



GOV. MSG. NO. 724

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

June 10, 2009

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fifth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 10, 2009, the following bill was signed into law:

HB1070 SD1 CD1

A BILL FOR AN ACT  
RELATING TO THE CODE OF FINANCIAL  
INSTITUTIONS.

**ACT 107 (09)**

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

Approved by the Governor

on JUN 10 2009

HOUSE OF REPRESENTATIVES  
TWENTY-FIFTH LEGISLATURE, 2009  
STATE OF HAWAII

**ACT 107**  
**H.B. NO.** 1070  
S.D. 1  
C.D. 1

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# A BILL FOR AN ACT

RELATING TO THE CODE OF FINANCIAL INSTITUTIONS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 412:3-507, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "**§412:3-507 Closing branch or agency; temporary**

4 **closures**~~[re]~~ **and relocations.** (a) A Hawaii financial

5 institution shall give the commissioner prior notice of its

6 intent to close any branch or agency at least thirty days prior

7 to the closing. The notice shall specify ~~[the]~~:

8 (1) The intended date of closing~~[re]~~~~[the]~~;

9 (2) The reasons for the closing~~[re]~~; and [a]

10 (3) A certification by the secretary or other authorized

11 officer of the institution that the decision to close

12 was duly approved by its board of directors.

13 This notice may be satisfied by ~~[delivery]~~ providing to the

14 commissioner ~~[of]~~ a copy of any notice pertaining to the closure

15 given to the financial institution's appropriate federal

16 regulatory agency.



1 (b) A Hawaii financial institution may temporarily close  
2 or relocate a branch or agency [~~in the event of an emergency~~]  
3 for a period of time up to one hundred eighty days, or a longer  
4 time period as determined necessary by the commissioner[-] in  
5 the event of an emergency or for other good cause. For purposes  
6 of this section, an emergency means a situation of an unusual or  
7 compelling urgency that creates a threat to life, public health,  
8 welfare, or safety by reason of major natural disaster,  
9 epidemic, riot, fire, or other reason as determined by the  
10 commissioner. Written notice of a temporary closure or  
11 relocation shall be provided to the commissioner [~~upon closure~~]  
12 and to the Hawaii financial institution's customers as soon as  
13 practicable, and [~~notice shall be provided to the Hawaii~~  
14 ~~financial institution's customers in the form of a sign posted~~  
15 ~~at the primary public entrance of the branch or agency. The~~  
16 ~~written notices~~] shall state [~~the~~]:

- 17 (1) The reasons for the temporary closure[~~7~~] or  
18 relocation; [~~the~~]  
19 (2) The expected date of reopening[~~7~~]; and [~~information~~]  
20 (3) Information regarding where and how customers of the  
21 closed or relocated branch or agency will be



1 accommodated during the temporary closure[-] or  
2 relocation.

3 The notice provided to the Hawaii financial institution's  
4 customers shall be in the form of a sign posted in a safe,  
5 conspicuous location on or in proximity to the primary public  
6 entrance of the branch or agency that has been or will be  
7 temporarily closed or relocated. Notice of the reopening of the  
8 branch or agency that was temporarily closed or relocated shall  
9 be provided to the commissioner within five days of the  
10 reopening. Written notice to the commissioner of temporary  
11 closure and subsequent reopening of a branch or agency shall not  
12 be required when the Hawaii financial institution reopens at  
13 that location within two business days."

14 SECTION 2. Section 412:5-305, Hawaii Revised Statutes, is  
15 amended by amending subsection (a) to read as follows:

16 "(a) To the extent specified herein, a bank may invest its  
17 own assets in [~~securities and obligations of~~]:

18 (1) [~~The~~] Securities and obligations of the United States  
19 government and any agency of the United States  
20 government whose debt obligations are fully and  
21 explicitly guaranteed as to the timely payment of  
22 principal and interest by the full faith and credit of



1 the United States, including without limitation  
2 Federal Reserve Banks, the Government National  
3 Mortgage Association, the Veterans Administration, the  
4 Federal Housing Administration, the United States  
5 Department of Agriculture, the Export-Import Bank, the  
6 Overseas Private Investment Corporation, the Commodity  
7 Credit Corporation, and the Small Business  
8 Administration;

9 (2) Bonds, notes, mortgage backed securities, and other  
10 debt obligations of the Federal Home Loan Mortgage  
11 Corporation, the Federal National Mortgage  
12 Association, and the Federal Home Loan Banks;

