

# Alaska State Legislature

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## REPRESENTATIVE BART LEBON

### Comparison of State and Nationally Chartered Bank Regulation House Bill 85 – Financial Institutions; Liability (32-LS0371\B)

Section & Statute Referenced	Provision in HB 85	Nationally Chartered Bank Regulation
<a href="#">Sec. 3. AS 06.05.050</a>	<i>Publication of reports:</i> Adds the option for posting notices of publication of bank reports on a bank’s internet website vs. physical posting in the bank lobby.	National banks do not have a similar requirement to post notices of publication of financial and other information that banks are required to report. In 2019, the FDIC repealed the “lobby notice” rule, which had required posting notices in bank lobbies. 84 Fed. Reg. 9698 (Mar. 18, 2019) (repealing 12 C.F.R. Part 350). In the final rule, the FDIC noted that reports are widely available through bank websites.
<a href="#">Sec. 5. AS 06.05.210(a)</a>	Increases the amount a director or executive officer of a state bank may borrow to \$500,000 (from \$100K or \$250K for a primary residence).	This change aligns with the regulatory limit established for national banks, which is \$500,000. 12 C.F.R. § 215.4(b)(2) (“Regulation O”).
<a href="#">Sec. 6. AS 06.05.245</a>	<i>Disposition of property not needed in the conduct of a banking business:</i> Removes the Department’s authority to set a time limit on the disposal of real and personal property. Instead, the carrying value and write-down will be dictated by Generally Accepted Accounting Principles (GAAP).	Federal regulations allow national banks to dispose of other real estate owned according to “generally accepted accounting principles.” 12 C.F.R. § 34.83(a). “A national bank shall dispose of [other real estate owned] at the earliest time that prudent judgment dictates, but not later than the end of the holding period (or an extension thereof) permitted by 12 U.S.C. 29.” 12 C.F.R. § 34.82(a)(1). There is a five-year holding period established by 12 U.S.C. § 29, with the option for one five-year extension.
<a href="#">Sec. 7. AS 06.05.260</a>	Allows a state bank to pledge bank assets as collateral security to secure funds deposited by consortiums of federally recognized tribes.	This amendment allows state banks to secure funds deposited by federally recognized Indian tribes in the same way as national banks, which are authorized to pledge bank assets as collateral security to secure funds deposited by federally recognized Indian tribes. 12 U.S.C. § 90.

Sec. 8. <a href="#">AS 06.05.260</a>	<p>Adds a new subsection to replace the Division of Banking’s <a href="#">Parity Orders 12-B (3-6)</a> regarding the pledging of assets for interest rate swaps.</p> <p>Adds a new subsection to define:</p> <ul style="list-style-type: none"> <li>• “federally recognized tribe” as an Indian tribe under the Federally Recognized Indian Tribe List Act of 1994; and</li> <li>• “interest rate swap agreement” as a stream of future interest payments that are exchanged for another stream of future interest payments.</li> </ul>	<p>National banks are regulated by Section 610 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and implementing regulations in 12 C.F.R. Part 32. This amendment achieves parity by authorizing state banks to pledge assets for interest rate swaps according to the same regulations as national banks.</p>
Sec. 9. <a href="#">AS 06.05.355(a)</a>	<p>Requires all banks to become a member of the FDIC as a condition for receiving a Certificate of Authority; Intended to maintain trust and level the playing field for the banking industry.</p>	<p>All national banks must be members of the FDIC. 12 C.F.R. § 5.20.</p>
Sec. 11. <a href="#">AS 06.05.438(a)</a>	<p>Reduces the number of required meetings of a bank’s board from 10 to 4 per calendar year.</p>	<p>There is no required number of board meetings for national banks. 12 C.F.R. § 5.20.</p>
Sec. 15. <a href="#">AS 06.15.190</a>	<p>Expands the deposits that mutual banks can accept.</p>	<p>The federal Depository Institutions Deregulation and Monetary Control Act of 1980 expanded the authority for national mutual banks to accept deposits. This amendment authorizes state mutual banks to accept the same deposits as national mutual banks.</p>