
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**~~[τ]~~ **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~~[τ, the]~~;

9 (2) The reasons for the closing~~[τ]~~; 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.



Report Title:

Code of Financial Institutions

Description:

Amends and updates Hawaii's code of financial institutions to address temporary office relocations and to place prudent limits on certain kinds of investments by financial institutions.

(HB1070 CD1)

