

**STATE BOARD OF FINANCIAL  
INSTITUTIONS**

**OFFICE OF THE COMMISSIONER  
OF BANKING**



**APPLICATIONS MANUAL**

*(Last updated on 8/18/2020)*

## Preface

This Manual catalogues all of the statutes, regulations, operational instructions, policies and procedures relevant to various corporate transactions involving South Carolina depository institutions. It is intended to assist in identification of and compliance with responsibilities for gaining necessary approvals and providing required notifications.

The processes described in this Manual are under continuous review and, when appropriate, are modified to reflect current standards.

If you have any questions about corporate transactions that have not been specifically addressed in this Manual, please consult with your institution's Review Examiner or the Office of the Commissioner of Banking.

Suggestions for Manual topics are appreciated and may be submitted to the Office of the Commissioner of Banking.

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## CHARTER

### APPLICABLE LAW

#### Banks

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

#### Credit Unions

Section 34-26-300. Application for credit union charter of incorporation; articles of incorporation and bylaws.

Section 34-26-310. Consideration of application; time period for approval or denial; factors considered.

#### Savings Associations

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

Section 34-28-100. Application for authority to incorporate; action by Board on application.

Section 34-28-110. Name of an association.

#### Savings Banks

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

Section 34-30-70. Organization and establishment; application, fee; contents of application.

Section 34-30-90. Board examination of application.

Section 34-30-100. Mutual state savings banks, stock state savings banks; approval of application; minimum pledges, adjustment, considerations.

Section 34-30-110. Incomplete applications; time for approval or rejection of completed applications.

Section 34-30-120. Approval or disapproval of application; order; filing of articles; corporate existence; certificate of authorization, commencement of business; limitation on ownership or control.

#### Trust Companies

Section 34-21-10. Written approval from State Board of Bank Control is required to conduct trust business.

NOTE: The State Board of Financial Institutions will not issue a charter unless, after making investigation, it reaches favorable findings with respect to each of the following factors:

- a. Adequacy of capital structure;
- b. Future earnings prospects;
- c. General character of proposed management and the proposed Board of Directors;
- d. Service of the public interest;
- e. Receipt of deposit insurance approval from the appropriate Federal agency; (not applicable to trust companies)
- f. Adequacy of facilities and equipment; and
- g. Evidence that a sufficient volume of business exists in the community to sustain the institution.

## **PROCEDURES**

1. Develop a detailed business plan that includes the items below:
  - a. Proposed management team;
  - b. Proposed directorate;
  - c. Market area; and
  - d. Financial and growth projections for at least three years;
  - e. For credit unions only, include the following items with the business plan:
    1. Proposed credit union charter type and sponsor, if applicable;
    2. Proposed articles of incorporation; and
    3. Proposed bylaws.
2. Schedule an appointment with the Commissioner of Banking to discuss the application process and the capital requirements.
3. Complete the: [Interagency Charter and Federal Deposit Insurance Application](#); National Credit Union Administration Application; or Trust Company Application, as applicable. All parts of the relevant application must be completed with all required exhibits and attachments supplied prior to filing it with the Office of the Commissioner of Banking.
4. Provide the following supplementary information:
  - a. The name, address and telephone number of the proposed Chief Executive Officer;
  - b. An *Authorization to Release Information* signed by each organizer, proposed director, proposed executive officer and any individual that will own or control 10% or more of the institution's stock;
  - c. The *South Carolina State Board of Financial Institutions – Organizers' and Proposed Directors' Certification*, signed by all organizers and proposed directors;

- d. A disclosure of any organizers or proposed directors that are acting as representatives of or on behalf of any other person, partnership, association, or corporation;
  - e. A copy of the preliminary offering circular approved by the Securities Division of the Attorney General's Office;
  - f. For banks only, satisfactory evidence that an additional sum of 10% of the proposed capital of the bank will be available for the purpose of defraying all organization expenses; and
  - g. A copy of any other applications filed with a Federal agency in conjunction with the proposed institution.
5. Submit the completed Application and supplementary information, along with a \$15,000 non-refundable application fee, to the Office of the Commissioner of Banking.

An application will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting. At that meeting, the Board will decide whether to order a field investigation. If ordered, the findings of the field investigation will be presented to the Board within 60 to 90 days of the initial presentation to the Board.

## **CHARTER CONVERSION**

### **APPLICABLE LAW**

#### **Federal Bank to State Bank**

Section 34-3-810. National bank may become State bank; procedure.

#### **Federal Savings Association to State Savings Association**

Section 34-28-110. Name of an association.

Section 34-28-130. Articles of incorporation content; approval by Board; amendment.

Section 34-28-210. Conversion of federal association into state chartered association without change of business form.

