

RULES AND REGULATIONS

OF THE

ARKANSAS SAVINGS AND LOAN

ASSOCIATION BOARD

PREFACE

The following Rules and Regulations have been adopted by the Arkansas Savings and Loan Association Board in accordance with the provisions of Act 227 of the Acts of the General Assembly of 1963, as amended.

RULE I. GENERAL

The Savings and Loan Association Board was created under Act 227 of 1963. The Board is composed of five (5) members appointed by the governor, with the advice and consent of the Senate. At least three (3) members shall be persons with not less than two (2) years experience as an officer or director of an association or a federal association. Each congressional district in the State shall be represented by at least one (1) member of the Board who shall be a resident of the district. The Savings and Loan Board shall have such rights, powers and privileges and shall be subject to such duties as are provided by law. The Board shall maintain in the office of the Supervisor permanent records of its hearings and decisions, and such information, if not confidential, is available for public inspection. The Supervisor shall provide adequate quarters and personnel for use by the Board. The Board shall meet at least quarterly at such date and time as may be fixed by members of the Board.

The Supervisor of Savings and Loan Associations shall be an ex officio member of the Board; he shall not be entitled to vote or to participate in any deliberations of the Board arising out of an appeal from any action of the Supervisor. The Securities Commissioner of the State shall act as Supervisor of Savings and Loan Associations.

RULE II. RULES OF PRACTICE AND PROCEDURE

The following rules of practice and procedure shall govern all proceedings before the Arkansas Savings and Loan Board ("Board") including applications for the issuance of a new savings and loan association charter, for any association to establish any office other than the principal office stated in its articles of incorporation, move any office of the association from its immediate vicinity, change its name, reorganize, merge, or consolidate with any other association, convert from a mutual association to a stock association, and for other matters before the Board.

A. General Matters Pertaining to Proceedings:

- (1) The Board shall meet in Little Rock, Arkansas. All communications to the Board shall be addressed to "Arkansas Savings and Loan Association Board, Heritage West Building, Suite 300, 201 East Markham, Little Rock, Arkansas 72201, Attention: Savings and Loan Association Supervisor." The office of the Supervisor is open during business hours each day, Saturday, Sunday, and legal Holidays excepted.

- (2) General meetings of the Board for the transaction of its business will be held at least quarterly at such places in the City of Little Rock and at such times as are scheduled by the Board.
- (3) Special meeting of the Board may be called by the Chairman and may be held at any time and place in the City of Little Rock as scheduled by the Chairman.
- (4) A quorum shall be required for any meeting of the Board and shall consist of not less than a majority of the authorized number of members of the Board. At least three Board members eligible to vote must be present in order to consider any matter before the Board. A majority vote of the Board members present and eligible to vote shall be required for approval of any action. All members present except the Chairman shall be allowed to vote on all matters submitted to a vote of the Board. The Chairman can (but is not obligated to) vote whenever his vote will affect the result; that is, he can vote to break a tie or when his vote is necessary to determine a majority vote of the Board.
- (5) The Board delegates to the Arkansas Savings and Loan Association Supervisor ("Supervisor") the power to conduct any inquiry, investigation, hearing or other proceeding necessary to perform the duties and functions imposed by law.
- (6) The Supervisor shall have custody of the official records of the Board and shall be responsible for the maintenance and custody of all files and records of the Board.
- (7) All orders and other actions of the Board shall be signed by all members of the Board voting in the majority and shall be authenticated by the Supervisor.
- (8) The Supervisor shall issue all notices of meetings and hearings and other process as may be directed by order of the Board. All notices of meetings and hearings shall show the time and place of the Board's meetings, and all meetings and hearings before the Board or Supervisor shall be open to the public.
- (9) The Supervisor shall assign to each proceeding a title descriptive of the subject matter, which title will be placed on all notices issued, orders made, and papers filed in each proceeding.

- (10) All papers filed with the Board and all exhibits to pleadings and testimony of witnesses shall be filed in six copies and shall be printed or typewritten, with a clear margin of at least two inches at the top; if typewritten, on one side of the paper only, and as far as practicable shall be upon paper 8 1/2 x 14 inches except where exhibits may require a larger sheet. Where such exhibits are on larger sheets, the same must be folded, if possible, so as to make a sheet of the above size.
- (11) The Supervisor may require any pleading or petition to be made more specific, and may allow, or on his own motion require, amendments thereto, corrections thereof, or any omissions therein to be supplied.
- (12) The authority to issue orders requiring the attendance of a witness, from any place in the state, at any designated place of hearing for the purpose of taking the testimony of such witness orally before the Board or the Supervisor is hereby delegated to the Supervisor.

