in the dental supply business and B is exclusively engaged in farm machinery. A loan to A would not be attributed to B unless the proceeds were loaned or paid over to B by A or unless the bank looks primarily to one (1) corporation for repayment of both debts.

(C) One (1) individual owns three (3) corporations which are primarily engaged in the construction business. Corporation A holds title to real estate (a warehouse), corporation B holds title to construction equipment and corporation C is an operating company which borrows for inventory, receivables, payroll (work in progress). Loans to these three (3) corporations would be combined since they are effectively operating as separate departments or divisions of a single enterprise.

(D) Corporation A has substantial indebtedness and needs additional capital funds. Corporation B is formed by the principals of corporation A for the single purpose of acquiring certain assets from corporation A and leasing them back to A. The Division of Finance would treat A and B as a single enterprise and loans to A would be aggregated with loans to B to determine compliance with the legal loan limit.

(E) Assume all the same facts that are set forth in subsection (3)(D), with the exception that the entity acquiring the property to be leased back is a large independent corporation in the leasing business. Loans to B would not be attributed to A if it is determined the sale lease back is an arms-length business transaction.

(F) An individual borrows money to purchase stock or indebtedness in a closely held corporation. The credit would be attributed to the corporation if the corporation, directly or indirectly, receives the proceeds and if there were no source of repayment other than the successful operation of the corporation.

(G) Assume the same situation as set forth in subsection (3)(F), except the loan to the individual is secured by readily marketable stock of a publicly held corporation. Obligations of individuals which are secured by readily marketable securities of a publicly held corporation will not be aggregated with indebtedness of the corporation which issued the securities.

(4) Effect on Existing Credit. This rule, until January 1, 1984, shall not affect any credit in existence on September 11, 1982 which, absent this rule, would have been in compliance with the previous policy toward attribution of loans; provided that an extension to January 1, 1985 may be obtained from the Division of Finance upon the bank's demonstration, in writing, that an undue hardship would result.

AUTHORITY: sections 361.105, RSMo 1986 and 362.170, RSMo Supp. 1989. This rule originally filed as 4 CSR 140-2.080. Original rule filed June 14, 1982, effective Sept. 11, 1982. Moved to 20 CSR 1140-2.080, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967 and 362.170, RSMo 1939, amended 1941, 1943, 1945, 1959, 1963, 1967, 1977, 1981, 1983, 1985, 1986, 1989.*

20 CSR 1140-2.081 Legal Loan Limit – Limited Partnerships

PURPOSE: This rule removes the confusion surrounding the legal loan limit as it relates to limited partnerships and certain joint ventures, eliminates any lingering effects of earlier interpretations (rulings number 19 and 37), and states this division's policy toward this subject.

(1) While loans to general partnerships shall be considered, for legal loan limit purposes, loans to each member of the partnership, this rule does not apply to limited partners in limited partnerships unless limited partners act as general partners by undertaking duties or responsibilities associated with running the business.

(2) This rule shall not be construed to limit attribution which would be set forth by application of 20 CSR 1140-2.080 Legal Loan Limit.

(3) A corporation or other entity serving as a general partner in any limited or general partnership shall be attributed any loan made to or for the benefit of the partnership.

AUTHORITY: sections 361.105 and 362.170, RSMo 2016. This rule originally filed as 4 CSR 140-2.081. Original rule filed June 12, 1984, effective Nov. 15, 1984. Moved to 20 CSR 1140-2.081, effective Aug. 28, 2006. Amended: Filed March 30, 2021, effective Sept. 30, 2021.*

**Original authority: 361.105, RSMo 1967, amended 1993, 1994, 1995, 2011 and 362.170, RSMo 1939, amended 1941, 1943, 1945, 1959, 1963, 1967, 1977, 1981, 1983, 1985, 1989, 1993, 1994, 1995, 2000, 2001, 2002, 2003, 2005, 2014.*

20 CSR 1140-2.082 Legal Loan Limit as Amended by HB 408
(Rescinded September 30, 2021)

AUTHORITY: sections 361.105, RSMo 1986 and 362.170, RSMo Supp. 1989. This rule originally filed as 4 CSR 140-2.082. Original rule filed Aug. 2, 1985, effective Oct. 11, 1985. Moved to 20 CSR 1140-2.082, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.090 Originating Trustees

PURPOSE: Section 362.116, RSMo permits a state-chartered bank, with the approval of the commissioner of finance, to become an originating trustee which can originate trust accounts to be administered by a bank or trust company with full fiduciary powers, known as the contracting trustee. This rule sets out the information which the commissioner will require of an applicant and declares the criteria the commissioner will use in considering the application.

