

HOUSE BILL NO. 286  
INTRODUCED BY FABREGA

## IN THE HOUSE

January 16, 1981	Introduced and referred to Committee on Business and Industry.
February 3, 1981	Statement of intent attached.
February 4, 1981	Committee recommend bill do pass as amended. Report adopted.
February 5, 1981	Bill printed and placed on members' desks.
February 6, 1981	Second reading, do pass.
February 7, 1981	Correctly engrossed.
February 9, 1981	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 10, 1981	Introduced and referred to Committee on Business and Industry.
March 9, 1981	Committee recommend bill be concurred in as amended. Report adopted.
March 11, 1981	Second reading, concurred in as amended.
March 13, 1981	Third reading, concurred in as amended. Ayes, 48; Noes, 0.

IN THE HOUSE

March 14, 1981	Returned from Senate with amendments.
March 18, 1981	Second reading, amendments concurred in.
March 20, 1981	Third reading, amendments concurred in. Ayes, 84; Noes, 9. Sent to enrolling.
March 24, 1981	Correctly enrolled.
March 25, 1981	Signed by Speaker.
March 26, 1981	Signed by President.
	Delivered to Governor.
April 1, 1981	Returned from Governor with recommended amendments.
April 9, 1981	Second reading, Governor's amendments concurred in.
	On motion rules suspended and bill placed on third reading this day.
	Third reading, Governor's amendments concurred in. Ayes, 39; Noes, 3. Transmitted to Senate.

IN THE SENATE

April 11, 1981	Passed consideration.
April 13, 1981	Second reading, Governor's amendments concurred in.
	On motion segregated from report of Committee of the Whole.
April 14, 1981	Second reading, Governor's amendments not concurred in.

IN THE HOUSE

April 15, 1981

On motion Free Conference Committee requested.

Free Conference Committee appointed.

April 17, 1981

Free Conference Committee reported and dissolved.

IN THE SENATE

April 20, 1981

Free Conference Committee report adopted.

IN THE HOUSE

April 21, 1981

Second reading, Free Conference Committee report adopted.

On motion rules suspended and bill placed on third reading this day.

Third reading, Free Conference Committee report adopted. Ayes, 95; Noses, 0. Sent to enrolling.

Reported correctly enrolled.

1                   HOUSE BILL NO. 286  
2 INTRODUCED BY Fallage

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A  
5 STATE-CHARTERED BUILDING AND LOAN ASSOCIATION THE SAME  
6 RIGHTS AS A FEDERALLY-CHARTERED SAVINGS AND LOAN  
7 ASSOCIATION."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10                 Section 1. Equality of rights. With the approval of  
11 the department, a building and loan association chartered  
12 pursuant to the laws of this state may exercise or possess  
13 any right, power, privilege, benefit, immunity, or exemption  
14 possessed by a federal savings and loan association doing  
15 business in this state that is now provided or that may be  
16 provided after [the effective date of this act] by the laws  
17 of the United States or regulations of the federal home loan  
18 bank board. This grant is in addition to grants provided  
19 in, and takes priority over, any statute of this state. The  
20 department may exercise the discretion granted in this  
21 section by issuance of special order upon written request  
22 from any state-chartered building and loan association with  
23 respect to any particular item and may grant such request if  
24 it considers it to be in the best interest of the members or  
25 depositors of the association and of the general public.

1                 Section 2. Codification instruction. Section 1 is  
2 intended to be codified as an integral part of Title 32,  
3 chapter 2, part 1, and the provisions of Title 32, chapter  
4 2, apply to section 1.

-End-

1 STATEMENT OF INTENT

2 HOUSE BILL 286

3 House Committee on Business and Industry

4

5 A Statement of Intent is required for House Bill 286  
6 because the bill requires the Department of Business  
7 Regulation to promulgate rules regulating the granting of  
8 special order to a state-chartered building and loan  
9 association to exercise a right, power, privilege, benefit,  
10 immunity, or exemption granted to a federally chartered  
11 association. It is the intent of the Legislature that this  
12 special order not be granted any association that is not  
13 covered by Federal Savings and Loan Insurance.