Orders for the production of books, accounts, papers and other documents, unless issued by the Board or the Supervisor on its or his own motion, will only be issued in the discretion of the Supervisor, upon written petition which shall describe as accurately as possible the books, accounts, papers and other documents desired to be produced and the purpose of the production.

- (13) In computing the time within which an act must be performed after service by mail, the first day of receipt of the notice shall be excluded, and the last day shall be included; but if the last day shall fall on a Saturday, Sunday or on a legal Holiday, then the next business day shall be construed the last day.
- (14) All pleadings shall be served on all parties to the proceeding. When any party has appeared by attorney, service by mail upon the attorney will be deemed proper service upon such party.
- (15) Any person requesting a copy of any public record on file with the Supervisor shall pay the Supervisor the sum of fifty cents per page.

B. Applications:

- (1) All applications must be in writing and must contain a table of contents. The application shall set forth the full name and address of the applicant and must set forth fully the facts upon which the application is based, with a reference to the particular provision or law requiring or providing for the authority requested by the application. The application shall also contain the information required by Arkansas law governing building and loan associations and savings and loan associations. The application shall contain such other information as requested by the Board or Supervisor. The application shall be signed and verified by the applicant.
- (2) At the time an original application is filed five additional copies must also be filed. Applicants shall provide each protestant with a full copy of the application, less the confidential portion, free of charge, upon written request by a protestant.
- (3) Payment of the application fees required by Section 54 of the Savings and Loan Act must accompany the application. This fee shall entitle an applicant to one day's hearing without additional charge. In any case where the hearing exceeds one day, a fee of \$250.00 shall be levied against the applicant for each succeeding day, or part thereof.

C. Protests:

- (1) Each protest must be in writing and must state the full name and address of the protestant. It must contain fully the facts upon which the protest is based and must be signed and verified by the protestant.
- (2) Protests to charter applications must be filed with the Supervisor not less than ten (10) days prior to the date scheduled for the hearing on the application. A copy of the protest shall be served in person or by mail upon the applicant's attorney who shall, when so requested by the protestant, within ten (10) days, send protestant a copy of the application, less the confidential portions.
- (3) Protests to branch applications must be filed with the Supervisor within twenty (20) days from the date of published notice. Notice of the filing of a branch application will be published and a copy of the notice mailed to savings and loan associations within ten (10) days of the Supervisor's receipt of the application.

D. Hearings:

- (1) Applications for a charter filed in proper form more than thirty (30) days in advance of a regularly scheduled meeting of the Board (which shall be at least quarterly) will be heard at that meeting unless a protest is filed at least ten (10) days before the meeting. If such a protest is filed, then the Board shall schedule the hearing for the next following regular meeting. Requests for continuance will not be granted except for just cause. The Supervisor shall have authority to grant continuances.
- (2)
 - (a) Applications for a branch or branches will be heard at a meeting of the Board approximately sixty (60) days after the receipt of the application. Notice of the hearing will be published at least twenty (20) days before the meeting date.
 - (b) Amendments to an application (charter or branch) or an amendment to a protest (charter or branch) to an application must be filed no later than seven (7) days before the hearing date.
- (3) The testimony of a witness may be taken by deposition or written interrogatories at the instance of any party in any proceeding pending before the Board, or at the instance of the Board. All depositions or written interrogatories shall be taken and filed with the Supervisor with the same formalities and notice as are required in instances where depositions or interrogatories are taken for use in courts of law or equity, unless taken by consent. The use of depositions and interrogatories is encouraged by the Board.
- (4) The time and place of taking depositions shall be set by mutual agreement of the parties. In the event the parties fail to agree on a mutually satisfactory time or place, the party wanting to take depositions shall file a motion to take depositions with the Supervisor who shall, after consulting with the parties, issue an order setting the date and place of the deposition. In Lieu of this procedure, the Supervisor may conduct pre-hearing conferences for the purposes of setting dates for depositions, discussing stipulations and other such matters.
- (5) Six copies of all exhibits, affidavits, interrogatories and depositions to be introduced at the hearing shall be filed with the Supervisor not less than 20 days prior to the hearing. After all of the above filings are made, the Supervisor may conduct an additional prehearing conference to narrow the issues, discuss stipulations, accept proffers and rule on exhibits and other such matters.