#### **Federal or State Mutual Savings Association to State Capital Stock Savings Association**

Section 34-28-220. Conversion of a state or federal mutual association to a state capital stock association.

#### **Federal or State Bank or Savings Association to State Savings Bank**

Section 34-30-300. Conversion to state savings bank; application, examination, fee; conversion plan, amendment; vote, filing of results; approval.

#### **Mutual State Savings Bank to Stock State Savings Bank**

Section 34-30-330. Mutual state savings bank conversion to stock; application, fee; conversion plan; amendment; approval; vote.

#### **State Savings Bank to Federal Savings Bank**

Section 34-30-310. Conversion to federal charter; procedure.

#### **Federal Credit Union to State Credit Union**

Section 34-26-1220. Conversion of credit union to organization under laws of another state or United States; requirement of member approval.

### **PROCEDURES**

1. Submit a letter of request to convert, along with the items listed below, to the Office of the Commissioner of Banking:
  - a. Copy of Conversion Plan;
  - b. Copy of the proposed Articles of Incorporation;
  - c. Copy of proposed Bylaws;
  - d. Certified copy of resolution of Board of Directors approving conversion;
  - e. Certified copy of shareholder or member approval (if applicable);
  - f. Statement certifying the institution is not subject to a consent or other formal enforcement order and no orders or actions are pending;

- g. Statement concerning any proposed changes in the institution's business plan or operations;
- h. Financial statements as of the last day of the month preceding adoption of the Conversion Plan;
- i. Current and pro-forma balance sheet and capital ratios; and
- j. Copies of any Federal applications filed.

Required information may be submitted electronically. A request will not be considered complete until all information has been received.

There is not a fee for a charter conversion request. However, an institution chartered by an authority other than the State of South Carolina and converting to a South Carolina charter will, upon conversion, be charged a pro-rata supervisory fee.

### **PROCESSING TIME**

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.



## **TRUST POWERS**

### **APPLICABLE LAW**

#### **Banks**

Section 34-21-10. Written approval from State Board of Bank Control is required to conduct trust business.

#### **Credit Unions**

Section 34-26-940. Retirement, pension, profit-sharing, and deferred income accounts.

Section 34-21-10. Written approval from State Board of Bank Control is required to conduct trust business.

#### **Savings Associations**

Section 34-28-500 (12). Powers of associations generally.

Regulation 15-39. Trust powers.

#### **Savings Banks**

Section 34-30-1440 (3). Authorized actions of state savings banks; issuance of capital notes, bonds, debentures, or other obligations or securities.

### **PROCEDURES**

For credit unions, no application is required under Section 34-26-940 when the power to be exercised is limited to acting as trustee or custodian of a retirement, pension, profit-sharing or deferred income account.

For banks, savings associations and savings banks:

1. Complete all sections of the [FDIC Application for Consent to Exercise Trust Powers](#) that are required for “standard” processing.
2. Submit the Application, along with the items listed below, to your institution’s Review Examiner:
  - a. A description of how the services to be offered will serve the public interest. Include the names of other institutions offering similar services in the same market area;
  - b. An estimate of any planned capital expenditures (premises, furniture, equipment, etc.); and
  - c. A copy of the institution’s articles of incorporation/association.

## **PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **TRUST POWERS FOR OUT-OF-STATE NON-DEPOSITORY TRUST COMPANY**

### **APPLICABLE LAW**

Section 34-21-10. Written approval from State Board of Bank Control is required to conduct trust business.

### **PROCEDURES**

1. Complete the [CSBS Uniform Application for Interstate Trust Activities of State-Chartered Trust Institutions](#) (application).
2. Determine if the home state regulator has signed the Nationwide Cooperative Agreement for Supervision and Examination of Multi-State Trust Institutions (Nationwide Agreement). For a list of states that have signed the agreement, click here: <https://www.csbs.org/nationwide-cooperative-trust-agreement>.
3. If the institution's home state has signed the Nationwide Agreement, submit the application to the home state regulator. Request that the home state regulator provide the South Carolina Commissioner of Banking with the last two reports of examination along with a copy of the application and its addendum.
4. If the institution's home state has not signed the Nationwide Agreement, submit the following to the Commissioner of Banking:
  - a. The application;
  - b. A description of how the services to be offered will serve the public interest. Include the names of other institutions offering similar services in the same market area;
  - c. The last two reports of examination; and
  - d. Evidence of home state approval.

### **PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **BRANCH**

### **APPLICABLE LAW**

#### **Banks**

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

Section 34-25-230. Merger resulting in South Carolina state bank; board approval.

#### **Credit Unions**

Section 34-26-350. Principal place of business of credit union; other locations.

Section 34-26-380. Conduct of business out of state by credit union; necessity of board approval.

Regulation 15-42. Authority to Engage in Activities Authorized for Federally Chartered Institutions.

