

HOUSE RESEARCH

Bill Summary

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Overview

This bill, primarily from the Department of Commerce, makes miscellaneous changes in regulation of banks, credit unions, and other financial institutions.

Section

- 1 Authority, approval, limitation.** Makes technical corrections in language.
- 2 Limited trusteeship.** Permits state-chartered financial institutions to act as trustee or custodian of a health savings account.
- 3 Annual audit report.** Eliminates the requirement that a bank file a copy of the bank's annual financial audit report with the commissioner.
- 4 Retirement, health savings, and medical savings accounts.** Conforms to section 2 of this bill. Also makes technical changes.
- 5 Federal law compliance.** Permits state-chartered banks and similar entities to use the federal customer identification laws instead of the state's law on that subject.
- 6 Suspension.** Eliminates the requirement for the commissioner to notify the credit union advisory council when the commissioner suspends the operation of a credit union. The role of that group is repealed in this bill.
- 7 Will searches, burial documents procurement, and inventory of contents.** Requires a safe deposit company to provide a copy of the completed inventory form after inventorying the safe deposit box of a decedent, at the request of an "interested person" as defined in current law. Provides a new provision specifying what a safe deposit company may do if the box of a decedent is empty.
- 8 Prohibition on service as a residential mortgage originator.** Prohibits a person who has

Section

been convicted of a crime involving dishonesty, breach of trust, or money laundering from working as or for a residential mortgage originator. Also applies if the person has not been convicted but has entered a pretrial diversion program in connection with such an offense. Provides for a de minimus exception and for the commissioner to grant exceptions. Provides that an exception granted by the commissioner does not obligate an employer to hire the person.

- 9 **Trust account.** Requires advance fees deposited in a trust account of a mortgage originator to be controlled by someone unaffiliated with the mortgage originator.
- 10 **Renewal license.** Converts the license of an insurance company from annually renewable to perpetual, subject to payment of renewal and related fees.
- 11 **Voluntary dissolution.** Permits a fraternal benefit society to dissolve, upon approval of the commissioner. Specifies criteria for that approval.
- 12 **Loan broker.** Limits the definition of this term to a person who receives advance fees or other compensation prior to the loan closing. Defines the term "advance fee."
- 13 **Real estate broker; broker.** Technical changes in this definition.
- 14 **Escrow account.** Makes a change involving escrow accounts of loan brokers matching the change for trust accounts of mortgage originators in section 9 of this bill.
- 15 **Fraudulent, deceptive, and dishonest practices.** Corrects a cross-reference.
- 16 **Limits on liability of financial institution.** Makes technical changes. Provides that a financial institution is not liable for providing information about check fraud to a banking industry antifraud database, consistent with federal privacy law.
- 17 **Deceptive use of financial institution name.** Prohibits use of a financial institution's name or logo by someone other than the institution in connection with a solicitation for financial services under certain circumstances.
- 18 **Repealer.** (a) Repeals a statutory provision involving a credit union advisory council to the commissioner. (b) Repeals a rule requiring that a bank's board of directors produce a written response to the annual financial examination report on the bank and file the response with the commissioner.
- 19 **Effective date.** Makes section 8 effective January 1, 2006.