

# House Research Act Summary

**CHAPTER:** 151, Laws 1999

**SESSION:** 1999 Regular Session

**TOPIC:** 1999 Omnibus Financial Institutions Act

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## Overview

This is the department of commerce's 1999 omnibus financial institutions act. It makes a variety of technical, clarifying, and substantive changes in state laws relating to financial institutions. It increases some fees charged to financial institutions by the state. The other sections that are the most substantive are sections 11, 13, 18, 22, 26, 27, 34, 36, 38, 41, 47, and 49.

### Section

- 1 Filing; fee; public inspection.** Increases the filing fee charged to persons applying to open a new state-chartered bank. Permits the commissioner to waive the fee if the new bank would be in a low or moderate income area, or an area not served by an existing bank or similar institution. Sets a lower filing fee if the new bank is the result of a merger or reorganization of an existing bank.
- 2 Comment, requests for hearing.** After an applicant for a bank charter publishes a notice of the application, any person may submit written comments to the commissioner or request a hearing. This section reduces the deadline for doing so from 21 days to 15 days after the publication.
- 3 Requirement.** Establishes a filing fee for persons filing a notice that they intend to obtain control of a bank. Provides for a lower fee if the person has been an officer or director of the bank. Provides that there is no filing fee if the person is acquiring control due to an action taken by others.
- 4 Notice.** Reduces the comment period for a notice of proposed change of control from 21 days to 15 days.
- 5 Filing fee.** Increases the filing fee for a financial institution applying for approval of a change in its corporate governing documents.
- 6 Closing effecting a permanent cessation of business.** Reduces from 90 days to 60 days the advance notice to the commissioner required prior to the permanent closing of a financial

institution.

- 7 **Applications to department of commerce.** Establishes a filing fee of \$3,000 for a financial institution that wishes to relocate its main office.
- 8 **Delinquency of late payment fees.** Updates a reference to the authority of lenders to charge late payment fees.
- 9 **Federal preemption override.** Technical change to add a reference to federal law.
- 10 **No usury limits.** Technical change to add a reference to federal law.
- 11 **Private mortgage insurance.** Rewrites what is now section 47.20, subdivision 14, to

retain the current state law right to terminate private mortgage insurance, with some changes. The principal changes are to permit cancellation when the homeowner has 20 percent equity in the home, as compared to the 25 percent requirement in current law, and to revise some language to permit easier compliance by lenders in conjunction with a related federal law.

- 12 **Savings association.** Changes a cross-reference, which now refers to a repealed statute. The new cross-reference defines "association."
- 13 **Authorization.** Permits banks to operate part-time locations in nursing homes and senior citizen housing facilities. See also section 27.
- 14 **Approval order.** Reduces from 21 days to 15 days the period in which a person (usually another bank) may object to the establishment of a new branch bank.
- 15 **Objections; hearing.** Makes a conforming change related to the preceding section.
- 16 **Consumer protection.** Provides that a reference to federal law incorporates future amendments to that law.
- 17 **Filing.** Increases the filing fee for applications to become small loan lenders.
- 18 **Reverse stock splits.** Permits banks to use reverse stock splits to qualify as S corporations under federal tax law or for other business purposes.
- 19 **Authorized activities.** Technical change to clarify rights of state-chartered banks.
- 20 **Limits on authority to act as paying agent for public issuers.** Corrects a cross-reference to conform to 1998 legislation involving trust powers of banks.
- 21 **Exception to loan limits; feeder livestock as security.** Technical change to include all types of debtors.
- 22 **Grain forward sale contracts; lending limits.** Permits loans in excess of a bank's loan limits for debt secured by stored grain to be sold under a forward sale contract.
- 23 **Authorization.** Reduces from 45 days to 30 days the period within which the commissioner may object to establishment of a trust services office.
- 24 **Requirements.** Increases the filing fee for applications to approve bank mergers.
- 25 **Organization.** Increases the application fee for establishment of a new credit union. Permits the commissioner to waive the fee if it would be located in an area of low or moderate income or in an area in which there is no other depository institution.
- 26 **Application.** Permits 15 people, instead of current 25, to apply to be included as a subgroup in an existing credit union.
- 27 **Senior citizen locations.** Permits credit unions to operate part-time locations in nursing homes and senior citizen housing facilities. See also section 13.
- 28 **Application; fee; notice.** Increases the filing fee for applications to start a new industrial loan and thrift that will accept deposits. Reduces the fee for those that will not accept deposits. Reduces from 21 days to 15 days the period of time in which a person may object to the opening

of a new industrial loan and thrift.

- 29 **Amended certificates; thrift certificates for investment, application, fee, notice.** Increases the filing fee for applications for approval to begin accepting deposits, from existing industrial loan and thrifts that do not now take deposits. This is related to the preceding section.
- 30 **Objection to application.** Reduces from 20 days to 15 days the period of time in which persons may object to an application from an existing industrial loan and thrift to begin accepting deposits.
- 31 **Application for license.** Eliminates half-year licenses at a reduced rate for safe deposit companies.
- 32 **Application fee.** Increases the application fee for initial and annual licensing of finance companies. Eliminates a reduced rate for half-year licenses.
- 33 **Interest rates and charges.** Clarifies the rights of finance companies to charge late fees and restructure delinquent loans, to conform to 1995 statutory changes.
- 34 **Residential mortgage originator licensing requirements.** Exempts licensed insurance agents from licensure as mortgage originators if they meet certain criteria. See also section 38.
- 35 **Application contents.** Conforming change to the repeal later in this act of the net worth requirement for mortgage originators and services.
- 36 **Requirement of residential mortgage originators.** Limits the bond requirement to apply to only those mortgage originators that also engage in mortgage servicing.
- 37 **Insurance premium finance companies.** Increases the annual license fee for insurance premium finance companies.
- 38 **Grounds.** Subjects insurance agents to discipline if they violate any provision of state law relating to mortgage origination. This relates to section 34.
- 39 **Government entity.** Permits American Indian tribal government entities to name a depository on the same terms as other local governments.
- 40 **Sales finance companies.** Increases the annual license fees for motor vehicle installment sales finance companies. These are companies that buy auto loans from auto dealers.
- 41 **Motor vehicle retail installment contract.** Permits auto loans to include an amount to cover the borrower's negative equity on a trade-in vehicle. See also section 47.
- 42 **Solicitation of business.** Technical changes to eliminate inconsistencies with trust services legislation enacted in 1998.
- 43 **License for each location.** Increases the license fee for extra office locations for debt prorating agencies. These are entities that provide debt counseling and related debt management services to debtors.
- 44 **Fees.** Increases the application and license fees for debt prorating agencies.
- 45 **Renewal of license.** Increases the renewal fee for debt prorating licenses.
- 46 **Accelerated mortgage payment provider; bond requirements.** Establishes a fee to be paid by persons who apply to become authorized to act as an accelerated mortgage payment provider. These are businesses that assist people who want to pay off their mortgage loan faster than the scheduled loan payments.
- 47 **Motor vehicle lease agreements.** Permits motor vehicle leases to include an amount owed on a prior auto loan or lease. See also section 41.
- 48 **Chisago Lakes township; detached banking facility.** Permits location of a branch bank in a particular township.
- 49 **Repealer.** Repeals the private mortgage insurance statute replaced in section 11 of this act.

Repeals the net worth requirement for mortgage originators and servicers.

**50** **Effective date.** Various effective dates.