

2020 Regular Session

HOUSE BILL NO. 284

BY REPRESENTATIVE DAVIS

BANKS/BANKING: Provides relative to financial institutions

1 AN ACT

2 To amend and reenact R.S. 6:2(2), 452, and 532(6) and to enact R.S. 6:453 and 454, relative  
3 to financial institutions; to provide for loan production offices; to provide for deposit  
4 production offices; to provide definitions; to require written notification; to provide  
5 for objections; to provide for powers of the commissioner; to provide for rules and  
6 regulations; to provide for permissible activity; to provide for compliance; to provide  
7 for combined offices; to provide for electronic financial terminals; and to provide for  
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 6:2(2), 452, and 532(6) are hereby amended and reenacted and R.S.  
11 6:453 and 454 are hereby enacted to read as follows:

12 §2. General definitions

13 As used in this law:

14 \* \* \*

15 (2) "Branch" or "branch office" means any manned office of a bank,  
16 including a branch of an out-of-state bank, other than an automated teller machine,  
17 electronic fund transfer terminal, point of sale terminal, or similar device or terminal.

18 The term "branch" or "branch office" shall not include a loan production office or  
19 deposit production office or any combination thereof.

20 \* \* \*

1 §452. Loan production offices; power of commissioner to adopt rules and  
2 regulations

3 A.(1) Any Louisiana state-chartered bank, savings bank, or savings and loan  
4 association, or a wholly owned operating subsidiary of such bank, savings bank, or  
5 savings and loan association, may open one or more loan production offices. Prior  
6 to opening a loan production office, the financial institution shall give written notice  
7 to the commissioner. Upon receiving the written notice, the commissioner has  
8 forty-five days to object. If the commissioner does not raise a timely objection, the  
9 financial institution may proceed with opening the loan production office. If the  
10 commissioner raises an objection, the commissioner shall, upon request, notify the  
11 financial institution in writing as to the nature of the objection.

12 (2) "Loan production office" means a physically manned location, other than  
13 the main office or branch office of a bank, savings bank, or savings and loan  
14 association, with the authority to conduct the solicitation and origination of  
15 applications for loans.

16 B. The commissioner shall authorize permissible activities of a loan  
17 production office by rule or regulation. The commissioner shall have the right, and  
18 is empowered to promulgate any rules, regulations, ~~applications~~, filing procedures,  
19 instructions, and fees that he deems necessary for the creation of loan production  
20 offices in the state.

21 C. Notwithstanding Subsections A and B of this Section, or any other law,  
22 rule, or regulation to the contrary, any state-chartered bank, savings bank, or savings  
23 and loan association may seek to conduct any activity at a loan production office that  
24 is a permissible activity for a loan production office of a national bank by complying  
25 with R.S. 6:242(C).

26 §453. Deposit production offices; power of commissioner to adopt rules and  
27 regulations

28 A.(1) Any Louisiana state-chartered bank, savings bank, or savings and loan  
29 association, or a wholly owned operating subsidiary of such bank, savings bank, or

1 savings and loan association, may open one or more deposit production offices. Prior  
2 to opening a deposit production office, the financial institution shall give written  
3 notice to the commissioner. Upon receiving the written notice, the commissioner has  
4 forty-five days to object. If the commissioner does not raise a timely objection, the  
5 financial institution may proceed with opening the deposit production office. If the  
6 commissioner raises an objection, the commissioner shall, upon request, notify the  
7 financial institution in writing as to the nature of his objection.

8 (2) "Deposit production office" means a physically manned location, other  
9 than the main office or branch office of a bank, savings bank, or savings and loan  
10 association, with the authority to solicit deposits, provide information about deposit  
11 products, and assist persons in completing application forms and related documents  
12 to open deposit accounts.

13 B. The commissioner shall authorize permissible activities of a deposit  
14 production office by rule or regulation. The commissioner shall have the right, and  
15 is empowered to promulgate any rules, regulations, filing procedures, instructions,  
16 and fees that he deems necessary for the creation of deposit production offices in the  
17 state.

18 C. Notwithstanding Subsections A and B of this Section, or any other law,  
19 rule, or regulation to the contrary, any state-chartered bank, savings bank, or savings  
20 and loan association may seek to conduct any activity at a deposit production office  
21 that is a permissible activity for a deposit production office of a national bank by  
22 complying with R.S. 6:242(C).