- (6) All preliminary motions relating to pleadings, depositions or written interrogatories, requests for continuances or other similar matters shall be ruled upon by the Supervisor. The party adversely affected by such ruling may appeal the Supervisor's decision to the Board at its next meeting.
- (7) The Board will not itself, nor will it require others, in presenting testimony to be governed by or conform to the strict rules of evidence applicable to proceedings at law or equity.
- (8) At the hearing the applicant and the protestants shall be limited to two hours each within which to present additional testimony and make oral argument. If there is more than one protestant, the two hours shall be divided between all protestants. The opposing parties may cross-examine any witness so called but the time taken in cross-examination shall be subtracted from the two hours allotted to the cross-examiner's party, unless the Board upon motion of a party grants additional time to present its case.
- (9) The applicant shall be responsible for procuring and paying for a verbatim record of the proceeding. It shall be the duty of the applicant to furnish at least one copy of the transcript to the Supervisor free of charge.

E. Rehearing:

- (1) Petitions to the Board for rehearing of any Board decision must be filed with the Supervisor within thirty days of the Board's decision, and must be accompanied by a brief setting forth the grounds therefor. Any party to the proceeding opposing the petition for rehearing shall have ten days after service of the petition for rehearing in which to file the reply brief.
- (2) Petitions for rehearing and briefs not filed within the time fixed will not be considered. Applications for extension of time to file briefs must be made to the Supervisor in writing prior to the expiration of the time. The extension may be granted by the Supervisor in his discretion for good cause shown.
- (3) A petition for rehearing should be used to call attention to specific errors of law or fact which the Board's decision is thought to contain. Parties are expected to present their case fully at the original hearing, and the brief on rehearing is not intended to afford an opportunity for a mere repetition of matters already considered by the Board.

Rule III

Pursuant to Act 242 of the General Assembly of the State of Arkansas for 1969 the Savings and Loan Association Board hereby adopts the following regulation:

- (1) State Chartered Savings and Loan Associations after April 25, 1972, have the power to:
 - (a) Pay or give any premium or other concession for the opening or increasing of a savings account to the same extent that the payment of premiums or the granting of other concessions may be authorized for a Federal Association doing business in this State;
 - (b) Designate the legal relationship between the Association and the holder of a savings account with the Association and the name to be given such savings account in any advertising or public description of such savings account to the same extent that such designations and legal relationships are authorized for a Federal Association doing business in this State.
 - (c) Adopt any business practice, procedure, method or system authorized for a Federal Association doing business in this State;
 - (d) Make any loan or investment that a Federal Association doing business in this State is authorized to make; provided, in the absence of a general rule or regulation adopted by the Board the Supervisor may authorize an Association to make any loan or investment that a Federal Association doing business in this State is authorized to make; and
 - (e) Adopt any dividend or interest paying date or other procedure or practice with respect to the paying of interest or dividends authorized for a Federal Association doing business in this State.
- (2) Paragraph one of this Rule III gives to State Chartered Savings and Loan Associations those powers which Federal Associations doing business in this State have on April 25, 1972.
- (3) Provided, that it was the clear intent of the General Assembly of the State of Arkansas in adopting Act 242 of 1969 that Federal Savings and Loan Associations doing business in this State should not have an unfair competitive advantage over State chartered associations and in order to implement this intent during interim periods of the quarterly meetings of the Arkansas Savings and Loan Association Board in the event Federal associations are granted powers after April 25, 1972, in addition to those existing on or before that date, State chartered savings and loan associations shall have the same powers, unless within a period of ninety (90) days after the effective date of said Federal authorization, the Board at a public hearing shall disallow such powers.

Rule III-A.