#### **Savings Associations**

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

Section 34-28-160. Home, corporate and branch offices; facilities.

#### **Savings Banks**

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

Section 34-30-170. Establishment of branch offices; application, fee; approval or denial; corporate office.

### **PROCEDURES**

1. Complete the [Branch Application Form](#) or [Credit Union Branch Application Form](#) on the website of the Office of the Commissioner of Banking.
2. Submit the Form to your institution's Review Examiner. If the institution does not currently own the property, a copy of the executed property sale or lease contract is required.
3. Include with your submission comparable sale or lease information only if the sale or lease involves:
  - a. A person who "controls" the applicant;
  - b. A "director" of the applicant;
  - c. An "executive officer" of the applicant;
  - d. A "principal shareholder" of the applicant; or
  - e. Is otherwise a "related interest" of the applicant.

(All “terms” are as defined in 12 C.F.R Part 215.)

Required information may be submitted electronically. An application will not be considered complete until all information has been received.

**PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **BRANCH PURCHASE**

### **APPLICABLE LAW**

#### **Banks**

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

#### **Savings Associations**

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

Section 34-28-160. Home, corporate and branch offices; facilities.

#### **Savings Banks**

Section 34-30-70. Approval of charters of banks, building and loan associations, savings and loan associations, and savings banks; approval of branches.

Section 34-30-170. Establishment of branch offices; application, fee; approval or denial; corporate office.

### **PROCEDURES**

Submit a letter to your institution's Review Examiner requesting approval to purchase the branch. Include the following with the letter:

- a. Purchase and Assumption Agreement (including all schedules); and
- b. A copy of the FDIC Interagency Bank Merger Act Application (including pro forma information).

Required information may be submitted electronically. A request will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **BRANCH RELOCATION**

### **APPLICABLE LAW**

#### **Banks**

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations and savings banks; approval of branches.

#### **Credit Unions**

Section 34-26-350. Principal place of business of credit union; other locations.

#### **Savings Associations**

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations and savings banks; approval of branches.

Section 34-28-160 (4). Home, corporate and branch offices; facilities.

#### **Savings Banks**

Section 34-1-70. Approval of charters of banks, building and loan associations, savings and loan associations and savings banks; approval of branches.

Section 34-30-180. Change of office location; information, evaluation.

Note: Distances of 3 miles or less are presumed to be relocations. A move of a distance greater than 3 miles will be considered the closing of an existing branch and the establishment of a new branch, and institutions will be required to comply with the procedures applicable to such activities.

### **PROCEDURES**

1. Complete the [Branch Relocation Request Form](#) on the website of the Office of the Commissioner of Banking.
2. Submit the completed Form to your institution's Review Examiner. If the institution does not currently own the property, a copy of the executed lease or purchase agreement is required.
3. Include with your submission comparable sale or lease information only if the lease or sale involves:
  - a. A person who "controls" the applicant;
  - b. A "director" of the applicant;
  - c. An "executive officer" of the applicant;
  - d. A "principal shareholder" of the applicant; or
  - e. Is otherwise a "related interest" of the applicant.

(All "terms" are as defined in 12 C.F.R Part 215.)

Required information may be submitted electronically. A request will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.



## **BRANCH SALE**

### **APPLICABLE LAW**

#### Banks and Savings Associations

It is the policy of the Board of Financial Institutions to require that South Carolina state-chartered banks and savings associations receive approval from the Board of Financial Institutions when a branch is to be sold.

#### Credit Unions

Section 34-26-350. Principal place of business of credit union; other locations.

#### Savings Banks

Section 34-30-190. Discontinuance of branch office operation.

### **PROCEDURES**

Not less than 30 days prior to consummation of the branch sale, submit to your institution's Review Examiner a request letter. Include the following in the letter:

- a. The address of the branch to be sold;
- b. The reasons for the decision to sell the branch; and
- c. The anticipated date of sale.

Include with the letter a copy of the customer notice and indicate the date it was or will be mailed to customers.

Required information may be submitted electronically. A notification or request will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **BRANCH CLOSURE**

### **APPLICABLE LAW**

#### Banks and Savings Associations

It is the policy of the Office of the Commissioner of Banking to require that South Carolina state-chartered banks and savings associations provide the Commissioner of Banking with prior notification when a branch is to be closed.

#### Credit Unions

Section 34-26-350. Principal place of business of credit union; other locations.

#### Savings Banks

Section 34-30-190. Discontinuance of branch office operation.

### **PROCEDURES**

Not less than 30 days prior to consummation of the branch closure, submit to your institution's Review Examiner a notification letter (for banks and savings associations) or request letter (for credit unions and savings banks). Include the following in the letter:

- a. The address of the branch to be closed;
- b. The reasons for the decision to close the branch; and
- c. The anticipated date of closing.