13 [+2+] (3) Securities and obligations of United States  
14 government-sponsored agencies which are originally  
15 established or chartered by the United States  
16 government to serve public purposes specified by the  
17 Congress but whose debt obligations are not explicitly  
18 guaranteed by the full faith and credit of the United  
19 States, including without limitation Banks for  
20 Cooperatives, Federal Agricultural Mortgage  
21 Corporation, Federal Farm Credit Banks, [~~Federal Home~~  
22 ~~Loan Banks, Federal Home Loan Mortgage Corporation,~~]



1 Federal Intermediate Credit Banks, Federal Land Banks,  
2 [~~Federal National Mortgage Association,~~] Financing  
3 Corporation, Resolution Funding Corporation, Student  
4 Loan Marketing Association, Tennessee Valley  
5 Authority, [~~and~~] the United States Postal Service[+],  
6 and securities and obligations of the Federal Home  
7 Loan Mortgage Corporation, the Federal National  
8 Mortgage Association, and the Federal Home Loan Banks  
9 that are not bonds, notes, mortgage backed securities,  
10 or other debt obligations of the Federal Home Loan  
11 Mortgage Corporation, the Federal National Mortgage  
12 Association, and the Federal Home Loan Banks; provided  
13 that the total amount invested in obligations of any  
14 one issuer shall not exceed twenty per cent of the  
15 bank's capital and surplus; and  
16 [~~(3)~~] Quasi-United] (4) Securities and obligations of  
17 quasi-United States governmental institutions,  
18 including without limitation the International Bank  
19 for Reconstruction and Development (World Bank), the  
20 Inter-American Development Bank, the Asian Development  
21 Bank, the African Development Bank, the European  
22 Investment Bank, and other multilateral lending



1 institutions or regional development institutions in  
2 which the United States government is a shareholder or  
3 contributing member; provided that the total amount  
4 invested in obligations of any one issuer shall not  
5 exceed twenty per cent of the bank's capital and  
6 surplus."

7 SECTION 3. Section 412:6-306, Hawaii Revised Statutes, is  
8 amended by amending subsection (a) to read as follows:

9 "(a) To the extent specified herein, a savings bank may  
10 invest its own assets in [~~securities and obligations of~~]:

- 11 (1) [~~The~~] Securities and obligations of the United States  
12 government and any agency of the United States  
13 government whose debt obligations are fully and  
14 explicitly guaranteed as to the timely payment of  
15 principal and interest by the full faith and credit of  
16 the United States, including without limitation  
17 Federal Reserve Banks, the Government National  
18 Mortgage Association, the Veterans Administration, the  
19 Federal Housing Administration, the United States  
20 Department of Agriculture, the Export-Import Bank, the  
21 Overseas Private Investment Corporation, the Commodity



1 Credit Corporation, and the Small Business

2 Administration;

3 (2) Bonds, notes, mortgage backed securities, and other

4 debt obligations of the Federal Home Loan Mortgage

5 Corporation, the Federal National Mortgage

6 Association, and the Federal Home Loan Banks;

7 ~~[(2)]~~ (3) Securities and obligations of United States

8 government-sponsored agencies which are originally

9 established or chartered by the United States

10 government to serve public purposes specified by the

11 Congress but whose debt obligations are not explicitly

12 guaranteed by the full faith and credit of the United

13 States, including without limitation Banks for

14 Cooperatives, Federal Agricultural Mortgage

15 Corporation, Federal Farm Credit Banks, [~~Federal Home~~

16 ~~Loan Banks, Federal Home Loan Mortgage Corporation,~~]

17 Federal Intermediate Credit Banks, Federal Land Banks,

18 [~~Federal National Mortgage Association,~~] Financing

19 Corporation, Resolution Funding Corporation, Student

20 Loan Marketing Association, Tennessee Valley

21 Authority, [~~and~~] the United States Postal Service[+],

22 and securities and obligations of the Federal Home





1           Loan Mortgage Corporation, the Federal National  
2           Mortgage Association, and the Federal Home Loan Banks  
3           that are not bonds, notes, mortgage backed securities,  
4           or other debt obligations of the Federal Home Loan  
5           Mortgage Corporation, the Federal National Mortgage  
6           Association, and the Federal Home Loan Banks; provided  
7           that the total amount invested in obligations of any  
8           one issuer shall not exceed twenty per cent of the  
9           bank's capital and surplus; and

