

STATE OF FLORIDA
DEPARTMENT OF BANKING AND FINANCE
DIVISION OF BANKING

IN RE:

FLORIDA CHARTERED SAVINGS AND LOAN)	82-2 OGA
ASSOCIATIONS)	Docketed – 2/10/82
)	
LOANS SECURED BY SAVINGS ACCOUNTS)	
)	
_____)	

ORDER OF GENERAL APPLICATION

In the exercise of the power and authority vested in this office pursuant to Section 655.061, Florida Statutes (1981), it is hereby found and ordered:

1. Section 665.0711, Florida Statutes (1981), restricts loans on savings accounts to 40% of the association's non-liquid assets (60% of an association's non-liquid assets must be invested in real estate loans on residential property which leaves 40% for investment in other categories such as loans on savings accounts).

2. Section 545.7 of the Rules and Regulations of the Federal Home Loan Bank Board (FHLBB), 12 C.F.R. Section 545.7, grants federal savings and loan associations the authority to make loans on savings accounts, but does not impose any restriction or limitation on such loans by asset classification.

§545.7 Loans on savings accounts.

A Federal association may make loans on the security of its savings accounts, whether or not the borrower is the owner of the account, if the association obtains a lien on, or a pledge of, such accounts as security therefore. Such a loan shall not exceed the withdrawal amount of the savings account and shall not be made when the association has any unpaid application for withdrawal on file more than 30 days.

3. Loans on savings accounts are generally viewed as one of the safest type of loans an association can make because the collateral is the borrower's savings account and thus the loan is secured by a pledge of that account. In the event of default, the association offsets the debt

provisions of this section shall take priority over, and be given effect over, any other general or specific provisions of this chapter and the financial institutions codes to the contrary. In issuing an order or rule under this section, the department shall consider the importance of maintaining a competitive dual system of financial institutions and whether such an order or rule is in the public interest. However, nothing contained in this section shall be construed to grant any power or right to establish any branch of a bank not otherwise expressly authorized by Chapter 658.

5. Because of the inherent safety of loans secured by savings accounts and the absence of asset limitations on such loans as applied to federal associations exercising such power, it is determined that it would be in the public interest and important to the maintenance of a competitive dual system of regulation for Florida-chartered associations to exercise the same powers with reference to the making of loans secured by savings accounts as those exercised by federally-chartered associations operating in Florida.

It is therefore ORDERED:

1. That, notwithstanding the restrictions of Section 665.0711, Florida Statutes, Florida –chartered associations are authorized to make loans secured by savings accounts to the same extent and subject to the same limitations as imposed upon federally-chartered associations exercising such power under Section 545.7, Rules of the Federal Home Loan Bank Board.

DONE AND ORDERED this 10th day of February, 1982, in Tallahassee, Florida.

GERALD LEWIS
Comptroller, State of Florida