Include with the letter a copy of the customer notice and indicate the date it was or will be mailed to customers.

Required information may be submitted electronically. A notification or request will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete requests (for credit unions and savings banks) will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **DESIGNATION OF HEADQUARTERS**

### **APPLICABLE LAW**

#### **Banks**

It is the policy of the Board of Financial Institutions to require that South Carolina state-chartered banks receive approval from the Board of Financial Institutions when the designated headquarters of a bank is to be changed.

#### **Credit Unions**

Section 34-26-350. Principal place of business of credit union; other locations.

#### **Savings Associations**

Section 34-28-160. Home, corporate and branch offices; facilities.

#### **Savings Banks**

Section 34-30-170. Establishment of branch offices; application, fee; approval or denial; corporate office.

Section 34-30-180. Change of office location; information, evaluation.

### **PROCEDURES**

At least 30 days prior to changing the institution's headquarters office, submit to your institution's Review a request letter. Include the following information in the letter:

- a. the address of the proposed new headquarters; and
- b. the anticipated date of the change in location of the headquarters.

If the new headquarters location will also serve as a branch office of the institution but has not been previously approved as a branch, also follow the Branch procedures.

Required information may be submitted electronically. An application will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions (for Banks, Savings Associations and Savings Banks), provided all required information is received at least 14 days prior to the meeting. Requests from credit unions require only prior approval of the Commissioner of Banking and will generally be processed within 14 days of receipt of complete information.

## **LOAN PRODUCTION OFFICE**

### **APPLICABLE LAW**

#### Banks and Savings Associations

Section 34-25-10 (8) (c). Definitions.

Section 34-25-220 (4) (c). Definitions.

It is the policy of the Office of the Commissioner of Banking to require that South Carolina state-chartered banks and savings associations provide the Commissioner of Banking with prior notification when a loan production office is to be established or closed.

#### Credit Unions

Section 34-26-350. Principal place of business of credit union; other locations.

#### Savings Banks

Section 34-30-200. Loan production office, opening or closing.

### **PROCEDURES**

At least 30 days prior to establishing or closing a loan production office, submit to your institution's Review Examiner a notification letter (for banks, savings associations and savings banks) or request letter (for credit unions). Include the following in the letter:

- a. The address of the loan production office;
- b. The anticipated date of establishing or closing the loan production office; and
- c. (For establishing only) the activities to be conducted at the loan production office.

Required information may be submitted electronically. A notification or request will not be considered complete until all information has been received.

### **PROCESSING TIME**

Loan production offices are not presented to the Board of Financial Institutions but are processed within the Office of the Commissioner of Banking. Notifications or requests must be received at least 30 days prior to establishing or closing the loan production office.

## **REMOTE SERVICE UNITS/ATMs**

### **APPLICABLE LAW**

#### **Banks**

Section 34-25-10 (8) (a). Definitions.

Operational Instruction Remote Service Units – Issued March 6, 2019.

#### **Credit Unions**

Section 34-26-350 (2). Principal place of business of credit union; other locations.

Operational Instruction Remote Service Units – Issued March 6, 2019.

#### **Savings Associations**

Section 34-28-30 (21). Definitions.

Operational Instruction Remote Service Units – Issued March 6, 2019.

#### **Savings Banks**

Section 34-30-1440 (A) (1). Authorized actions of state savings banks; issuance of capital notes, bonds, debentures, or other obligations or securities.

Operational Instruction Remote Service Units – Issued March 6, 2019.

### **PROCEDURES**

No approval of or notification to the Board of Financial Institutions or the Commissioner of Banking is required for banks, credit unions, savings associations or savings banks to establish or dispose of a Remote Service Unit (as defined in Section 34-28-10) which includes ATMs.

## **OUT OF STATE CREDIT UNION DOING BUSINESS IN SOUTH CAROLINA**

### **APPLICABLE LAW**

#### Credit Unions

Section 34-26-370. Conduct of business in state by lawful out-of-State credit union; requirements of board approval.

### **PROCEDURES**

The Office of the Commissioner of Banking adheres to the process for interstate branching set forth in Section VII of the [Southeastern Regional Cooperative Interstate Agreement](#) for the Supervision of State-Chartered Credit Unions. Credit unions chartered by other states seeking to do business in South Carolina should follow the steps described therein.

### **PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **PURCHASE OF PROPERTY FOR FUTURE EXPANSION**

### **APPLICABLE LAW**

#### Banks

Regulation 15-21. State Bank Investments, Fixed Assets.

Regulation 15-25. Purchase of Property for Future Expansion.

Operational Instruction Property Acquired for Future Expansion – Issued January 9, 2013

#### Credit Unions

Section 34-26-350 (4). Principal place of business of credit unions; other locations.