Approved by Committee  
on Business and Industry

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

1   depositors of the association and of the general public. THE  
2   DEPARTMENT SHALL REQUIRE ANY STATE-CHARTERED BUILDING AND  
3   LOAN ASSOCIATION SEEKING SUCH SPECIAL ORDERS TO OBTAIN AND  
4   MAINTAIN INSURANCE OF ACCOUNTS BY THE FEDERAL SAVINGS AND  
5   LOAN INSURANCE CORPORATION PURSUANT TO 12 U.S.C. SECTIONS  
6   1726, ET SEQ.

7       Section 2. Codification instruction. Section 1 is  
8 intended to be codified as an integral part of Title 32,  
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14 possessed by a federal savings and loan association doing  
15 business in this state that is now provided or that may be  
16 provided after [the effective date of this act] by the laws  
17 of the United States or regulations of the federal home loan  
18 bank board. This grant is in addition to grants provided  
19 in, and takes priority over, any statute of this state. The  
20 department may exercise the discretion granted in this  
21 section by issuance of special order upon written request  
22 from any state-chartered building and loan association with  
23 respect to any particular item and may grant such request if  
24 it considers it to be UPON SUCH CONDITIONS AS IT SHALL  
25 DETERMINE ARE in the best interest of the members or

1 depositors of the association and of the general public. THE  
2 DEPARTMENT SHALL REQUIRE ANY STATE-CHARTERED BUILDING AND  
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5 LOAN INSURANCE CORPORATION PURSUANT TO 12 U.S.C. SECTIONS  
6 1726, ET SEQ.

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8 intended to be codified as an integral part of Title 32,  
9 chapter 2, part 1, and the provisions of Title 32, chapter  
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3                   House Committee on Business and Industry

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9    association to exercise a right, power, privilege, benefit,  
10   immunity, or exemption granted to a federally chartered  
11   association. It is the intent of the Legislature that this  
12   special order not be granted any association that is DOES  
13   not covered-by-Federal-Savings-and-Loan-Insurance OBTAIN AND  
14   MAINTAIN INSURANCE OF ACCOUNTS ACCEPTABLE TO THE DEPARTMENT  
15   OF BUSINESS REGULATION.

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4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A  
5 STATE-CHARTERED BUILDING AND LOAN ASSOCIATION THE SAME  
6 RIGHTS AS A FEDERALLY-CHARTERED SAVINGS AND LOAN  
7 ASSOCIATION; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10                   Section 1. Equality of rights. With the approval of  
11                   the department, a building and loan association chartered  
12                   pursuant to the laws of this state may exercise or possess  
13                   any right, power, privilege, benefit, immunity, or exemption  
14                   possessed by a federal savings and loan association doing  
15                   business in this state that is now provided or that may be  
16                   provided after [the effective date of this act] by the laws  
17                   of the United States or regulations of the federal home loan  
18                   bank board. This grant is in addition to grants provided  
19                   in, and takes priority over, any statute of this state. The  
20                   department may exercise the discretion granted in this  
21                   section by issuance of special order upon written request  
22                   from any state-chartered building and loan association with  
23                   respect to any particular item and may grant such request if  
24                   it-consider-s-it-to-be UPON SUCH CONDITIONS AS IT SHALL  
25                   DETERMINE ARE in the best interest of the members or

1 depositors of the association and of the general public. THE  
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3 LOAN ASSOCIATION SEEKING SUCH SPECIAL ORDERS TO OBTAIN AND  
4 MAINTAIN INSURANCE OF ACCOUNTS BY THE FEDERAL SAVINGS AND  
5 LOAN INSURANCE CORPORATION PURSUANT TO 12 U.S.C. - 5E-5 SECTIONS  
6 1726v ET SER ACCEPTABLE TO THE DEPARTMENT.