(1) Application. Applications to act as an originating trustee are to be in a form prescribed by the commissioner and shall be accompanied by a certified copy of the contracting trustee's authorization to act as a trustee, a copy of the contract between the originating trustee and the contracting trustee and a copy of the board resolution calling for the establishment of the contract.

(2) Criteria. In considering an application to become an originating trustee, the commissioner will consider the following:

(A) Whether the contracting trustee is supervised by either a

state or federal bank regulatory agency; and

(B) Whether termination provisions in the contract will protect the customer which, for purposes of this rule, shall mean the grantor, known beneficiaries, or any other interested party. These provisions shall include prohibiting termination unless – 1) a successor trustee has accepted appointment as trustee, 2) the customer has rescinded the trust, 3) a court has appointed a successor trustee, or 4) any other provision providing comparable protections.

AUTHORITY: sections 361.105 and 362.116, RSMo 2016. This rule originally filed as 4 CSR 140-2.090. Original rule filed Aug. 15, 1983, effective Nov. 11, 1983. Moved to 20 CSR 1140-2.090, effective Aug. 28, 2006. Amended: Filed March 30, 2021, effective Sept. 30, 2021.*

**Original authority: 361.105, RSMo 1967, amended 1993, 1994, 1995, 2011 and 362.116, RSMo 1983, amended 1984, 2000.*

20 CSR 1140-2.095 Standards for Certain Fiduciary Investments

PURPOSE: House Bill 105/480 of the 87th General Assembly amended section 362.550.5., RSMo to allow a bank or trust company to purchase, in a fiduciary capacity, state or political subdivision securities underwritten by it, its parent or affiliated companies, but subject to investment standards set by the director of the Division of Finance. The purpose of this rule is to set those standards.

(1) The standards of prudence and care established by subsection 456.520.1., RSMo, must be followed by a bank or trust company when purchasing, in a fiduciary capacity, state or political subdivision securities (securities) underwritten by it, its parent or affiliated companies.

(2) This prudence and care will require such determinations as are appropriate for the type of transaction involved including a consideration of the resource and liabilities of the obligor and a determination that the obligor possesses the capacity to make all required payments.

(3) The securities must be general obligations or revenue bonds of the issuing entity.

(4) These securities, at the time of purchase, must be rated in the two (2) highest grades by a nationally recognized bond rating service.

AUTHORITY: sections 361.105, RSMo 1986 and 362.550, RSMo Supp. 1991. This rule originally filed as 4 CSR 140-2.095. Emergency rule filed Aug. 6, 1993, effective Aug. 28, 1993, expired Dec. 25, 1993. Original rule filed Aug. 23, 1993, effective Jan. 31, 1994. Moved to 20 CSR 1140-2.095, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967 and 362.550, RSMo 1967, amended 1972, 1983, 1991.*

20 CSR 1140-2.100 Reports of Condition (Call Reports)
(Rescinded September 30, 2021)

AUTHORITY: sections 361.105 and 362.295, RSMo 1986 and 361.130, RSMo Supp. 1988. This rule originally filed as 4 CSR 140-2.100. Original rule filed Oct. 8, 1982, effective Jan. 15, 1983. Moved to 20 CSR 1140-2.100, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.110 Management and Other Fees Paid by State-Chartered Banks

PURPOSE: This rule formalizes the policy of the Division of Finance toward bonuses, management fees, consultant's fees and other fees paid by state-chartered banks to officers, directors, shareholders or their related interests which do not provide commensurate services. This rule is not intended to establish salary policy for active salaried officers.

(1) Payments of bonuses, other than to full-time salaried employees, management fees, consultant's fees and other fees which bear little or no relationship to the type, level, quality or value of services received, when paid to officers, directors, shareholders or their related interest are unsafe and unsound as they can result in dissipation of earnings and capital, have adverse effects on the financial interests of minority shareholders and, in some cases, may result in a finding by the Internal Revenue Service or preferential dividends with the bank being held liable for additional income taxes.

(2) The cash-flow requirements of the stock holder, whether to service the acquisition debt or otherwise, may not be considered in establishing management fees, consultant's fees or other fees. These cash-flows, instead, should be generated from outside sources or from a prudent dividend policy which must be consistent with the bank's need for an adequate capital structure.