#### Savings Associations

Regulation 15-25. Purchase of Property for Future Expansion.

#### Savings Banks

Section 34-30-1310. Investments in real property; limitations.

### **PROCEDURES**

1. Complete the [Property Purchase Request Form](#) on the website of the Office of the Commissioner of Banking.
2. Submit the completed Form with a copy of the fully executed purchase agreement to your institution's Review Examiner.

Required information may be submitted electronically. A request will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **NAME OF INSTITUTION/NAME CHANGE**

### **APPLICABLE LAW**

#### **Banks**

Section 34-3-10. Use of "bank" or "banking" by others than banking institutions.

#### **Credit Unions**

Section 34-26-340. Name requirements of credit unions.

#### **Savings Banks**

Section 34-30-60. Prior charters; legal name, requirements; prohibited acts; injunctions.

#### **Savings Associations**

Section 34-28-110. Name of an association.

It is the policy of the Office of the Commissioner of Banking to require that South Carolina state-chartered banks, credit unions and savings banks provide the Commissioner of Banking with prior notification when a name change is planned.

Note: Savings Associations and Savings Banks should also refer to the requirements for Amendments to Articles and Bylaws section of this Applications Manual.

### **PROCEDURES**

At least 30 days prior to the name change, submit a letter to your institution's Review Examiner notifying (for banks, credit unions) or requesting approval (for savings associations) of the name change. The notification should include the effective date of the name change.

Savings Bank requests will be processed in accordance with the procedures for Amendments of Articles and Bylaws of this manual.

Required information may be submitted electronically. A notification or request will not be considered complete until all information has been submitted.

### **PROCESSING TIME** (for state-chartered savings associations)

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.



## AMENDMENTS OF ARTICLES AND BYLAWS

### APPLICABLE LAW

#### Banks

Section 34-3-210 (8). General powers of banking corporation.

Section 34-3-230. Directors may make and change bylaws.

#### Credit Unions

Section 34-26-330. Amendment of articles of incorporation and bylaws.

#### Savings Associations

Section 34-28-130. Articles of incorporation content; approval by Board; amendment.

Section 34-28-140. Bylaws.

#### Savings Banks

Section 34-30-150. Amendment of articles of incorporation; certification, submission, approval; quorum, voting requirement.

Section 34-30-1020. Bylaws and amendments; certification; effective date; amendment.

### PROCEDURES

Savings Associations:

- Board of Financial Institutions approval is required for amendments to the Articles of Incorporation.
  - Submit the Articles and amendments certified by the appropriate corporate official to your institution's Review Examiner along with a letter explaining the reason for the amendment.

Credit Unions:

- Commissioner of Banking approval is required for amendments to Bylaws.
  - Submit a document with the current section of the bylaws to be amended and the proposed amended section to your institution's Review Examiner. This document should have the signature of the appropriate credit union official and a signature line for the Commissioner of Banking.

## Savings Banks:

- Board of Financial Institutions approval is required for amendments to Articles of Incorporation.
  - Submit the Articles and amendments certified by the appropriate corporate official to your institution's Review Examiner along with a letter explaining the reason for the amendment.
- Amendments to Bylaws must be submitted to the Board of Financial Institutions at least 30 days before becoming effective.
  - Submit the Bylaws and amendments certified by the appropriate corporate official to your institution's Review Examiner along with a letter explaining the reason for the amendment.

Required information may be submitted electronically. A request will not be considered complete until all information has been received.

### **PROCESSING TIME** (for savings associations and savings banks)

For savings associations and savings banks, complete requests will generally be presented at the next meeting of the Board of Financial Institutions (Board), provided all required information is received at least 14 days prior to the meeting.

Savings bank bylaw amendment notifications will automatically become effective at the expiration of 30 days from date of receipt, unless earlier approved or rejected by the Board.

Credit union bylaw amendment requests will generally be processed within 14 days of receipt of complete information.

## **MERGER**

### **APPLICABLE LAW**

#### **Banks**

Section 34-3-850. Consolidation or merger of banks and trust companies.

Section 34-25-230. Merger resulting in South Carolina state bank; board approval.

Section 34-25-240. Merger resulting in out-of-state bank; board approval.

Section 34-25-310. Notice of transaction.

Section 34-30-360. Merger of stock state savings banks with banks or associations; merger plan; amendment; approval; vote.

#### **Credit Unions**

Section 34-26-1210. Merger.

Regulation 15-47. Merger Procedures for State Credit Unions.

#### **Savings Associations**

Section 34-28-230. Power to reorganize, merge or consolidate or sell assets out of the ordinary course of business.

Section 34-30-360. Merger of stock state savings banks with banks or associations; merger plan; amendment; approval; vote.

Regulation 15-22. Mergers, Savings and Loan Associations.

