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SENATE BILL 509

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Joseph A. Fidel

AN ACT

RELATING TO BANKING; LOWERING STATE BANK DIVERSIFICATION  
REQUIREMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 58-1-24 NMSA 1978 (being Laws 1963,  
Chapter 305, Section 24, as amended) is amended to read:

"58-1-24. DIVERSIFICATION OF LOANS AND INVESTMENTS. --

A. A state bank shall not extend credit directly by  
means of discount notes, issuance of letters of credit,  
acceptance of drafts or otherwise, or purchase any bond, note,  
bill of exchange or any evidence of indebtedness, when by  
reason of such extension of credit or purchase, the totals of  
the obligations so acquired [~~which~~] that are held by the state  
bank will exceed:

(1) sixty percent of total deposits or

underscored material = new  
[bracketed material] = delete

1 seventy-five percent of savings, whichever is greater, for  
2 obligations secured by real estate, together with the current  
3 market value of any real estate owned by the bank and not used  
4 in its banking business; or

5 (2) [~~twenty~~] thirty-five percent of capital  
6 and surplus for obligations of the same obligor.

7 B. The limitations of Paragraph (2) of Subsection A  
8 of this section shall not apply to loans and investments  
9 otherwise authorized by the Banking Act if the obligations are:

10 (1) obligations of the United States, general  
11 obligations of a state or a political subdivision thereof or of  
12 a federal reserve bank;

13 (2) secured as to principal and interest by  
14 the guarantee, insurance or other like commitment of the United  
15 States, an agency of the United States or a federal reserve  
16 bank, whether the commitment provides for payment in cash or in  
17 obligations of the United States;

18 (3) secured by obligations of the United  
19 States, a state or a political subdivision thereof having a  
20 value of one hundred percent of the amount thereof;

21 (4) upon notes or drafts having a maturity of  
22 not more than twelve months exclusive of days of grace, drawn  
23 in good faith against actually existing values and secured by  
24 an instrument transferring or securing title to goods in  
25 process of shipment or to livestock, or creating a lien on

1 livestock to the amount of the value of the security, but the  
2 limitation on such obligations shall be thirty percent of  
3 capital and surplus;

4 (5) upon notes or drafts secured by trust  
5 receipts, shipping documents or receipts of a licensed or  
6 bonded warehouse or elevator transferring or securing title to  
7 readily marketable, nonperishable staples to the amount of  
8 eighty percent of the value of the security, and this exemption  
9 shall not apply:

10 (a) unless the staples are insured, if  
11 it is customary to insure them; or

12 (b) for more than ten months to  
13 obligations of the same obligor arising from the same  
14 transaction or secured by the same staples;

15 (6) secured by the assignment of accounts  
16 receivable to the extent of eighty percent of the amount of  
17 such accounts not overdue, but the limitation of these  
18 obligations shall be thirty percent of capital and surplus;

19 (7) those arising out of the daily transaction  
20 of the business of any clearinghouse association; or

21 (8) obligations that are fully secured by a  
22 pledge of a time certificate of deposit issued by the same  
23 state-chartered bank in an amount equal to or exceeding the  
24 amount of the obligation.

25 C. In calculating, for the purposes of this

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1 section, the obligations of a single obligor or the obligations  
2 of a specified class, there shall be included:

3 (1) the direct liability of the maker; the  
4 amount of a loan made to a corporation to the extent that the  
5 proceeds of the loan directly or indirectly are to be loaned to  
6 the individual;

7 (2) in the case of obligations of a  
8 partnership or association, the obligations of each general  
9 partner or of each member of the association; the amount of a  
10 loan made to a corporation to the extent that the proceeds of  
11 the loan directly or indirectly are to be loaned to the  
12 partnership or association;

13 (3) in the case of obligations of a general  
14 partner or a member of an association, the obligations of the  
15 partnership or association;

16 (4) in the case of obligations of a  
17 corporation, the obligations of any subsidiaries in which it  
18 owns, directly or indirectly, a majority of the outstanding  
19 voting stock;

20 (5) in the case of obligations of a  
21 corporation, the amount of a loan made to any other person to  
22 the extent that the proceeds of the loan directly or indirectly  
23 are to be:

- 24 (a) loaned to the corporation;  
25 (b) used for the acquisition from the

1 corporation of any securities issued by the corporation, other  
2 than securities acquired by an underwriter for public offering;  
3 or

4 (c) transferred to the corporation  
5 without fair and adequate consideration; and

6 (6) the discharge of an equivalent amount of  
7 debt previously incurred in good faith or value shall be deemed  
8 fair and adequate consideration. "

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