7       Section 2. Codification instruction. Section 1 is  
8   intended to be codified as an integral part of Title 32,  
9   chapter 2, part 1, and the provisions of Title 32, chapter  
10   2, apply to section 1.

11 SECTION 3. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON  
12 PASSAGE AND APPROVAL.

-End-

.....April 16,.....19...81....

FREE JOINT CONFERENCE COMMITTEE  
ON AMENDMENTS TO HOUSE BILL NO. 286

(Report No. 1, April 16, 1981)

MR. PRESIDENT AND SPEAKER OF THE HOUSE:

We, your Free Joint Conference Committee on House Bill No. 286, met April 16, 1981, and considered:

The Governor's Proposed Amendments dated March 31, 1981, and recommend as follows:

That the House recede from the Governor's Proposed Amendments dated March 31, 1981;

That the reference copy of House Bill No. 286 read as specified in the CLERICAL INSTRUCTIONS;

And, that the Free Joint Conference Committee Report to House Bill No. 286 be adopted.

CLERICAL INSTRUCTIONS:

1. Statement of Intent, line 15.

Following: "REGULATION"

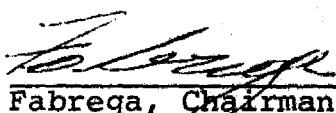
Insert: ", excluding alien insurers"

2. Page 2, line 6.

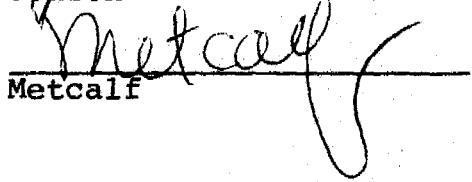
Following: "DEPARTMENT"

Insert: ", excluding alien insurers"

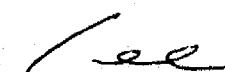
FOR THE HOUSE:

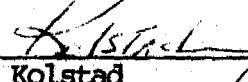
  
Fabrega, Chairman

  
Jensen

  
Metcalf

FOR THE SENATE:

  
Lee, Chairman

  
Kolstad

  
Boylan

Chairman.

March 9, 1981

SENATE STANDING COMMITTEE REPORT  
(Business and Industry)

That House Bill No. 286 be amended as follows:

1. Title, line 7.

Following: "ASSOCIATION"

Insert: "AND PROVIDING AN IMMEDIATE EFFECTIVE DATE:

2. Page 2, lines 4 through 6.

Following: "ACCOUNTS"

Strike: remainder of line 4 through "ET SEQ" on line 6.

Insert: "acceptable to the department"

3. Page 2, line 11.

Following: line 10

Insert: "Section 3. Effective date. This act is effective on  
passage and approval."

March 11, 1981

SENATE COMMITTEE OF THE WHOLE

Proposed amendments to the Statement of Intent, House Bill 286, third reading copy, as follows:

1. Statement of Intent, line 12.

Following: "association that"

Strike: "is"

Insert: "does"

2. Statement of Intent, line 13.

Following: line 12

Strike: "covered by Federal Savings and Loan Insurance"

Insert: "obtain and maintain insurance of accounts acceptable to the Department of Business Regulation"

March 31, 1981

PROPOSED GOVERNOR'S AMENDMENTS TO HOUSE BILL NO. 286;  
REFERENCE COPY, AS FOLLOWS:

1. Page 2, Line 6

Following: "ET-SEQ"

Delete: "ACCEPTABLE TO THE DEPARTMENT"

Insert: "BY THE FEDERAL SAVINGS AND LOAN INSURANCE  
CORPORATION PURSUANT TO 12 U.S.C. SECTIONS  
1726, ET SEQ."

2. Statement of Intent, Lines 14 and 15

Following: "MAINTAIN"

Delete: "INSURANCE OF ACCOUNTS ACCEPTABLE TO THE  
DEPARTMENT OF BUSINESS REGULATION"

Insert: "FEDERAL SAVINGS AND LOAN INSURANCE."