#### **Savings Banks**

Section 34-30-340. Merger or consolidation of state savings banks; procedure.

Section 34-30-360. Merger of stock state savings banks with banks or associations; merger plan; amendment; approval; vote.

### **PROCEDURES**

#### **Banks, Savings Associations and Savings Banks**

1. Complete the FDIC Interagency Bank Merger Act Application.
2. Submit the Application, along with the items listed below, to your institution's Review Examiner:
  - a. Board resolutions approving merger;
  - b. Pro forma bank balance sheets and capital ratios;
  - c. List of additional branches to be operated;
  - d. List of any branches to be closed due to the merger; and
  - e. List of directors and officers pre- and post-merger.

Required information may be submitted electronically. An application will not be considered complete until all information has been received.

## **PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

### **Credit Unions – State Chartered Credit Union is Surviving Credit Union**

1. Prepare a Merger Plan in accordance with Regulation 15-47 (IV) of the Board of Financial Institutions.
2. Upon approval of the Merger Plan by a majority of the members of the Board of Directors of the credit unions, submit the following information to your institution's Review Examiner:
  - a. The Merger Plan;
  - b. Resolution of the Board of Directors;
  - c. Proposed Merger Agreement;
  - d. Notice of proposed merger to members of both the merging and continuing credit unions (prepared in accordance with Regulation 15-47 (VI (a) (2)) of the Board of Financial Institutions);
  - e. Copy of the form of ballot to be sent to the members of both the merging and continuing credit unions;
  - f. List of additional branches to be operated;
  - g. List of any branches to be closed due to the merger;
  - h. Fields of membership for both the merging and continuing credit unions; and
  - i. List of directors and officers pre- and post-merger.
3. After approval of the merger proposal by the Board of Financial Institutions, certification of affirmative vote of a majority of the members of the merging and continuing credit unions who vote on the proposal shall be sent to the Commissioner of Banking (condition of approval).

Required information may be submitted electronically. An application will not be considered complete until all information has been received.

## **PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

### **Credit Unions – Federally Chartered Credit Union is Surviving Credit Union**

1. Upon approval of the Merger Plan by a majority of the members of the Board of Directors of the credit unions, submit the following information to the Commissioner of Banking:

- a. The Merger Plan;
  - b. Resolution of the Board of Directors;
  - c. Proposed Merger Agreement;
  - d. Notice of proposed merger to members of both the merging and continuing credit unions (prepared in accordance with Regulation 15-47 (VI (a) (2)) of the Board of Financial Institutions);
  - e. Copy of the form of ballot to be sent to the members of both the merging and continuing credit unions;
  - f. List of additional branches to be operated;
  - g. Fields of membership of both the merging and continuing credit unions; and
  - h. List of any branches to be closed due to the merger.
2. After approval of the merger proposal by the Board of Financial Institutions, certification of affirmative vote of a majority of the members of the merging and continuing credit unions who vote on the proposal shall be sent to the Commissioner of Banking (condition of approval).

Required information may be submitted electronically. An application will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

# **ACQUISITION OF SOUTH CAROLINA HOLDING COMPANY, BANK OR SAVINGS ASSOCIATION**

## **APPLICABLE LAW**

### Banks (and bank holding companies)

Section 34-25-30. Board approval.

Section 34-25-40. Application.

Section 34-25-60. Time for decision; public hearing.

### Savings Associations

Section 34-28-260. Acquisition of majority control over existing stock-owned association.

Section 34-28-310. Act requiring prior approval of the Board.

Section 34-28-340. Applications to the Board for approval.

### Savings Banks

Section 34-30-1950. Ownership of stock savings bank by holding company; conversion; reorganization by stock and mutual state savings banks; reorganization plan; organization of mutual holding companies, articles of incorporation, ownership of voting stock; investments.

Section 34-30-1960. Acquisition of control of state savings bank or holding company; supervision of holding company; rules or regulations.

## **PROCEDURES**

1. Complete the applicable Federal holding company application.
2. Submit the Application, along with the items listed below, to your institution's Review Examiner:
  - a. Non-refundable application fee - \$2,500 for a South Carolina acquirer; \$5,000 for an out-of-state acquirer;
  - b. Certified copies of the Board resolutions approving merger;
  - c. Certified shareholder resolutions approving merger;
  - d. Proof of compliance with Section 34-25-40 (d) of the Code of Laws of South Carolina if the applicant is an out-of-state bank holding company;
  - e. *Consolidated* pro forma holding company balance sheet and capital ratios; and
  - f. List of directors and officers pre- and post-acquisition.
3. Before publishing, send a copy of the Notice of Application to the target institution's Review Examiner for approval. After publication, the publisher's copy of the Notice of Application should be submitted to the target institution's Review Examiner.

Required information may be submitted electronically. An application will not be considered complete until all information has been received.