(3) Management fees, consultant's fees and other fees paid by state-chartered banks must be based on and bear a direct relationship to the fair market value of the services received. The bank may purchase and pay for only the services that meet the legitimate needs of the bank. The provider must possess the necessary expertise to deliver the services. The provider may recover overhead costs to the extent that the costs represent a legitimate and integral part of the services provided.

(4) State-chartered banks which pay management and consultant fees to insiders or related interests will be required to maintain permanent records in sufficient detail to indicate to the directors and bank examiners the specific services which were performed and the basis upon which the costs were assessed. State bank examiners will review all these fees to identify instances where they are excessive. In those cases where the fees are not properly documented, where the amounts cannot be justified, or both, it will be the responsibility of the directors to obtain appropriate documentation or to seek reimbursement.

(5) Banks in chain banking organizations or owned by multibank holding companies frequently pay management fees, consulting fees or other fees to insiders and their interests on a *pro rata* basis. However, the *pro rata* method is not an appropriate method of allocation in all cases. To assist in allocating these fees, this rule includes a list of some of the more common types of services which may be rendered. Opposite each of these services is a classification indicating how the expense normally should be billed. These guidelines are not absolutes but deviations will be reviewed on a case-by-case basis for compliance with the intention of this rule.

Classification of Holding Company Expenses

Service Provided	Expense Classification
Electronic data processing	Individual subsidiary billing
Corporate audit	Individual subsidiary billing
Loan review	Individual subsidiary billing
Mergers and establishment of branches (including site planning)	Individual subsidiary billing
Tax preparation other than consolidated returns	Individual subsidiary billing
Corporate tax plan and consolidated returns	*Pro rata* basis
Personnel operations – training, evaluation and compensation	Individual subsidiary billing
Holding company executive management and staff salaries and wages	*Pro rata* basis
Regulatory relations and planning	*Pro rata* basis
General legal services	*Pro rata* basis
Specific legal service (lawsuits, court proceedings, administrative hearings, briefs, opinions)	Individual subsidiary billing
Marketing operations – research	*Pro rata* basis
Marketing development and advertising programs – general	*Pro rata* basis
Marketing development and advertising programs – specific (for example, *de novo* bank)	Individual subsidiary billing
Security measures and procedures	Individual subsidiary billing
Investment advice	Individual subsidiary billing
Money desk operations	Individual subsidiary billing
Holding company occupancy costs	*Pro rata* basis

AUTHORITY: section 361.105, RSMo 1986. This rule originally filed as 4 CSR 140-2.110. Original rule filed Aug. 15, 1983, effective Nov. 11, 1983. Moved to 20 CSR 1140-2.110, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967.*

20 CSR 1140-2.120 Identification of Branches

PURPOSE: In 1983, the general assembly amended the Missouri bank facility law, section 362.107, RSMo, to permit two or more banks located in the same county to merge and retain all branching rights possessed by the respective banks prior to the merger. The numerous mergers which have occurred since the change have heightened the questions which have been raised concerning the public's perception of banking offices. Some concern has been expressed that depositors may exceed the limit of Federal Deposit Insurance Corporation insurance coverage by depositing excess amounts in two offices of the same bank which they perceive to be different banks. These questions arise because of the understandable wish of banks to identify with the community in which the branch is located by naming the branch after that community or retaining the name of the merged bank. This rule sets standards for accurate marketing policies concerning branches of banks and it not intended to curtail creative marketing by banks.

(1) A bank shall avoid the use of any marketing tools including, but not limited to, signs, print media or broadcast media which foster a belief that any branch is a separately chartered or organized bank.

(2) All official bank documents, including, but not limited to, checks, cashier's checks, loan applications and certificates of deposit, must bear the name of the bank, reference to any branch name on an official document may not be more prominent than the name of the bank.

AUTHORITY: section 361.105, RSMo 1986. This rule originally filed as 4 CSR 140-2.120. Original rule filed June 12, 1984, effective Nov. 15, 1984. Amended: Filed Aug. 7, 1992, effective Feb. 26, 1993. Moved to 20 CSR 1140-2.120, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967.*

20 CSR 1140-2.126 Branch Banking
(Rescinded September 30, 2021)

AUTHORITY: section 362.105, RSMo Supp. 1992. This rule originally filed as 4 CSR 140-2.126. Emergency rule filed Nov. 19, 1990, effective Nov. 29, 1990, expired March 28, 1991. Emergency rule filed March 19, 1991, effective March 29, 1991, expired May 1, 1991. Original rule filed Nov. 19, 1990, effective April 29, 1991. Moved to 20 CSR 1140-2.126, effective Aug. 28, 2006. Rescinded: Filed March 30, 2021, effective Sept. 30, 2021.

