
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[-] 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 intended date of
8 closing, the reasons for the closing, and a certification by the
9 secretary or other authorized officer of the institution that
10 the decision to close was duly approved by its board of
11 directors. This notice may be satisfied by [~~delivery~~] providing
12 to the commissioner [~~of~~] a copy of any notice pertaining to the
13 closure given to the financial institution's appropriate federal
14 regulatory agency.
15 (b) A Hawaii financial institution may temporarily close
16 or relocate a branch or agency [~~in the event of an emergency~~]
17 for a period of time up to one hundred eighty days, or a longer

1 time period as determined necessary by the commissioner[-] in
2 the event of an emergency or for other good cause. For purposes
3 of this section, an emergency means a situation of an unusual or
4 compelling urgency that creates a threat to life, public health,
5 welfare, or safety by reason of major natural disaster,
6 epidemic, riot, fire, or other reason as determined by the
7 commissioner. Written notice of a temporary closure or
8 relocation shall be provided to the commissioner [~~upon closure~~]
9 and to the Hawaii financial institution's customers as soon as
10 practicable, and [~~notice shall be provided to the Hawaii~~
11 ~~financial institution's customers in the form of a sign posted~~
12 ~~at the primary public entrance of the branch or agency. The~~
13 ~~written notices~~] shall state the reasons for the temporary
14 closure[-] or relocation, the expected date of reopening, and
15 information regarding where and how customers of the closed or
16 relocated branch or agency will be accommodated during the
17 temporary closure[-] or relocation. The notice provided to the
18 Hawaii financial institution's customers shall be in the form of
19 a sign posted in a safe, conspicuous location on or in proximity
20 to the primary public entrance of the branch or agency that has
21 been or will be temporarily closed or relocated. Notice of the
22 reopening of the branch or agency that was temporarily closed or

1 relocated shall be provided to the commissioner within five days
2 of the reopening. Written notice to the commissioner of
3 temporary closure and subsequent reopening of a branch or agency
4 shall not be required when the Hawaii financial institution
5 reopens at that location within two business days."

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

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

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

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

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

7 (4) Securities and obligations issued by a public-private
8 investment fund established in connection with the
9 Legacy Loans Program and Legacy Securities Program of
10 the United States Treasury and Federal Deposit
11 Insurance Corporation; provided that the total amount
12 invested in obligations of any one issuer shall not
13 exceed five per cent of the bank's capital and
14 surplus; and

15 [~~(3)~~] (5) [~~Quasi-United~~] Securities and obligations of
16 quasi-United States governmental institutions
17 including without limitation the International Bank
18 for Reconstruction and Development (World Bank), the
19 Inter-American Development Bank, the Asian Development
20 Bank, the African Development Bank, the European
21 Investment Bank, and other multilateral lending
22 institutions or regional development institutions in

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

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

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

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

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

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

7 (4) Securities and obligations issued by a public-private
8 investment fund established in connection with the
9 Legacy Loans Program and Legacy Securities Program of
10 the United States Treasury and Federal Deposit
11 Insurance Corporation; provided that the total amount
12 invested in obligations of any one issuer shall not
13 exceed five per cent of the bank's capital and
14 surplus; and

15 [~~(3)~~] (5) [~~Quasi-United~~] Securities and obligations of
16 quasi-United States governmental institutions
17 including without limitation the International Bank
18 for Reconstruction and Development (World Bank), the
19 Inter-American Development Bank, the Asian Development
20 Bank, the African Development Bank, the European
21 Investment Bank, and other multilateral lending
22 institutions or regional development institutions in

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

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

8 "(a) To the extent specified herein, a savings and loan
9 association may invest its own assets in securities and
10 obligations of:

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

- 1 (2) United States government-sponsored agencies which are
2 originally established or chartered by the United
3 States government to serve public purposes specified
4 by the Congress but whose debt obligations are not
5 explicitly guaranteed by the full faith and credit of
6 the United States, including without limitation Banks
7 for Cooperatives, Federal Agricultural Mortgage
8 Corporation, Federal Farm Credit Banks, Federal Home
9 Loan Banks, Federal Home Loan Mortgage Corporation,
10 Federal Intermediate Credit Banks, Federal Land Banks,
11 Federal National Mortgage Association, Financing
12 Corporation, Resolution Funding Corporation, Student
13 Loan Marketing Association, Tennessee Valley
14 Authority, and the United States Postal Service;
15 provided that the total amount invested in obligations
16 of any one issuer shall not exceed twenty per cent of
17 the savings and loan association's capital and
18 surplus; and
- 19 (3) Quasi-United States governmental institutions
20 including without limitation the International Bank
21 for Reconstruction and Development (World Bank), the
22 Inter-American Development Bank, the Asian Development

1 Bank, the African Development Bank, the European
2 Investment Bank, and other multilateral lending
3 institutions or regional development institutions in
4 which the United States government is a shareholder or
5 contributing member; provided that the total amount
6 invested in obligations of any one issuer shall not
7 exceed twenty per cent of the savings and loan
8 association's capital and surplus."