(1) (a) It is the intention of the Arkansas Savings and Loan Association Board that, within the limitations of the provisions of the constitution of the State of Arkansas not preempted by federal law, state chartered savings and loan associations shall not operate at a competitive disadvantage with federal savings and loan associations and shall have the same rights, powers, privileges, benefits, immunities and exemptions (all of which are hereinafter in this paragraph (1) collectively referred to as "powers" or "power") as federal savings and loan associations in addition to those powers conferred by Arkansas law upon state chartered savings and loan associations. To this end, under and pursuant to Section 58 Of Act 227 of the Acts of Arkansas of 1963, as amended ("Act"), and all other powers conferred by the Act and Arkansas law the Arkansas Savings and Loan Association Board adopts for state chartered savings and loan associations all of the powers hereinafter set forth and further states that the Board does not disallow any of such powers within the meaning of Paragraph (3) of Rule III of the Rules of the Arkansas Savings and Loan Association Board:

- (1) All powers granted to state or federal savings and loan associations by the Depository Institutions Deregulation and Monetary Control Act of 1980, and all rules and regulations which have been issued pursuant thereto.
- (2) All other powers which may hereafter be extended to state or federal savings and loan associations by any rule or regulation which may hereafter be issued pursuant to the Depository Institutions Deregulation and Monetary Control Act of 1980, as well as by any amendments which may hereafter be made to said Act, unless within a period of thirty (30) days after the effective date of such authorization, the Arkansas Savings and Loan Association Board at a public hearing shall disallow such powers.
- (3) The power to offer any form of mortgage which now may be offered by federal savings and loan associations.
- (4) The power to offer any form of mortgage which may hereafter be authorized for federal savings and loan associations under any rule, regulation or law which may hereafter be adopted, unless within a period of thirty (30) days after the effective date of such authorization, the Arkansas Savings and Loan Association Board at a public hearing shall disallow such powers.

- (b) If any provision, clause, or phrase of this Rule III-A or the application thereof to any association or circumstance is held invalid, such invalidity shall not affect any other provision or application of this Rule which can be given effect without the invalid provision or application, and to this end the provisions of this Rule are declared to be severable.

Rule III-B.

- (1) (a) It is the intention of the Arkansas Savings and Loan Association Board that, within the limitations of the provisions of the constitution of the State of Arkansas not preempted by federal law, state chartered savings and loan associations shall not operate at a competitive disadvantage with federal savings and loan associations and shall have the same rights, powers, privileges, benefits, immunities and exemptions (all of which are hereinafter in this paragraph (1) collectively referred to as "powers" or "power") as federal savings and loan associations in addition to those powers conferred by Arkansas law upon state chartered savings and loan associations. To this end, under and pursuant to Section 58 Of Act 227 of the Acts of Arkansas of 1963, as amended ("Act"), and all other powers conferred by the Act and Arkansas law the Arkansas Savings and Loan Association Board adopts for state chartered savings and loan associations all of the powers hereinafter set forth and further states that the Board does not disallow any of such powers within the meaning of Paragraph (3) of Rule III of the Rules of the Arkansas Savings and Loan Association Board:

- (1) The power to establish branch offices upon (1) proper application and (2) a showing of public need for the proposed branch office and that the volume of business in the proposed service area for the branch office is such as to indicate a successful operation, but only to the extent such a showing is required of federal savings and loan associations seeking to establish similar facilities under current law.
- (2) The power to establish branch offices upon (1) proper application and (2) a showing of public need for the proposed branch office and that the volume of business in the proposed service area for the branch office is such as to indicate a successful operation, but only to the extent such a showing is required of federal savings and loan associations seeking to establish similar facilities pursuant to the powers which may be hereafter be conferred by any law, rule or regulation which may be hereafter adopted, unless within a period of thirty (30) days after the effective date of such authorization, the Arkansas Savings and Loan Association Board at a public hearing shall disallow such powers.

- (b) If any provision, clause, or phrase of this Rule III-B or the application thereof to any association or circumstance is held invalid, such invalidity shall not affect any other provision or application of this Rule which can be given effect without the invalid provision or application, and to this end the provisions of this Rule are declared to be severable.

Rule IV PAID-IN-SURPLUS

A permanent stock association may after five (5) years of operations make application to the Savings and Loan Association Board for authority to use its paid-in-surplus account for purposes other than those specifically set forth in Ark. Stat. Ann. § 67-1820, and the Board may either grant or deny the application, after considering all the pertinent facts.