20 CSR 1140-2.127 Branch Banking – ATMs
(Rescinded May 30, 2024)

AUTHORITY: sections 361.105 and 362.105.4, RSMo Supp. 1996, and 362.107, RSMo 1994. This rule originally filed as 4 CSR 140-2.127. Emergency rule filed Dec. 10, 1996, effective Dec. 20, 1996, expired June 17, 1997. Original rule filed Dec. 10, 1996, effective May 30, 1997. Moved to 20 CSR 1140-2.127, effective Aug. 28, 2006. Rescinded: Filed Oct. 11, 2023, effective May 30, 2024.

20 CSR 1140-2.130 Securities Activities

PURPOSE: This rule establishes the limits within which banks

may offer securities services for their customers with particular emphasis on the rules which must be followed in the interest of safety and soundness. Certain of these powers are granted to assure that state-chartered banks will remain competitive with national banks. Other powers are derived from express powers contained in the statutes.

(1) Definitions.

(A) Bank means a state-chartered bank and trust company.

(B) Commissioner means the commissioner of finance of Missouri, who is the director of the Division of Finance under section 361.010, RSMo.

(C) Discount brokerage service means those activities through which a bank facilitates the execution of securities transactions for its customers by arranging for the transmission of customer orders to a broker.

(D) Issuer means every person who issues or proposes to issue any security except that, with respect to an issue of industrial revenue bonds, the term shall include the person for whose benefit the bonds were issued.

(E) Securities services means the purchase and sale of investment securities without recourse solely upon order and for the account of customers, the underwriting of mutual funds, revenue bonds and other debt securities issued by any public or private corporation, association or partnership, offering investment advice to customers other than through a properly organized trust department and discount brokerage services.

(F) Securities subsidiary means a wholly-owned corporate subsidiary of a bank organized to engage in securities activities pursuant to this rule.

(G) Underwriting means the direct or indirect purchase of part or all of an issue of securities with a view to subsequent resale of those securities.

(2) A bank may offer securities services in accordance with the provisions of this rule only if –

(A) These securities services are offered by and through a securities subsidiary of the bank;

(B) The bank meets Division of Finance guidelines for capital adequacy; and

(C) The bank and any securities subsidiary comply with all applicable laws and regulations administered by the commissioner of finance, the Missouri commissioner of securities, the Federal Securities Exchange Commission and the Federal Deposit Insurance Corporation (FDIC).

(3) No bank may establish or own a securities subsidiary unless –

(A) The bank has first obtained the approval of the commissioner; and

(B) The securities subsidiary is –

1. Operated as a separate corporate entity with its own meetings, records and books;

2. Reasonably capitalized in view of the needs of the corporation; and

3. Operated through procedures and forms which clearly disclose that it is separate from the bank and not insured by the FDIC.

(4) No subsidiary may underwrite securities if the total amount of securities underwritten and held on behalf of an issuer, when aggregated with credit extended by the bank to or for the benefit of the issuer, would exceed the amount which the bank could lend to the issue under section 362.170, RSMo.

(5) Each securities subsidiary shall adopt and submit to the commissioner its dealing and underwriting standards setting forth the minimum standards which securities under-written, purchased and sold by the subsidiary must meet.

(6) No bank which offers securities services through a securities subsidiary may extend credit to any –

(A) Person for the purpose of enabling the person to acquire any security which is either underwritten, distributed or issued by the subsidiary or issued by any investment company advised by the subsidiary; and

(B) Issuer whose securities, at the time of the extension, are underwritten or distributed by the securities subsidiary unless the bank's board of directors gives its prior approval and states, in writing, its determination that the extension is not made to facilitate the underwriting, distribution or sale of the securities or unless the extension is made pursuant to a binding commitment entered into prior to the underwriting, distribution or sale.

(7) Notwithstanding the provisions of this rule, any bank may directly purchase and sell investment securities without recourse, solely on order and for the account of customers, offer discount brokerage services or underwrite or deal in obligations of the United States or general obligations of any state or of any political subdivision.