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

11 "(a) To the extent specified herein, a trust company may
12 invest its own assets in securities and obligations of:

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

1 Corporation, the Commodity Credit Corporation, and the
2 Small Business Administration;

3 (2) United States government-sponsored agencies which are
4 originally established or chartered by the United
5 States government to serve public purposes specified
6 by the Congress but whose debt obligations are not
7 explicitly guaranteed by the full faith and credit of
8 the United States, including without limitation Banks
9 for Cooperatives, Federal Agricultural Mortgage
10 Corporation, Federal Farm Credit Banks, Federal Home
11 Loan Banks, Federal Home Loan Mortgage Corporation,
12 Federal Intermediate Credit Banks, Federal Land Banks,
13 Federal National Mortgage Association, Financing
14 Corporation, Resolution Funding Corporation, Student
15 Loan Marketing Association, Tennessee Valley
16 Authority, and the United States Postal Service;
17 provided that the total amount invested in obligations
18 of any one issuer shall not exceed twenty per cent of
19 the trust company's capital and surplus; and

20 (3) Quasi-United States governmental institutions
21 including without limitation the International Bank
22 for Reconstruction and Development (World Bank), the

1 Inter-American Development Bank, the Asian Development
2 Bank, the African Development Bank, the European
3 Investment Bank, and other multilateral lending
4 institutions or regional development institutions in
5 which the United States government is a shareholder or
6 contributing member; provided that the total amount
7 invested in obligations of any one issuer shall not
8 exceed twenty per cent of the trust company's capital
9 and surplus."

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

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

15 (1) The United States government and any agency of the
16 United States government whose debt obligations are
17 fully and explicitly guaranteed as to the timely
18 payment of principal and interest by the full faith
19 and credit of the United States including without
20 limitation Federal Reserve Banks, the Government
21 National Mortgage Association, the Department of
22 Veterans Affairs, the Federal Housing Administration,

1 the United States Department of Agriculture, the
2 Export-Import Bank, the Overseas Private Investment
3 Corporation, the Commodity Credit Corporation, and the
4 Small Business Administration;

- 5 (2) United States government-sponsored agencies which are
6 originally established or chartered by the United
7 States government to serve public purposes specified
8 by the Congress but whose debt obligations are not
9 explicitly guaranteed by the full faith and credit of
10 the United States including without limitation Banks
11 for Cooperatives, the Federal Agricultural Mortgage
12 Corporation, Federal Farm Credit Banks, Federal Home
13 Loan Banks, the Federal Home Loan Mortgage
14 Corporation, Federal Intermediate Credit Banks,
15 Federal Land Banks, the Federal National Mortgage
16 Association, the Financing Corporation, the Resolution
17 Funding Corporation, the Student Loan Marketing
18 Association, the Tennessee Valley Authority, and the
19 United States Postal Service; provided that the total
20 amount invested in obligations of any one issuer shall
21 not exceed twenty per cent of the depository financial
22 services loan company's capital and surplus; and

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

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

14 "(a) To the extent specified herein, a credit union may
15 invest its own assets in securities and obligations of:

16 (1) The United States government and any agency of the
17 United States government whose debt obligations are
18 fully and explicitly guaranteed as to the timely
19 payment of principal and interest by the full faith
20 and credit of the United States, including without
21 limitation Federal Reserve Banks, the Government
22 National Mortgage Association, the Veterans

1 Administration, the Federal Housing Administration,
2 the United States Department of Agriculture, the
3 Export-Import Bank, the Overseas Private Investment
4 Corporation, the Commodity Credit Corporation, and the
5 Small Business Administration;

- 6 (2) United States government-sponsored agencies, which are
7 originally established or chartered by the United
8 States government to serve public purposes specified
9 by the Congress but whose debt obligations are not
10 explicitly guaranteed by the full faith and credit of
11 the United States, including without limitation Banks
12 for Cooperatives, Federal Agricultural Mortgage
13 Corporation, Federal Farm Credit Banks, Federal Home
14 Loan Banks, Federal Home Loan Mortgage Corporation,
15 Federal Intermediate Credit Banks, Federal Land Banks,
16 Federal National Mortgage Association, Resolution
17 Funding Corporation, Student Loan Marketing
18 Association, Tennessee Valley Authority, and the
19 United States Postal Service; provided that the total
20 amount invested in obligations of any one issuer shall
21 not exceed ten per cent of the credit union's capital;
22 and

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

12 SECTION 8. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 9. This Act shall take effect on July 1, 2020.

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. Effective 07/01/20. (SD1)