Rule V SERVICE CORPORATIONS

A. General Service Corporations:

Subject to the provisions of this section, an association may invest in the capital stock, obligations, or other securities of any service corporation organized under the law of the State, District, Commonwealth, territory, or possession in which the home office of such association is located if:

- (1) The entire capital stock of such service corporation is available for purchase by, and only by, any and all savings and loan associations with a home office in that State, District, Commonwealth, territory, or possession, and the capital stock is owned by more than one savings and loan association;
- (2) Not more than 10 percent of the outstanding capital stock of such service corporation is, or may be, owned by any savings and loan association;
- (3) Every eligible savings and loan association is permitted to own an equal amount of the capital stock of such service corporation or, on such uniform basis as may be fixed by such corporation, each such association is permitted to own an amount of capital stock that is a stated percentage of its assets or savings capital at the time of any purchase by it of such stock, but capital stock outstanding on December 31, 1964, may be disregarded in determining compliance with this requirement and,

- (4) Substantially all of the activities of such service corporation, performed directly or through one or more wholly-owned subsidiaries, consist of one or more of the following:
- (i) Originating, purchasing, selling, and servicing loans, and participations in loans secured by first liens upon real estate and mobile homes, including brokerage and warehousing of such real estate and mobile home loans;
 - (ii) Originating, purchasing, selling, and servicing educational loans;
 - (iii) Making any investment of the types allowed for savings and loan associations;
 - (iv) Performing the following services, primarily for savings and loan associations with home offices in this State:
 - (a) Clerical services, accounting, data processing and internal auditing;
 - (b) Credit information, appraising, construction loan inspection, and abstracting;
 - (c) Development and administration of personnel benefit programs, including life insurance, health insurance, and pension or retirement plans;
 - (d) Research, studies, and surveys;
 - (e) Purchasing of office supplies, furniture, and equipment;
 - (f) Development and operation of storage facilities for microfilm or other duplicate records;
 - (g) Advertising and other services to procure and retain both savings accounts and loans.
 - (v) Acquisition of unimproved real estate lots, and other unimproved real estate for the purpose of prompt development and subdivision, principally for construction of housing or for resale to others for such construction, or for use as mobile home sites;
 - (vi) Development and subdivision of, and construction of improvements (including improvements to be used for commercial or community purposes, when incidental to a housing project) for sale or for rental on, real estate referred to in subdivision (v) of this subparagraph;

- (vii) Acquisition of improved residential real estate and mobile homes to be held for rental or sale;
- (viii) Acquisition of improved residential real estate for remodeling, rehabilitation, modernization, renovation or demolition and rebuilding for sale or for rental;
- (ix) Maintenance and management of rental real estate referred to in subdivisions (vi), and (viii) of this subparagraph, and any real estate owned by holders of its capital stock;
- (x) Participating or engaging in the leasing of equipment;
- (xi) Participation in any manner (without regard to the requirement that activities be performed directly or through a wholly-owned subsidiary) with any service corporation which meets the requirements of this section, or with any non-profit organization in any of the activities referred to in subdivisions (v) through (x) of this subparagraph or activities reasonably incidental thereto;
- (xii) Activities reasonably incidental to the activities described in the foregoing subdivisions of this subparagraph (4); and
- (xiii) Such other activities including a joint venture in any other activity or in any activity specified in this subparagraph (4), as the Board may approve upon application therefore by any such service corporation or otherwise.
- (xiv) A service corporation will be permitted to invest in any type of real estate not described in the foregoing subdivisions of this subparagraph (4) with the prior approval of the Savings and Loan Association Supervisor.

B. Other Service Corporations:

In addition to investment in a service corporation which meets the requirements of paragraph (A) of this section, an association may invest in the capital stock obligations or other securities of any service corporation organized under the laws of this State, if:

- (1) The entire capital stock of such corporation is held by one or more savings and loan associations or Federal associations with a home office in this State.