AUTHORITY: sections 361.105, RSMo 1986, 362.105, RSMo Supp. 1992 and 362.170, RSMo Supp. 1989. This rule originally filed as 4 CSR 140-2.130. Original rule filed Aug. 18, 1987, effective Nov. 12, 1987. Moved to 20 CSR 1140-2.130, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967; 362.105 RSMo, 1939, amended 1949, 1963, 1965, 1967, 1977, 1983, 1986, 1990, 1991, 1992; and 362.170, RSMo 1939, amended 1941, 1943, 1945, 1959, 1963, 1967, 1977, 1983, 1985, 1986, 1989.*

20 CSR 1140-2.138 Financial Subsidiaries

PURPOSE: This section sets forth authorized activities, approval procedures, and conditions for banks and trust companies engaging in activities through a financial subsidiary under section 362.105.1(15), RSMo 2000. In the interests of being brief and concise, the regulation does not include certain restrictions applicable only to extremely large institutions. The Division of Finance will amend the regulation to include these restrictions if appropriate in the future.

(1) Financial Subsidiary Powers. A bank or trust company may establish a "financial subsidiary." A financial subsidiary is any subsidiary of the bank or trust company other than a subsidiary that conducts only a) activities in which its parent bank or trust company may engage directly, and/or b) activities that are authorized for subsidiaries of that bank or trust company under Missouri statutes or regulations other than this regulation or section 362.105.1(15), RSMo 2000. A financial subsidiary may engage in any of the activities authorized for a national bank financial subsidiary under the Gramm-Leach-Bliley Financial Modernization Act of 1999 and the implementing regulations and official federal agency interpretations.

(2) Requirements. To establish or continue to hold an interest in a financial subsidiary, a bank or trust company must:

(A) Meet the Missouri minimum capital requirement as defined in section (5) of this regulation;

(B) Be, along with each of its depository institution affiliates,

well capitalized and well managed pursuant to the definitions included in section (5) of this regulation;

(C) In addition to providing information prepared in accordance with generally accepted accounting principles, separately present financial information for the institution in the manner provided in paragraph (5)(C)2. of this rule in any published or posted financial statement of the institution;

(D) Have aggregate consolidated total assets of all financial subsidiaries not exceeding forty-five percent (45%) of the bank or trust company's consolidated total assets;

(E) Have reasonable policies and procedures to preserve the separate corporate identity and limited liability of the institution and the financial subsidiaries of the institution;

(F) Have procedures for identifying and managing financial and operational risks within the institution and the financial subsidiary that adequately protect the institution from such risks;

(G) Have obtained Community Reinvestment Act (CRA) ratings of "satisfactory record of meeting community credit needs" or better on the most recent CRA examination of the bank or trust company and any of its insured depository institution affiliates; and

(H) Comply with the requirements of sections 23A and 23B of the Federal Reserve Act applicable to financial subsidiaries.

(3) Notice and Approval Process. A bank or trust company establishing a financial subsidiary to conduct only agency activities must provide the Division of Finance with a written notice within thirty (30) days after such establishment. However, a bank or trust company must obtain prior written approval from the Division of Finance before any of its financial subsidiaries can conduct any activities as principal.

(4) Remedies for Failure to Meet Requirements.

(A) If a bank or trust company does not continue to satisfy the requirements of subsections (2)(A) through (2)(F) of this regulation for establishing or holding an interest in a financial subsidiary, the bank or trust company must, within forty-five (45) days after receiving written notice from the Division of Finance of such noncompliance, either enter into an agreement with the Division of Finance to comply with such sections or be subject to enforcement action to require such compliance, which may include, but will not be limited to, restrictions on the activities of the institution or any of its subsidiaries or, if the noncompliance continues for one hundred eighty (180) days or more after the written notice, divestiture of ownership in the financial subsidiary.

(B) The remedies specifically mentioned in subsection (4)(A) do not limit any ability of the Division of Finance to take any enforcement action based on any violation of statute or regulation or on any safety and soundness issue, including, but not limited to violations of other sections of this regulation.

(5) Definitions.

(A) "Establish a financial subsidiary" means to acquire control of a financial subsidiary or to control any subsidiary that commences financial subsidiary activities.

(B) "Missouri minimum capital requirement" means a level of capital which equals or exceeds the required minimum level specified by the Division of Finance.

(C) Well capitalized.

1. "Well capitalized" means an institution has a level of capital designated as "well capitalized" pursuant to 12 U.S.C. 1831 by the institution's appropriate federal banking agency, as defined in 12 U.S.C. 1813.