10        [~~(3)~~ ~~Quasi-United~~] (4) Securities and obligations of  
11        quasi-United States governmental institutions,  
12        including without limitation the International Bank  
13        for Reconstruction and Development (World Bank), the  
14        Inter-American Development Bank, the Asian Development  
15        Bank, the African Development Bank, the European  
16        Investment Bank, and other multilateral lending  
17        institutions or regional development institutions in  
18        which the United States government is a shareholder or  
19        contributing member; provided that the total amount  
20        invested in obligations of any one issuer shall not  
21        exceed twenty per cent of the bank's capital and  
22        surplus."



1 SECTION 4. Section 412:7-306, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) To the extent specified herein, a savings and loan  
4 association may invest its own assets in [~~securities and~~  
5 ~~obligations of~~]:

6 (1) [The] Securities and obligations of the United States  
7 government and any agency of the United States  
8 government whose debt obligations are fully and  
9 explicitly guaranteed as to the timely payment of  
10 principal and interest by the full faith and credit of  
11 the United States, including without limitation  
12 Federal Reserve Banks, the Government National  
13 Mortgage Association, the Veterans Administration, the  
14 Federal Housing Administration, the United States  
15 Department of Agriculture, the Export-Import Bank, the  
16 Overseas Private Investment Corporation, the Commodity  
17 Credit Corporation, and the Small Business  
18 Administration;

19 (2) Bonds, notes, mortgage backed securities, and other  
20 debt obligations of the Federal Home Loan Mortgage  
21 Corporation, the Federal National Mortgage  
22 Association, and the Federal Home Loan Banks;



1        [~~(2)~~] (3) Securities and obligations of United States  
2            government-sponsored agencies which are originally  
3            established or chartered by the United States  
4            government to serve public purposes specified by the  
5            Congress but whose debt obligations are not explicitly  
6            guaranteed by the full faith and credit of the United  
7            States, including without limitation Banks for  
8            Cooperatives, Federal Agricultural Mortgage  
9            Corporation, Federal Farm Credit Banks, [~~Federal Home~~  
10           ~~Loan Banks, Federal Home Loan Mortgage Corporation,~~]  
11           Federal Intermediate Credit Banks, Federal Land Banks,  
12           [~~Federal National Mortgage Association,~~] Financing  
13           Corporation, Resolution Funding Corporation, Student  
14           Loan Marketing Association, Tennessee Valley  
15           Authority, [~~and~~] the United States Postal Service[+],  
16           and securities and obligations of the Federal Home  
17           Loan Mortgage Corporation, the Federal National  
18           Mortgage Association, and the Federal Home Loan Banks  
19           that are not bonds, notes, mortgage backed securities,  
20           or other debt obligations of the Federal Home Loan  
21           Mortgage Corporation, the Federal National Mortgage  
22           Association, and the Federal Home Loan Banks; provided



1           that the total amount invested in obligations of any  
2           one issuer shall not exceed twenty per cent of the  
3           savings and loan association's capital and surplus;  
4           and

5           ~~[(3) Quasi-United]~~ (4) Securities and obligations of  
6           quasi-United States governmental institutions,  
7           including without limitation the International Bank  
8           for Reconstruction and Development (World Bank), the  
9           Inter-American Development Bank, the Asian Development  
10          Bank, the African Development Bank, the European  
11          Investment Bank, and other multilateral lending  
12          institutions or regional development institutions in  
13          which the United States government is a shareholder or  
14          contributing member; provided that the total amount  
15          invested in obligations of any one issuer shall not  
16          exceed twenty per cent of the savings and loan  
17          association's capital and surplus."

