

HOUSE BILL 129

By Capley

AN ACT to amend Tennessee Code Annotated, Section 9-1-107, relative to collateral on government deposits.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-1-107(a)(2), is amended by deleting the subdivision and substituting the following:

(2)

(A) Deposits in excess of the limits of insurance on such accounts are authorized where the collateral given is eligible collateral, as defined in § 9-4-103, or where the collateral given is an irrevocable letter of credit issued by a federal savings bank.

(B) If the security is released, or if the value of the security is impaired, the bank shall promptly substitute collateral meeting the requirements of this section sufficient to cover the deposits to be secured.

(C) Deposits in excess of the limits of insurance are, as to each bank, limited to no more than five percent (5%) of the assets of such bank with respect to each depositor, and are limited to no more than ten percent (10%) of the assets of such association with respect to all depositors.

SECTION 2. This act takes effect July 1, 2023, the public welfare requiring it.