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## FISCAL IMPACT REPORT

SPONSOR: Sanchez, B                      DATE TYPED: 03/04/03    HB \_\_\_\_\_

SHORT TITLE: Out-of-State Credit Unions                      SB 546/aSCORC/aSPAC

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 SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 546 makes a non-substantive change to page 22, line 2 of the bill by replacing “freddie mac” with the formal name for such mortgages: federal home loan mortgage corporation.

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to Senate Bill 546 strikes language in this bill, NMSA 1978, § 58-11-49(J)(2), which allowed credit unions to purchase the conditional sales contracts, notes and similar instruments from *other persons within its field of membership*. The amendment would limit such purchases to credit union members.

Synopsis of Original Bill

Senate Bill 546 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 specifies 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 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**

Senate Bill 546 assigns the RLD Financial Institutions Division director additional credit union oversight responsibilities.