

some of their transactions. To inject capital in the S & L industry, S & Ls are permitted to sell off branches or portions of their operation to raise money to inject capital to meet these increasing phase-in steps of capital requirements under the new S & L bailout law. Now that means that there are two kinds of S & Ls out there for sale, failed S & Ls which are now part of the RTC, and the RTC is called the Resolution Trust Corporation, I believe, and it is expected that institutions which have not failed but which are not healthy will have to move through a stairstep of increasing capital formation by selling off some of their branches. Now this is all authorized by a Congressional act, the FIRREA act, Financial Institutions Reform, Recovery, and Enforcement Act, and the act says this; if you have state laws that interrupt with our process of selling off these S & Ls, your state laws are ineffective. This is called the federal preemption doctrine and it comes from constitutional law that says there is a branch of federal powers, there is a branch of state powers, and there is a set of powers that are shared between the federal government and the state government. Where those shared powers exist, if the federal government acts, it preempts the states. Banking law for national banks is an area of preemption law, one where if the federal government chooses to act, it can preempt state law on the same subject matter, and that is what the federal government has done in this area. They have preempted state law saying even if you have branch banking laws or limitations on the size of institutions, those state laws are ineffective. These federal procedures will apply and banks may purchase failed S & Ls. Well, in Nebraska, in other words, our branch banking rules would not stand as an impediment to a one-time purchaser of an S & L, or an S & L and its branches, and we have some branches that need to be sold. There is one in York. There is one in Nebraska City. There is one in Gering. There is one in Fremont. These are S & Ls that need to be incorporated into our financial institutions and they can be sold to out-of-state interests or they can be sold to in-state interests. Both the Nebraska Bankers Association and the Nebraska Independent Bankers Association, along with the Savings and Loan Association in this state, agree that Nebraska banks ought to be in a good position to bid on and to acquire these institutions, or institutions in the future who, in meeting that phase-in step of higher capitalization, will want to sell off their branches, rather than to have simply the marketplace consist of out-of-state banks and financial institutions. The RTC has been reluctant to sell a savings and loan in less than