18          SECTION 5. Section 412:8-301, Hawaii Revised Statutes, is  
19          amended by amending subsection (a) to read as follows:

20          "(a) To the extent specified herein, a trust company may  
21          invest its own assets in ~~[securities and obligations of]~~:



- 1           (1) [The] Securities and obligations of the United States  
2           government and any agency of the United States  
3           government whose debt obligations are fully and  
4           explicitly guaranteed as to the timely payment of  
5           principal and interest by the full faith and credit of  
6           the United States, including without limitation  
7           Federal Reserve Banks, the Government National  
8           Mortgage Association, the Veterans Administration, the  
9           Federal Housing Administration, the United States  
10          Department of Agriculture, the Export-Import Bank, the  
11          Overseas Private Investment Corporation, the Commodity  
12          Credit Corporation, and the Small Business  
13          Administration;
- 14          (2) Bonds, notes, mortgage backed securities, and other  
15          debt obligations of the Federal Home Loan Mortgage  
16          Corporation, the Federal National Mortgage  
17          Association, and the Federal Home Loan Banks;
- 18          ~~(2)~~ (3) Securities and obligations of United States  
19          government-sponsored agencies which are originally  
20          established or chartered by the United States  
21          government to serve public purposes specified by the  
22          Congress but whose debt obligations are not explicitly



1 guaranteed by the full faith and credit of the United  
2 States, including without limitation Banks for  
3 Cooperatives, Federal Agricultural Mortgage  
4 Corporation, Federal Farm Credit Banks, [~~Federal Home~~  
5 ~~Loan Banks, Federal Home Loan Mortgage Corporation,~~]  
6 Federal Intermediate Credit Banks, Federal Land Banks,  
7 [~~Federal National Mortgage Association,~~] Financing  
8 Corporation, Resolution Funding Corporation, Student  
9 Loan Marketing Association, Tennessee Valley  
10 Authority, [~~and~~] the United States Postal Service[+],  
11 and securities and obligations of the Federal Home  
12 Loan Mortgage Corporation, the Federal National  
13 Mortgage Association, and the Federal Home Loan Banks  
14 that are not bonds, notes, mortgage backed securities,  
15 or other debt obligations of the Federal Home Loan  
16 Mortgage Corporation, the Federal National Mortgage  
17 Association, and the Federal Home Loan Banks; provided  
18 that the total amount invested in obligations of any  
19 one issuer shall not exceed twenty per cent of the  
20 trust company's capital and surplus; and  
21 [~~(3)~~ ~~Quasi-United~~] (4) Securities and obligations of  
22 quasi-United States governmental institutions,



1 including without limitation the International Bank  
2 for Reconstruction and Development (World Bank), the  
3 Inter-American Development Bank, the Asian Development  
4 Bank, the African Development Bank, the European  
5 Investment Bank, and other multilateral lending  
6 institutions or regional development institutions in  
7 which the United States government is a shareholder or  
8 contributing member; provided that the total amount  
9 invested in obligations of any one issuer shall not  
10 exceed twenty per cent of the trust company's capital  
11 and surplus."

12 SECTION 6. Section 412:9-409, Hawaii Revised Statutes, is  
13 amended by amending subsection (a) to read as follows:

14 "(a) To the extent specified in this subsection, a  
15 depository financial services loan company may invest its own  
16 assets in [~~securities and obligations of~~]:

- 17 (1) [~~The~~] Securities and obligations of the United States  
18 government and any agency of the United States  
19 government whose debt obligations are fully and  
20 explicitly guaranteed as to the timely payment of  
21 principal and interest by the full faith and credit of  
22 the United States, including without limitation



1 Federal Reserve Banks, the Government National  
2 Mortgage Association, the Department of Veterans  
3 Affairs, the Federal Housing Administration, the  
4 United States Department of Agriculture, the Export-  
5 Import Bank, the Overseas Private Investment  
6 Corporation, the Commodity Credit Corporation, and the  
7 Small Business Administration;

8 (2) Bonds, notes, mortgage backed securities, and other  
9 debt obligations of the Federal Home Loan Mortgage  
10 Corporation, the Federal National Mortgage  
11 Association, and the Federal Home Loan Banks;

12 [+2] (3) Securities and obligations of United States  
13 government-sponsored agencies which are originally  
14 established or chartered by the United States  
15 government to serve public purposes specified by the  
16 Congress but whose debt obligations are not explicitly  
17 guaranteed by the full faith and credit of the United  
18 States, including without limitation Banks for  
19 Cooperatives, the Federal Agricultural Mortgage  
20 Corporation, Federal Farm Credit Banks, [~~Federal Home~~  
21 Loan Banks, ~~the Federal Home Loan Mortgage~~  
22 Corporation,] Federal Intermediate Credit Banks,





