

House Research Act Summary

CHAPTER: 44 (S.F. 1920/H.F. 2056)

SESSION: 2007 Regular Session

TOPIC: Financial Institutions

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Overview

This act makes a variety of changes in laws governing banks, credit unions, other financial institutions, and credit services organizations.

Each of these provisions was also enacted in identical form in chapter 57 (S.F. 2096/H.F. 2410), which was the environment, natural resources, energy, and commerce omnibus finance bill.

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- 1** **Corporation may be member or shareholder of federal agency.** Permits state-chartered banks to borrow amounts from the Federal Home Loan Bank System up to 35 percent of the bank's total assets. Current law is 25 percent.
- 2** **Additional charges.** Prohibits lenders, on a payday loan transaction, from assessing a civil penalty for a bounced check against the customer, if the lender advances cash to the customer in exchange for a (probably post-dated) check.
- 3** **Authorization, terms, conditions, and prohibitions.** Makes a change to conform to the preceding section on bounced checks for payday loans.
- 4** **General authority.** Eliminates a requirement that out-of-state financial institutions notify the commissioner of commerce prior to establishing an automated teller machine (ATM) in this state. This conforms to section 9, which repeals this requirement for in-state financial institutions.
- 5** **Retirement, health savings, and medical savings accounts.** Permits state-chartered financial institutions to establish health savings accounts that are transactions ("checking")

Section

accounts, rather than savings accounts. (These transaction accounts will presumably pay interest.) Exempts those accounts from a requirement relating to checking the financial background of new checking account customers.

- 6 Retirement, health savings, and medical savings accounts.** Makes a change to conform to the preceding section regarding health savings accounts.
- 7 In lieu of surety bond.** Changes a law governing collateral that banks are required to post as collateral for bank deposits of local governments (that exceed FDIC coverage). Under current law, banks may post as collateral for a local government's deposits, the A-rated general obligation bonds of *any* local government. If the bank posts as collateral the general obligation bonds of *the same local government* that makes the deposit, the bank may use *unrated* general obligation bonds. This section changes that to also permit use of *rated* general obligation bonds of that same local government. The net effect is to permit use of the bonds rated lower than A as collateral for deposits of that same local government.
- 8 Fees.** Increases the annual registration fee paid to the Department of Commerce by credit services organizations ("credit repair" providers) from \$100 to \$1,000.
- 9 Repealer.** Repeals an obsolete law relating to organizational expenses of new banks and a law requiring financial institutions to notify the commissioner of commerce 15 days prior to their installation of a new ATM.
- 10 Effective date; application.** Makes the higher registration fee for credit services organizations in section 8 effective July 1, 2007.