2. Provided, however, that for a bank or trust company that controls a financial subsidiary to be "well capitalized," it must also remain well capitalized as described in paragraph (5)(C)1. after deducting the aggregate amount of its outstanding equity investment, including retained earnings, in its financial subsidiaries from its total assets and tangible equity and also deducting such investment from its total risk-based capital, and the bank or trust company will not consolidate the assets and liabilities of the financial subsidiary with those of the bank or trust company for purposes of determining regulatory capital under this subsection.

(D) "Well managed" means:

1. An institution has received a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating under an equivalent rating system) in connection with the most recent Division of Finance or federal regulatory agency examination or subsequent review of the institution and, at least a rating of 2 for management; or

2. In the case of an institution that has not been examined by the Division of Finance or a federal bank regulatory agency, the existence and use of managerial resources that the Division of Finance determines are satisfactory.

AUTHORITY: sections 361.105, 362.105 and 362.106, RSMo 2000. This rule originally filed as 4 CSR 140-2.138. Original rule filed Dec. 29, 2000, effective Aug. 30, 2001. Moved to 20 CSR 1140-2.138, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967, amended 1993, 1994, 1995; 362.105, RSMo 1939, amended 1949, 1963, 1965, 1967, 1977, 1983, 1986, 1990, 1991, 1992, 1995, 2000; 362.106, RSMo 1981, amended 1985, 1990.*

20 CSR 1140-2.140 Preservation of Books and Records

PURPOSE: Senate Bill 773, passed by the 84th General Assembly, enacted a new section 362.410, RSMo which requires the commissioner of finance to prescribe by rule minimum times for preservation of books and records. This rule states those times.

(1) The following Appendix A, included herein, lists the minimum times for preservation of books and records by state-chartered banks and trust companies. Where other law requires a longer retention, the greater period should be observed. Preservation on icroilm, microfiche or by means of electronic storage is acceptable.

APPENDIX A

Key to Abbreviations

p.s. or Opt. – Purpose Served or Optional
D – Destroy
Months – Figure with mos.
Years – Figures
Permanently – P

I. ADMINISTRATIVE

Minute Books

Minute books of directors, oaths of director's nonresident directors' consent to service, executive committees, stockholders' and other meetings	P

Auditing and Accounting

Accrual records	5

Audit work papers	2
Auditing copy of debits and credits to loans and discounts	3
Bank examiner's reports	P
Budget work sheets	1
Daily reserve computation	1
Difference records	2
Monthly reports to directors	5
Reconcilements of bank deposits (due to)	3
Reports of condition and income	P
Reconcilements register (due from)	5
Reports to executive committees	7
Securities vault, in and out tickets	3
Tax records	8

Record of Employees

Applications, reference records, reports and results of examinations, service record, efficiency tests, after leaving service	6

II. CASH

Due From Banks

Advices from correspondents	2
Affidavits/bonds of indemnity for duplicate drafts issued	P
Bank statements	2
Departmental or tellers' proof sheets	2
Drafts	7
Draft register	7
Reconcilements	2

Proof of Clearings

Clearinghouse settlement checks	7
Clearinghouse settlement sheets	2
Deposit proof/sheets or tapes	2
In-clearing proof/sheets	2
In-clearing tapes	2
Out-clearing proof/sheets	2
On U.S. checks	7

Tellers

Cash item record	5
Cash item register	5
Receipts for return items	2
Return item carbons	2
Tellers' cash books	2
Tellers' cash tickets, original and carbon	2
Tellers' recapitulation (with general ledger tickets)	7
Tellers' scratcher or blotter	2

Transit

Outgoing cash letters	2
Photographic or electronic storage media	5
Proof/sheets	2

III. DEPOSITS

Account Analysis

Analysis work sheets or cards	2
Average balance cards	2
Interest computation records	3
Service charge records	10
Trial balances	2

Bank (due to) Deposits

Advice of debit and credit and memo entries	2
Cash letters	2
Cash letters for remittance	2
Copies of advices of deposit	3 mos.