- (2) The activities of such corporation, performed directly or through one or more wholly-owned subsidiaries, consist solely of one or more of the activities specified in subdivision (i) through (xii) of paragraph (A)(4) of the section, and such other activities, including acting as an insurance agent or broker, escrow agent, or trustee under deeds of trust, and including the activities specified in subdivisions (xiii) and (xiv), as the Supervisor may approve upon application therefor by such corporation or otherwise; and
- (3) The following limitations are complied with:
 - (i) If 5 or more savings and loan associations (including any Federal association) holds capital stock in such corporation and no one such association holds more than 40 percent of such stock, such corporation, including any subsidiary, does not incur or have outstanding at any time unsecured debt, other than to a holder of its capital stock, in excess of an amount equal to 2 percent of the assets of the holders of its capital stock, and does not incur or have outstanding at any time secured debt, other than to a holder of its capital stock, in excess of an amount equal to 4 percent of such assets (secured debt will be deemed to be unsecured for purposes of this subparagraph (3) to the extent that such debt exceeds the market value of any security therefor); and
 - (ii) If less than 5 savings and loan associations (including any Federal association) holds capital stock in such corporation or one such association holds more than 40 percent of such stock, such corporation including any subsidiary, does not incur or have outstanding at any time debt in excess of the following limitations:
 - (a) In the case of unsecured debt, other than to a holder of its capital stock, an amount equal to (1) three percent (3%) of the assets of the holder or holders of its capital stock; or (2) one-half the investment in the stock, obligations, or other securities of such corporation by the holder or holders of its capital stock, excluding secured debt owed by such corporation to such holder or holders; and
 - (b) In the case of secured debt, other than to a holder of its capital stock, an amount equal to (1) twelve percent (12%) of the assets of the holder or holders of its capital stock; or (2) two times the investment in the stock, obligations, or other securities of such corporation by the holder or holders of its capital stock, excluding secured debt owed by such corporation to such holder or holders.

C. Limitations:

An association may make any investment under this section if its aggregate outstanding investment in the capital stock, obligations or other securities of service corporations and subsidiaries thereof (including all loans, secured or unsecured, to service corporations, or any subsidiaries thereof, and to joint ventures of such service corporations or subsidiaries, whether or not the association is a stockholder in such service corporations) would not thereupon exceed six (6%) percent of the association's assets. For the purpose of this section, the term "aggregate outstanding investment" means the sum of amounts paid for the acquisition of 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.

D. Examination:

No association may invest in the capital stock, obligations, or other securities of any service corporation unless said service corporation has executed and filed with the Savings and Loan Supervisor a written agreement, in form prescribed by the Supervisor that:

- (1) In the case of a service corporation described in paragraph (A) of this section, such corporation will permit and pay the cost of such examination of the corporation by the Board as the Board from time to time deems necessary to determine the propriety of any investment by an association under this section;
- (2) The examination of a service corporation will normally be performed when the savings and loan association with an interest in the service corporation is examined in order to reduce examination expense.

E. Disposal of Investment:

Whenever a service corporation, including any subsidiary thereof, engages in an activity which is not permissible for, or exceeds the limitations on, a service corporation in which an association may invest, or whenever the capital stock ownership requirements of this section are not met, an association having an investment in such corporation, including any subsidiary thereof, shall dispose of such investment promptly unless, within 90 days following the date of mailing of written notice by the Board to such investing association, the impermissible activity is discontinued, the limitation is complied with, or the capital stock ownership requirements are met.

F. Corporate Name:

No association may invest in, or retain any investment in, the capital stock, obligations, or other securities of any service corporation the corporate name of which includes the words "National", "Federal", or "United States" or the initials "U.S."

G. Applications:

Any application which is made to the Board under this section shall be in form prescribed by the Board and filed with the Savings and Loan Supervisor. In the case of a proposed service corporation which has not yet been organized, any application provided for in this section may be made by one or more associations which propose investment in such corporation.

H. Revision of Specified Activities and Limitations:

The activities and limitations specified in this section for service corporations in which associations may invest are subject to revision from time to time.

I. Limitation on Activities:

The activities which are specified in this section for service corporations in which associations may invest do not include their use to acquire "scheduled items" from and "insured institution".

J. Definition of "Joint venture":

The term "Joint venture" as used in this section means any joint undertaking with one 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.

Rule VI

All savings and loan or building and loan associations operating under authority of the statutes of Arkansas may pay to the holders of its savings accounts any rate of dividend, or bonus, or special dividend, or interest rate, or classify its savings accounts for the purpose of paying a differential or variable dividend or interest rate, or adopt any other dividend or interest rate policy that was authorized for federal associations operating in this State as of July 11, 1973. Provided, that it was the clear intent of the General Assembly of the State of Arkansas in adopting Act 144 of 1967, that Federal Savings and Loan Associations operating in this State should not have an unfair competitive advantage over State chartered associations in interest rate or dividend and related policies and in order to implement this intent during interim periods of the quarterly meetings of the Arkansas Savings and Loan Association Board, all savings and loan or building and loan associations operating under authority of the Statutes of

Arkansas may pay to the holders of its savings accounts any rate of dividend or bonus, or special dividend, or interest rate, or classify its savings accounts for the purpose of paying a differential or variable dividend or interest rate, or adopt any other dividend or interest rate policy that may be authorized after July 11, 1973, for Federal associations operating in this State, unless within a period of ninety (90) days after the effective date of said Federal authorization the Board at a public hearing shall disallow such authorization.

