S T A T E  O F  N E W  Y O R K

5624

2015-2016 Regular Sessions

I N  S E N A T E

May 20, 2015

Introduced by Sen. SAVINO -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the banking law, in relation to community bank service corporations

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Short title. This act shall be known and may be cited as the "community bank service corporation act".

S 2. The banking law is amended by adding a new article 2-D to read as follows:

ARTICLE 2-D

COMMUNITY BANK SERVICE CORPORATIONS

SECTION 88. SERVICE CORPORATIONS OWNED BY COMMUNITY BANKS; AUTHORIZED ACTIVITIES OF SUCH CORPORATIONS; INVESTMENTS THEREIN.

S 88. SERVICE CORPORATIONS OWNED BY COMMUNITY BANKS; AUTHORIZED ACTIVITIES OF SUCH CORPORATIONS; INVESTMENTS THEREIN. 1. A COMMUNITY BANK MAY INVEST IN THE STOCK, CAPITAL NOTES AND DEBENTURES OF ONE OR MORE SERVICE CORPORATIONS ORGANIZED UNDER THE LAWS OF THIS STATE FOR THE SOLE ACTIVITIES SET FORTH IN SUBDIVISION TWO OF THIS SECTION, TO THE EXTENT AND UPON SUCH CONDITIONS AS ARE OR HAVE BEEN AUTHORIZED BY THE SUPERINTENDENT OF FINANCIAL SERVICES INCLUDING BUT NOT LIMITED TO THE FOLLOWING ACTIVITIES:

(A) PROVIDING SERVICES PRIMARILY FOR OTHER FINANCIAL INSTITUTIONS PARTICULARLY ACCOUNTING, AUDITING, CLERICAL, COMPLIANCE ACTIVITIES, CONSULTING, DATA STORAGE AND PROCESS, INVESTMENT ADVISORY, RESEARCH SERVICES, LOCATOR SERVICES, PERSONNEL TRAINING AND SUPPORT, MARKETING SERVICES, EMPLOYEE LEASING SERVICES, AND MANAGERIAL;

(B) ORIGINATING, INVESTING IN, PURCHASING, SELLING, SERVICING OR OTHERWISE DEALING IN DIRECTLY OR THROUGH PARTICIPATION, LOANS OF ANY TYPE WHICH MAY BE MADE BY A COMMUNITY BANK;

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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(C) PROVIDING INSURANCE BROKERAGE OR AGENCY SERVICES, INCLUDING BUT NOT LIMITED TO AGENCY FOR SALE OF INSURANCE, VEHICLE WARRANTY PROGRAMS, GROUP PURCHASING PROGRAMS AND REAL ESTATE SETTLEMENT PROGRAMS;

(D) PROVIDING REAL ESTATE SERVICES INCLUDING BUT NOT LIMITED TO BROKERAGE, APPRAISAL, INSPECTION, PROPERTY MANAGEMENT, AND LEASING OF EXCESS PROPERTY;

(E) LEASING OF PERSONAL PROPERTY TO CUSTOMERS;

(F) PROVIDING LOAN SUPPORT SERVICES INCLUDING BUT NOT LIMITED TO DEBT COLLECTION SERVICES, LOAN PROCESSING, SERVICE AND SALES, REAL ESTATE SETTLEMENT SERVICES, PURCHASING AND SERVICING OF NON-PERFORMING LOANS AND REFERRAL AND PROCESSING OF LOAN APPLICATIONS;

(G) RECORD RETENTION, SECURITY AND DISASTER RECOVERY SERVICES INCLUDING BUT NOT LIMITED TO ALARM-MONITORING AND OTHER SECURITY SERVICES, DISASTER RECOVERY SERVICES, MICROFILM, MICROFICHE, OPTICAL AND ELECTRONIC IMAGING, CD-ROM DATA STORAGE AND RETRIEVAL SERVICES, PROVISION OF FORMS AND SUPPLIES AND RECORD RETENTION AND STORAGE;

(H) SECURITIES BROKERAGE SERVICES;

(I) SHARED COMMUNITY BANK BRANCH OPERATIONS;

(J) STUDENT LOAN ORIGINATION, INCLUDING THE AUTHORITY TO BUY AND SELL PARTICIPATION INTERESTS IN SUCH LOANS;

(K) TRAVEL AGENCY AND TAX PREPARATION SERVICES;

(L) PROVIDING COURIER SERVICES;

(M) TRUST AND TRUST RELATED SERVICES INCLUDING BUT NOT LIMITED TO ACTING AS ADMINISTRATOR FOR PREPAID LEGAL SERVICE PLANS, ACTING AS TRUSTEE, GUARDIAN, CONSERVATOR, ESTATE ADMINISTRATOR OR IN ANY OTHER FIDUCIARY CAPACITY AND TRUST SERVICES;

(N) CREDIT AND LOAN ORIGINATION;

(O) PAYROLL PROCESSING SERVICES;

(P) ISSUING CREDIT CARDS AND ENGAGING IN CREDIT CARD OPERATIONS;

(Q) ISSUING LETTERS OF CREDIT; AND

(R) SPONSORING, ORGANIZING AND ADVISING OPEN-ENDED MUTUAL FUNDS; PROVIDED THAT ALL OF THE STOCK OF SUCH SERVICE CORPORATIONS IS, OR IS TO BE, OWNED BY ONE OR MORE COMMUNITY BANKS; AND PROVIDED FURTHER, THAT NO COMMUNITY BANK MAY MAKE ANY INVESTMENT UNDER THIS SECTION IF ITS AGGREGATE OUTSTANDING INVESTMENT THEREBY, DETERMINED AS PRESCRIBED BY THE SUPERINTENDENT OF FINANCIAL SERVICES, WOULD EXCEED FIVE PER CENTUM OF ITS ASSETS.

2. THE ACTIVITIES OF SUCH SERVICE CORPORATIONS, PERFORMED DIRECTLY OR THROUGH ONE OR MORE WHOLLY OWNED SUBSIDIARIES, SHALL CONSIST OF RENDERING SUCH SERVICES TO COMMUNITY BANKS AND MAKING SUCH INVESTMENTS FOR ITSELF AND FOR COMMUNITY BANKS AS ARE AUTHORIZED SERVICES AND INVESTMENTS FOR SUCH COMMUNITY BANKS UNDER THE PROVISIONS OF THIS CHAPTER, AS WELL AS SUCH ACTIVITIES AS MAY BE PRESCRIBED BY THE GENERAL REGULATION OF THE SUPERINTENDENT OF FINANCIAL SERVICES.

3. FOR PURPOSES OF THIS SECTION, A COMMUNITY BANK SHALL BE DEFINED AS A BANK OR TRUST COMPANY ORGANIZED UNDER OR SUBJECT TO THE PROVISION OF ARTICLE THREE OF THIS CHAPTER OR THE COMPARABLE PROVISION OF THE LAWS OF ANOTHER STATE OR A NATIONAL BANKING ASSOCIATION OR A SAVINGS BANK, A SAVINGS AND LOAN ASSOCIATION OR OTHER SAVINGS INSTITUTION CHARTERED AND SUPERVISED AS SUCH UNDER FEDERAL OR STATE LAW WHERE AVERAGE VALUE OF ASSETS MUST NOT EXCEED EIGHT BILLION DOLLARS.

S 3. This act shall take effect on the sixtieth day after it shall have become a law.