Capital

Capital stock certificates, records or stubs	P
Capital stock ledger	P
Capital stock transfer register	P
Dividend checks	7
Dividend register	7
Profit and loss records	7
Proxies	7
Register of and cancelled certificates	7

General Ledger

Daily statement of condition	7
General journal	2
General ledger	10
General ledger tickets	7

Insurance Records

Bankers blanket bond (after expiration)	10
Expired policies (except liability)	10
Expired policies (liability)	P
Records of policies in force	P
Schedule of fire and other policies and record of payment of premiums and sums recovered	6

Investments — Bank's Portfolio

Bond ledger	P
Brokers' confirmations	7
Ledger journal	2
Reconcilements	2
Reports of accounts, opened and closed	2
Resolutions (after account closed)	7
Signature cards (after account closed)	7
Trial balances	2

Certificates of Deposit

Certificates (paid)	7
Ledger cards (paid)	7
Register (paid)	7

Commercial and Individual Deposits

Bookkeepers' daily list of checks charged in total	7
Checkbook orders	Opt.
Copies of advices of deposit	2
Daily report of overdrafts	3
Deposit tickets	7
Duplicate deposit tickets	Opt.
Individual ledger journal	2

Individual ledgers	7
Reports of accounts opened and closed	2
Resolutions (after account closed)	7
Signature cards (after account closed)	7
Signature power of attorney (after account closed)	7
Statement mailing order (after account closed)	Opt.
Statement receipt cards (after account closed)	Opt.
Statement stubs	2
Stop payment orders (after release)	2
Trial balances	2
Unclaimed deposits	P
Undelivered statements and cancelled checks	7

Official Checks and Drafts

Cashiers' check register	7
Cashiers' checks	7
Certified checks	7
Certified check register	7
Draft stubs	Opt.
Draft register	7
Drafts	7
Expense check register	7
Expense checks	7
Expense vouchers	5
Letters of credit and documents	5
Receipts for certified checks	7
Requisitions	Opt.
Unclaimed checks and drafts	P

Savings Deposits

Deposit tickets	7
Duplicate deposit tickets	Opt.
Journal	7
Ledger cards or sheets	7
NCR control journal tapes	7
Passbooks (closed accounts)	Opt.
Reports of accounts opened and closed	2
Resolutions (after account closed)	7
Signature cards (after account closed)	7
Signature powers of attorney	7
Trial balances	2
Trial balances showing semiannual interest	3
Unclaimed deposits	P
Withdrawal receipts	7

IV. MISCELLANEOUS

Collections

Collection receipts, carbons of	Opt.
Collection register	3
Coupon cash letters, outgoing	3
Coupon envelopes	Opt.
Customers' file copies	3
Incoming collection letters	3
Installment contract or note records (after closing)	7

Customer Service

Brokers' confirmations	2
Brokers' invoices	2
Brokers' statements	2
Escrow records (after closing)	7
Safekeeping records and receipts	P
Securities buy and sell orders	6

General

Affidavits	P
Applications for travelers' checks	Opt.
Attachment releases	7
Attachments, garnishments	7
Brokers' invoices	7
Brokers' statements	7
Buy and sell orders	7
Change of address orders	2
Code books (not returned)	D
Court order (after case closed)	7
Court order memorandum record	7
Death claim files	3
Descriptive literature on securities disposed of	2
Foreign exchange remittance sheets or books (after issue)	7
General correspondence	5
Incoming mail envelopes	Opt.
Night depository records	7
Paid bills, statements and invoices	7
Protest notices	Opt.
Receipts for checkbooks	Opt.
Receipts (ordinary)	7
Stenographers' notebooks and mechanical device records and extra copies of letters	Opt.
Telegrams, cable and radiogram copies	7
Telegraphic transfer receipts and records	7
Trust records of final entry	22
Unclaimed property	P
Vault records, opening and closing	6 mos.

Loans and Discounts

Audit copy of debits and credits to loans and discounts	3
Collateral register and receipts	7
Collateral substitution slips (receipts)	7
Credit files (closed)	2
Daily reports	2
Debit and credit tickets	7
Journal	7
Liability ledger	7
Loan applications	3
Loan committee minutes	7
Margin cards	2
Note or discount register	7
Note or discount tickler	3
Payment receipts	3
Resolutions (after loan is paid)	7

Personnel

Attendance record (after leaving service) including hours worked	3
Salary ledger	3
Salary receipts	3

Registered Mail

Insurance declarations	Opt.
Registered mail (incoming) record	7
Registered mail (outgoing) record	7

Return receipt cards	7

Safe Deposit Vault

Access tickets (after entry date)	7
Ledger record of account	Opt.
Leases or contracts (closed)	7
Rent receipts	Opt.
Storage receipts	7

V. U.S. SAVING BONDS

U.S. Savings Bonds stubs, Series EE	2
U.S. Savings Bonds Series EE applications	7

(Note: Applications must show bond numbers. File alphabetically by years.)