## **PROCESSING TIME**

The Notice of Application must be published for at least one day in a newspaper of general circulation in South Carolina. The notice must include a 20 day comment period which should begin after the application has been submitted to the target institution's Review Examiner and end on or before the second Monday preceding the Board meeting in which the application is to be considered.

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 28 days prior to the meeting.

## **CHANGE OF CONTROL OR CAPITAL STRUCTURE**

### **APPLICABLE LAW**

Section 34-25-10. Definitions.

Section 34-25-30. Board approval.

12 U.S. C. § 1841 – Definitions.

### **PROCEDURES**

1. Determine whether the change in control or capital structure meets the definitions above concerning the acquisition of a company that requires the approval of the Board of Financial Institutions.
2. If it does, follow the procedures for Acquisition of South Carolina Holding Company, Bank or Savings Association.
3. If it does not, no application is required.

### **PROCESSING TIME**

Complete applications will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.



## **SUBSIDIARIES**

### **APPLICABLE LAW**

#### **Banks**

Operational Instruction Investment in Subsidiaries – Issued February 1, 2006.

### **PROCEDURES**

1. Submit a notification letter to your institution's Review Examiner that a subsidiary of the bank is to be established or closed. Include the following in the letter:
  - a. Name and location of the subsidiary; and
  - b. (For establishing only) Purpose of/activities to be conducted at the subsidiary.

Required information may be submitted electronically. A notification will not be considered complete until all information has been received.

### **PROCESSING TIME**

Notifications must be received at least 30 days prior to establishing or closing the subsidiary.

## **ISSUANCE OF STOCK**

### **APPLICABLE LAW**

#### **Banks**

Section 34-9-10. Amount of capital stock to be paid in cash

Section 34-9-80. Issuance of preferred stock.

### **PROCEDURES**

Submit a letter to your institution's Review Examiner requesting approval to issue stock.

Include the following in the letter:

- a. Number of authorized shares;
- b. Current number of shares issued;
- c. Number of shares to be issued;
- d. Type of stock; and
- e. Par value of stock.

Required documents may be submitted electronically. An application will not be considered complete until all documents have been received.

### **PROCESSING TIME**

Complete applications to issue capital stock will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting. Requests to issue preferred stock will generally be processed within 14 days of receipt of complete information.

## **ISSUANCE OF SUBORDINATED DEBT**

### **APPLICABLE LAW**

#### **Banks**

Section 34-9-100. Issuance of capital notes or debentures.

#### **Savings Banks**

Section 34-30-1440. Authorized actions of state savings banks; issuance of capital notes, bonds, debentures, or other obligations or securities.

### **PROCEDURES**

Submit a letter to your institution's Review Examiner requesting approval to issue subordinated debt. Include the following in the letter:

- a. Amount of the debt; and
- b. Terms of the debt (interest rate, length, etc.).

Required information may be submitted electronically. A request will not be considered complete until all information has been received.

### **PROCESSING TIME**

The request will generally be processed within 14 days of receipt of complete information.

## **DIVIDENDS**

### **APPLICABLE LAW**

#### **Banks**

Regulation 15-4. State Bank Dividends.

Regulation 15-28. Income and Expense Statements Re Dividends.

Operational Instruction Cash Dividends – Issued October 6, 1999

#### **Credit Unions**

Section 34-26-710. Dividends.

Policy Statement Concerning Payment of Dividends by State-Chartered Credit Unions Pursuant to Section 34-26-710(1) – Issued August 5, 2020

### **PROCEDURES**

If circumstances require prior approval to pay a dividend, submit a letter to your institution's Review Examiner addressing the following:

- a. Amount of the dividend;
- b. Purpose of the dividend;
- c. Year-to-date and projected year-end net income; and
- d. Post-dividend Tier 1 Capital ratio (banks) or Net Worth/Total Assets ratio (credit unions).

Required information may be submitted electronically. A request will not be considered complete until all information has been received.

For credit unions, if a dividend is to be paid from Undivided Earnings and circumstances do not require prior approval to pay the dividend, as described in the above policy statement, a letter should be submitted to your institution's Review Examiner within 30 days of paying the dividend addressing the following:

- a. Amount of the dividend;
- b. The date the dividend was paid; and
- c. Certification that the credit union met the following requirements of the above policy statement at the time the dividend was paid:
  - i. The Net Worth ratio is above 8%;
  - ii. The Capital component rating at the most recent examination is 1 or 2; and
  - iii. The credit union has adequately provided for a provision for loan losses.

### **PROCESSING TIME**

Complete requests (for banks, savings banks, and savings associations) will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting. Requests from credit unions that

require prior approval of the Commissioner of Banking will generally be processed within 14 days of receipt of complete information.

