

NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 02/20/03 HB 878

SHORT TITLE: Out-of-State Credit Unions SB _____

ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Bill 878 makes technical clarifications to provisions of NMSA 1978, § 58-11-2 through NMSA 1978, § 58-11-57. It also strengthens the Regulation and Licensing Department (RLD) regulatory oversight of out-of-state credit unions, modifies credit union loan policies requirements for credit union board members, sets lending limits for executive officers, board and committee members, allows credit unions to invest in mutual funds composed of federally guaranteed or government sponsored mortgages and stock index mutual funds, and outlines procedures for converting from a bank to a credit union and visa versa.

It also modifies the definition of “immediate family to include stepchildren and other persons who live in the same residence, as a single economic unit.

Significant Issues

Lending requirements and lending limits for executive officers, board and committee members are outlined below:

The credit union board shall require, at a minimum, a completed loan application [including] and

House Bill 878-- Page 2

a detailed current financial statement of the applicant; provided that submission to the board of directors of an application of an executive officer shall only be required for an applicant serving the credit union as chief executive officer, chief operating officer, chief financial officer or chief lending supervisor. The set limits for the total asset size of the credit union are as follows:

Credit Union Total Assets less than \$5.0 million	\$20,000 credit limit
Credit Union Total Assets \$5.0 million to \$10.0 million	\$30,000 credit limit
Credit Union Total Assets over \$10.0 million to \$50.0 million	\$40,000 credit limit
Credit Union Total Assets over \$50.0 million or greater	\$50,000 credit limit

The RLD Financial Institutions Division director may revoke an out-of- state credit union's right to do business in New Mexico if:

- the credit union no longer meets the requirements that it be organized pursuant to laws similar to the Credit Union Act;
- the credit union has violated a law of this state or a rule issued by the director;
- the credit union has engaged in a pattern of unsafe or unsound credit union practices;
- permitting the credit union to continue to conduct business in New Mexico is likely to have a substantial adverse impact on financial, economic or other interests of the residents of the state; or
- the credit union is prohibited from conducting business in the state or territory in which it is organized.

ADMINISTRATIVE IMPLICATIONS

HB 878 assigns the RLD Financial Institutions Division director additional credit union oversight responsibilities.

RLG/sb