AUTHORITY: sections 361.105 and 362.410, RSMo 2000. This rule originally filed as 4 CSR 140-2.140. Original rule filed Aug. 3, 1988, effective Nov. 11, 1988. Amended: Filed Jan. 16, 2003, effective Aug. 30, 2003. Moved to 20 CSR 1140-2.140, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967, amended 1993, 1994, 1995 and 362.410, RSMo 1939, amended 1967, 1988.*

20 CSR 1140-2.150 Lease Financing Limited Partnerships

PURPOSE: The National Banking Act, 12 USCA 24(10), by the Competitive Equality Banking Act of 1987, P.L. 100-86, authorizes national banks to invest in tangible personal property for lease financing transactions on a net lease basis. The Office of the Comptroller of the Currency has decided to allow national banks to exercise these powers by acquiring limited partnership interest in limited partnerships which restrict their business to engaging in such transactions. This regulation provides competitive equality between national and state banks by granting the same power to state banks.

(1) Definitions.

(A) Affiliation shall mean that a general partner either controls, is controlled by or is under common control with the bank and, for purposes of this definition, control shall mean ownership of more than twenty-five percent (25%) of the total voting equity interest of the general partner or the bank.

(B) Bank means a state-chartered bank or trust company.

(C) Equipment shall mean tangible personal property.

(D) Limited partnership shall mean an organization which has met all requirements for formation of a limited partnership under Missouri law.

(2) Every bank, directly or through a subsidiary, may invest in tangible personal property. This includes, without limitation, vehicles, manufactured homes, machinery, equipment or furniture for lease financing transactions on a net lease basis, subject to the same terms and conditions as a national banking association pursuant to 12 U.S.C. 14 (Tenth).

(3) A bank, in accordance with the provisions of this rule, may exercise its rights to invest in lease financing transactions on a net lease basis by acquiring a limited partnership interest in one (1) or more limited partnerships which engage in these transactions.

(4) A lease financing limited partnership, also referred to in this rule as partnership, shall conform to the following conditions:

(A) The activities of the partnership shall be strictly limited to investing in equipment for lease financing transactions;

(B) The leases shall be net leases as provided in 12 CFR 7.3400 and, accordingly, the partnership shall not provide maintenance, repair or servicing of the equipment to be leased. In addition, the partnership will not engage in daily or short-term equipment leasing or the automobile rental business;

(C) The general partner of each limited partnership shall be a reputable business enterprise experienced in equipment leasing and shall have no prior affiliation with the bank;

(D) Each limited partner in the partnership shall be a bank, a national banking association, an operating subsidiary of a national banking association, a bank service corporation or a registered bank holding company;

(E) Except for each bank's obligation to make a fixed capital contribution in consideration for its limited partnership interest in an amount set forth in a subscription agreement, each limited partnership agreement shall provide that a bank admitted as a limited partner to each limited partnership shall have no personal liability or obligation for the liabilities and obligations of either the limited partnership or the general partner. Furthermore, each bank admitted as a limited partner to the partnership shall have no obligation to make any advances, loans or additional capital contributions to the partnership; and

(F) The partnership may not invest, with respect to any lease customer, an amount in the aggregate which would exceed the amount which the bank could invest in a lease to that customer under section 362.170, RSMo.

(5) A bank's total of investments and extensions of credit in all limited partnerships engaged in the business of owning tangible personal property for lease financing transactions on a net lease basis shall not exceed five percent (5%) of the bank's assets. The bank's total equity investment in any one (1) such limited partnership shall not exceed twenty percent (20%) of the bank's unimpaired capital.

(6) The partnership agreement shall provide that the books and records of the partnership shall be available for examination by the commissioner of finance or any examiner designated by him/her at anytime and place s/he shall designate and to the same extent as if the partnership were a bank. In addition, the partnership agreement shall provide that each bank shall have the contractual ability to withdraw as a limited partner if the commissioner determines a withdrawal is necessary under the principles of safe and sound banking, or the laws and rules governing banks.

AUTHORITY: sections 361.105, RSMo, 1986 and 362.105, RSMo Supp. 1992. This rule originally filed as 4 CSR 140-2.150. Original rule filed Sept. 15, 1988, effective Dec. 11, 1988. Amended: Filed Nov. 14, 1989, effective Feb. 11, 1990. Moved to 20 CSR 1140-2.150, effective Aug. 28, 2006.*

**Original authority: 361.105, RSMo 1967 and 362.105, RSMo 1939, amended 1949, 1963, 1965, 1967, 1977, 1983, 1986, 1990, 1991, 1992.*