## 1                   STATEMENT OF INTENT

## 2                   HOUSE BILL 286

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6                   because the bill requires the Department of Business  
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8                   special order to a state-chartered building and loan  
9                   association to exercise a right, power, privilege, benefit,  
10                   immunity, or exemption granted to a federally chartered  
11                   association. It is the intent of the Legislature that this  
12                   special order not be granted any association that is does  
13                   not covered-by-Federal-Savings-and-Loan-Insurance OBTAIN AND  
14                   MAINTAIN insurance-of-accounts-acceptable-to-the-Department  
15                   of-Business-Regulation FEDERAL-SAVINGS-AND-LOAN-INSURANCE  
16                   INSURANCE OF ACCOUNTS ACCEPTABLE TO THE DEPARTMENT OF  
17                   BUSINESS REGULATION, EXCLUDING ALIEN INSURERS.

1 depositors of the association and of the general public. THE  
2 DEPARTMENT SHALL REQUIRE ANY STATE-CHARTERED BUILDING AND  
3 LOAN ASSOCIATION SEEKING SUCH SPECIAL ORDERS TO OBTAIN AND  
4 MAINTAIN INSURANCE OF ACCOUNTS BY THE--FEDERAL--SAVINGS--AND  
5 LOAN--INSURANCE--CORPORATION--PURSUANT--#0-12-U-5-E--SECTIONS  
6 #726--ET-SEQ ACCEPTABLE TO THE--DEPARTMENT BY--THE--FEDERAL  
7 SAVINGS--AND--LOAN--INSURANCE--CORPORATION--PURSUANT--#0-12-U-5-E--  
8 SECTIONS--#726--ET--SEQ-- ACCEPTABLE TO THE DEPARTMENT,  
9 EXCLUDING ALIEN INSURERS.

10           Section 2. Codification instruction. Section 1 is  
11   intended to be codified as an integral part of Title 32,  
12   chapter 2, part 1, and the provisions of Title 32, chapter  
13   2, apply to section 1.

14 SECTION 3. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON  
15 PASSAGE AND APPROVAL.

-End-



State of Montana  
Office of the Governor  
Helena 59620

TED SCHWINDEN  
GOVERNOR

March 31, 1981

The Honorable Jean A. Turnage  
President of the Senate  
State Capitol  
Helena, Montana 59620

The Honorable Robert L. Marks  
Speaker of the House  
State Capitol  
Helena, Montana 59620

Dear Senator Turnage and Representative Marks:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby return House Bill No. 286, "AN ACT TO PROVIDE A STATE-CHARTERED BUILDING AND LOAN ASSOCIATION THE SAME RIGHTS AS A FEDERALLY-CHARTERED SAVINGS AND LOAN ASSOCIATION; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE," without my signature and recommend the attached amendments for the following reasons.

House Bill No. 286 provides that with the approval of the Department of Business Regulation, a state-chartered building and loan association may engage in an activity in which a federally-chartered savings and loan engages. A condition of that approval is that the state-chartered institution obtain and maintain insurance of accounts acceptable to the department. The condition of department approval of an institution's insurance of account differs from the standard requirement that insurance be maintained with the Federal Savings and Loan Insurance Corporation.

Problems have arisen throughout the United States with foreign insurance companies doing business in the United States failing to provide adequate service to depositors in financial institutions. Those companies are not often susceptible to an adequate examination by state agencies such as the Department of Business Regulation. Use of these foreign insurance companies may jeopardize the deposits of Montana citizens. Moreover, insurance with the Federal Savings and Loan Insurance

Senator Turnage and Representative Marks

March 31, 1981

Page Two

Corporation has proven to be a safe and stable means of securing protection of Montana depositors.

The attached amendments require that in order to seek the special orders authorized under House Bill No. 286, a state-chartered building and loan association must obtain and maintain insurance of accounts through the Federal Savings and Loan Insurance Corporation pursuant to 12 U.S.C. Sections 1726, et seq.

I urge your concurrence in these amendments.

Sincerely,

  
TED SCHWINDEN  
Governor