1 Federal Land Banks, [~~the Federal National Mortgage~~  
2 ~~Association,~~] the Financing Corporation, the  
3 Resolution Funding Corporation, the Student Loan  
4 Marketing Association, the Tennessee Valley Authority,  
5 [~~and~~] the United States Postal Service[+], and  
6 securities and obligations of the Federal Home Loan  
7 Mortgage Corporation, the Federal National Mortgage  
8 Association, and the Federal Home Loan Banks that are  
9 not bonds, notes, mortgage backed securities, or other  
10 debt obligations of the Federal Home Loan Mortgage  
11 Corporation, the Federal National Mortgage  
12 Association, and the Federal Home Loan Banks; provided  
13 that the total amount invested in obligations of any  
14 one issuer shall not exceed twenty per cent of the  
15 depository financial services loan company's capital  
16 and surplus; and  
17 [~~(3)~~ ~~Quasi-United~~] (4) Securities and obligations of  
18 quasi-United States governmental institutions,  
19 including without limitation the International Bank  
20 for Reconstruction and Development (World Bank), the  
21 Inter-American Development Bank, the Asian Development  
22 Bank, the African Development Bank, the European



1 Investment Bank, and other multilateral lending  
2 institutions in which the United States government is  
3 a shareholder or contributing member; provided that  
4 the total amount invested in any one issuer shall not  
5 exceed twenty per cent of the depository financial  
6 services loan company's capital and surplus."

7 SECTION 7. Section 412:10-502, Hawaii Revised Statutes, is  
8 amended by amending subsection (a) to read as follows:

9 "(a) To the extent specified herein, a credit union may  
10 invest its own assets in [~~securities and obligations of~~]:

- 11 (1) [~~The~~] Securities and obligations of the United States  
12 government and any agency of the United States  
13 government whose debt obligations are fully and  
14 explicitly guaranteed as to the timely payment of  
15 principal and interest by the full faith and credit of  
16 the United States, including without limitation  
17 Federal Reserve Banks, the Government National  
18 Mortgage Association, the Veterans Administration, the  
19 Federal Housing Administration, the United States  
20 Department of Agriculture, the Export-Import Bank, the  
21 Overseas Private Investment Corporation, the Commodity



1 Credit Corporation, and the Small Business

2 Administration;

3 (2) Bonds, notes, mortgage backed securities, and other

4 debt obligations of the Federal Home Loan Mortgage

5 Corporation, the Federal National Mortgage

6 Association, and the Federal Home Loan Banks;

7 ~~[(2)]~~ (3) Securities and obligations of United States

8 government-sponsored agencies [7] which are originally

9 established or chartered by the United States

10 government to serve public purposes specified by the

11 Congress but whose debt obligations are not explicitly

12 guaranteed by the full faith and credit of the United

13 States, including without limitation Banks for

14 Cooperatives, Federal Agricultural Mortgage

15 Corporation, Federal Farm Credit Banks, [~~Federal Home~~

16 ~~Loan Banks, Federal Home Loan Mortgage Corporation,~~

17 Federal Intermediate Credit Banks, Federal Land Banks,

18 [~~Federal National Mortgage Association,~~] Resolution

19 Funding Corporation, Student Loan Marketing

20 Association, Tennessee Valley Authority, [and] the

21 United States Postal Service [7], and securities and

22 obligations of the Federal Home Loan Mortgage



1           Corporation, the Federal National Mortgage  
2           Association, and the Federal Home Loan Banks that are  
3           not bonds, notes, mortgage backed securities, or other  
4           debt obligations of the Federal Home Loan Mortgage  
5           Corporation, the Federal National Mortgage  
6           Association, and the Federal Home Loan Banks; provided  
7           that the total amount invested in obligations of any  
8           one issuer shall not exceed ten per cent of the credit  
9           union's capital; and  
10          [(-3) ~~Quasi-United~~] (4) Securities and obligations of  
11          quasi-United States governmental institutions,  
12          including without limitation the International Bank  
13          for Reconstruction and Development (World Bank), the  
14          Inter-American Development Bank, the Asian Development  
15          Bank, the African Development Bank, the European  
16          Investment Bank, and other multilateral lending  
17          institutions or regional development institutions in  
18          which the United States government is a shareholder or  
19          contributing member; provided that the total amount  
20          invested in any one issuer shall not exceed ten per  
21          cent of the credit union's capital."



1 SECTION 8. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 9. This Act shall take effect upon its approval.

APPROVED this 10 day of JUN , 2009



GOVERNOR OF THE STATE OF HAWAII