23 §454. Combination of loan production office; deposit production office; and  
24 electronic financial terminal

25 Any Louisiana state-chartered bank, savings bank, or savings and loan  
26 association may operate, at the same location, a loan production office, a deposit  
27 production office, and an electronic financial terminal, or any combination of these  
28 facilities, and it shall not be considered a branch. Prior to opening a combined loan  
29 production office, deposit production office, and electronic financial terminal, the

1 financial institution shall give written notice to the commissioner. Prior to opening  
 2 a combined loan production office and deposit production office, a financial  
 3 institution may satisfy the notice requirements of R.S. 6:452 and 453 by giving one  
 4 combined written notice to the commissioner. Upon receiving the written notice, the  
 5 commissioner has forty-five days to object. If the commissioner does not raise a  
 6 timely objection, the financial institution may proceed with opening the combined  
 7 office. If the commissioner raises an objection, the commissioner shall, upon  
 8 request, notify the financial institution in writing as to the nature of the objection.

\* \* \*

10 §532. Definitions

11 As used in this Part, unless the context otherwise requires, the term:

12 \* \* \*

13 (6) "Branch" and "branch office" means any manned office of a bank but  
 14 shall not include a trust production office, an automated teller machine, electronic  
 15 funds transfer terminal, point of sale terminal, or similar electronic device or  
 16 terminal, ~~but shall not include a loan or trust production office.~~ The term "branch"  
 17 or "branch office" shall not include a loan production office or deposit production  
 18 office or any combination thereof.

19 \* \* \*

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 284 Reengrossed

2020 Regular Session

Davis

**Abstract:** Regulates the process by which certain financial institutions may open loan production offices, deposit production offices, and combination offices which may include electronic financial terminals.

Present law defines "branch" and "branch office".

Proposed law retains present law but clarifies that a "branch" or "branch office" shall not include a loan production office or deposit production office.

Proposed law defines "loan production office" and "deposit production office".

Present law allows the commissioner of the office of financial institutions (hereinafter commissioner) to promulgate any rules, regulations, applications, filing procedures, instructions, and fees that he deems necessary for the creation of loan production offices.

Proposed law retains present law in part, but it removes, from the commissioner, the power to create applications for the creation of loan production offices.

Proposed law requires the commissioner to authorize permissible activities of a loan production office or deposit production office by rule or regulation.

Proposed law allows the commissioner to promulgate any rules, regulations, filing procedures, instructions, and fees that he deems necessary for the creation of deposit production offices.

Proposed law allows certain financial institutions to open one or more loan production offices or deposit production offices.

Proposed law requires these financial institutions to give written notice to the commissioner prior to opening a loan production office or deposit production office. Upon receiving the written notice, proposed law allows the commissioner 45 days to object.

If the commissioner does not object, proposed law allows the financial institution to proceed with opening the loan production office or deposit production office.

If the commissioner does object, proposed law requires the commissioner, upon request, to notify the financial institution in writing as to the nature of the objection.

Proposed law allows a financial institution which is opening a combined loan production and deposit production office to satisfy the notice required by proposed law by submitting one combined written notice.

Proposed law allows certain financial institutions to conduct any activity at a loan production office or deposit production office that is a permissible activity for a loan production office or deposit production office of a national bank, by complying with present law.

Proposed law allows certain financial institutions to operate, at the same location, a loan production office, a deposit production office, and an electronic financial terminal, or any combination of these facilities, and proposed law provides that these facilities are not to be considered a branch.

Proposed law requires the financial institution to give written notice to the commissioner, prior to opening a combined office. Proposed law provides the commissioner 45 days to object. If the commissioner does not object, proposed law allows the financial institution to open the combined office. If the commissioner does object, proposed law requires him to, upon request, notify the financial institution as to the nature of the objection.

(Amends R.S. 6:2(2), 452, and 532(6); Adds R.S. 6:453 and 454)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Narrow the definition of "branch" or "branch office" in present law, to clarify that it does not include a loan production office, deposit production office, or a combined office.

2. Add the requirement that a loan production office, deposit production office, or a combined office be physically-manned.
3. Allow a financial institution, which is opening a combined loan production office and deposit production office, to satisfy the notice required by proposed law by submitting one combined written notice to the commissioner.
4. Make technical changes.