Rule VII

The parties to any proceeding before the Board shall refrain from any direct or indirect contact with members of the Board regarding any matters to be considered by the Board with the intent to influence the Board members.

Rule VIII

Within 60 days of the annual meeting of an association, beginning on April 15, 1976, each state-chartered savings and loan association and each service corporation shall furnish to the Arkansas Savings and Loan Association Supervisor, a current list of the following:

1. Registered Agent for Service
2. Registered Office
3. Officers
4. Board of Directors.

Rule IX

All savings and loan or building and loan associations operating under the authority of the statutes of Arkansas may hereafter enter into agreements with and act and agents for all banks insured by the Federal Deposit Insurance Corporation operating in Arkansas and may, upon consummation of a satisfactory agreement with such banks, act as agents thereunder in a bank-sponsored credit card program whereby:

- (a) All credit cards issued thereunder shall be mailed by the bank to the holders and subscribers thereof;
- (b) All operational expenses and liabilities incurred in connection with the issuance of such credit cards shall be paid and borne by the bank;
- (c) None of the receivable generated by the use of such cards shall be carried on the books of the association;

- (d) As an agent under a bank-sponsored credit card program, a savings and loan or building and loan association operating under the authorities of the statutes of Arkansas may:
 - (i) Advertise the existence of and encourage the use of such cards, furnishing applications for such cards to association members;
 - (ii) Forward such applications when received to the sponsoring bank for such credit investigation as the bank shall deem necessary; provided, however, that the association shall neither pay nor be responsible for any portion of such expense;
 - (iii) Receive such income as agreed upon by the parties; and
 - (iv) To do such other acts as may be necessary or appropriate, in acting as an agent under such program, as will be consistent with the foregoing.

Rule X

DEFINITION OF TERMS

When the terms listed below are used in Act 227 of the Acts of Arkansas, as amended, or in these Rules, or by the Supervisor of Savings and Loan Associations, the Arkansas Savings and Loan Association Board, or the Savings and Loan industry, the following meanings shall apply, unless the context indicates otherwise.

BRANCH FACILITY. In order for a facility to constitute a branch office or branch facility, such facility may have all the powers, abilities and authorities to conduct savings and loan business as is authorized to be conducted at the principal office of the association. The manned branch facility shall normally be open during all week-days (except recognized holidays) during work hours and may have authority to accept loan applications and to approve loans, to accept and to approve the opening of accounts, to accept deposits and withdrawals from accounts, to cash checks, drafts or other commercial instruments and to accept payments of existing loans.

SERVICE FACILITY. In order for a facility to constitute a service facility and not a branch, such facility shall be materially restricted in capability or specialized in use. A service facility shall perform special services for the use of the public. The aggregate of those special services shall be of such a nature as not to constitute a branch. As a way of illustration but not limitation, the following shall constitute a service facility and not a branch:

- (1) a mechanical depository such as a night depository placed at a location other than the principal office or a branch office of an association;

- (2) an unmanned electronic unit placed at a location other than the principal office or branch office of the association;
- (3) a mortgage loan service facility located at a place other than the principal office or the branch office of an association provided such mortgage loan service facility is restricted solely to acceptance of payments and performing services on existing mortgages and the forwarding of new loan applications or other documents to the principal office or a branch of the association;
- (4) mechanical racks, displays, a booth at a fair, a mobile vehicle restricted solely to advertising and dispensing of applications or forms but not authorized to accept payments, deposits or other documents; or,
- (5) the use of a special agent at a location other than the principal office or a branch office of an association where the authority of the special agent is limited solely to forwarding documents but not any monies to a branch office or the principal office of an association.

SERVICE CORPORATION. A service corporation shall not constitute an association, a branch facility or a service facility unless such service corporation conducts itself or holds itself out to be an association, branch facility or service facility.