## **STOCK REPURCHASE PROGRAMS**

### **APPLICABLE LAW**

#### **Banks**

Operational Instruction Stock Repurchase Programs – Issued October 3, 2018.

Title 12 U.S.C. § 59. Reduction of capital.

Title 12 C.F.R. § 7.2020. Acquisition and holding of shares as treasury stock.

### **PROCEDURES**

Submit a letter to your institution's Review Examiner requesting approval to establish a stock repurchase program. Include the following information in the letter:

- a. The corporate purpose for the stock repurchase program;
- b. The duration of the program;
- c. The number of shares authorized for repurchase under the proposed program;
- d. The purchase price range of repurchases;
- e. Evidence of approval of the stock repurchase program by shareholders owning at least two thirds of the shares of each voting class of the bank's outstanding stock;  
and
- f. Any other relevant information.

Required information may be submitted electronically. A request will not be considered complete until all information has been received.

### **PROCESSING TIME**

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.

## **ADDITIONS TO CREDIT UNION MEMBERSHIP**

### **APPLICABLE LAW**

#### Credit Unions

Section 34-26-500. Requirements of membership; eligible groups; requirement of board approval.

Section 34-26-420. Powers incidental to purpose of credit union; limitations.

Regulation 15-52. Increase in Field of Membership.

Operational Instruction Credit Union Field of Membership – Issued October 7, 1998.

Operational Instruction Credit Union Field of Membership – Issued February 8, 2000.

Operational Instruction Credit Union Field of Membership – Issued September 7, 2016.

### **PROCEDURES**

#### Occupation and Association Groups Over 250 Potential Members

1. Submit a letter to your institution's Review Examiner requesting approval to add an occupation or association group to its field of membership. Include the following in the letter:
  - a. Name of group or association; and
  - b. Number of potential members.
2. Provide a document showing the current section of the bylaws to be amended and the proposed amended section. This document should have the signature of the appropriate credit union official and a signature line for the Commissioner of Banking.

#### Community Field of Membership

1. Submit a letter to your institution's Review Examiner requesting approval to convert to a community field of membership or to expand the existing community field of membership. Include the following with the letter:
  - a. Documentation describing how the area meets standards for community interaction or common interests and clearly defining the geographic boundaries of the proposed service area;
  - b. Documentation establishing the area as a well-defined local neighborhood, community, rural district, or business district; and
  - c. Current financial statements and a plan showing how the credit union intends to market its products and services to the entire community.
2. Provide a document showing the current section of the bylaws to be amended and the proposed amended section. This document should have the signature of the appropriate credit union official and a signature line for the Commissioner of Banking.

Note: Once a credit union has been granted a community field of membership, it may not add additional occupation or association groups that are outside its community.

### Underserved Area

1. Submit a letter to your institution's Review Examiner the requesting approval to serve an underserved area. Include the following with the letter:
  - a. Documentation establishing that the community meets the definition of an investment area; and
  - b. Current financial statements and a business plan showing how the credit union intends to serve the community. The business plan must identify the credit and depository needs of the community and detail how the credit union plans to serve those needs.
2. Provide a document showing the current section of the bylaws to be amended and the proposed amended section. This document should have the signature of the appropriate credit union official and a signature line for the Commissioner of Banking.

Note: Credit unions with a community field of membership may not add underserved areas.

Applications will not be considered complete until all documents have been received.

### **PROCESSING TIME**

Complete requests will generally be presented at the next meeting of the Board of Financial Institutions, provided all required information is received at least 14 days prior to the meeting.



## **SALE OF NON-DEPOSIT INVESTMENT PRODUCTS**

### **APPLICABLE LAW**

Operational Instruction Non-Deposit Investment Products – Issued October 6, 1999.

It is the policy of the Office of the Commissioner of Banking to require that South Carolina state-chartered banks, credit unions, savings associations and savings banks provide the Commissioner of Banking with prior notification when the institution plans to offer or to cease offering the brokerage of stocks, bonds, mutual funds and the sale of annuities, life, health, property and casualty insurance, as agent, directly or through a subsidiary corporation.

### **PROCEDURES**

Not less than 30 days prior to the event, submit a letter of notification to your institution's Review Examiner. For notifications that these products will be offered, state in the letter that the institution will comply with all conditions in the referenced Operational Instruction.

## **OTHER REAL ESTATE TIME EXTENSION**

### **APPLICABLE LAW**

#### **Banks**

Regulation 15-26. Disposition of Real Property of Banks.

### **PROCEDURES**

1. Complete the [Other Real Estate Extension of Time Request](#) form on the website of the Office of the Commissioner of Banking.
2. Submit the completed request to your institution's Review Examiner.

Required documents may be submitted electronically. A request will not be considered complete until all information has been received.

### **PROCESSING TIME**

The request will generally be processed within 14 days of receipt of complete information.