

Securities Qualifying as Collateral

O.C.G.A. § 50-17-59

GEORGIA CODE
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*** Current through the 2009 Regular Session ***

TITLE 50. STATE GOVERNMENT
CHAPTER 17. STATE DEBT, INVESTMENT, AND DEPOSITORIES
ARTICLE 3. STATE DEPOSITORIES

O.C.G.A. § 50-17-59 (2009)

§ 50-17-59. Deposit of securities in lieu of bond

(a) The director cannot have on deposit at any one time in any of the depositories for a time longer than ten days a sum of money belonging to the state under a contract with the depository providing for the payment of interest by a depository which has not given a bond to the state in the amount as determined by the board. The bond to be given by the state depositories, when such bonds are required and whether the depositories are state or national banks, shall be a surety bond in a sum as required signed by a surety company duly qualified and authorized to transact business within this state. In lieu of such a surety bond the state depository may deposit with the director to secure state funds on deposit in state depositories:

(1) Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the United States or of this state;

(2) Bonds, bills, certificates of indebtedness, notes, or other obligations of the counties or municipalities of this state;

(3) Bonds of any public authority created by the laws of this state, if the statute creating such authority provides that the bonds of the authority may be used for this purpose and the bonds have been duly validated as provided by law, and as to which there has been no default in payment, either of principal or interest;

(4) Industrial revenue bonds or bonds of development authorities created by the laws of this state, which bonds have been duly validated as provided by law and as to which there has been no default in payment, either of principal or interest; or

(5) Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest, or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.

(b) The director may accept letters of credit issued by a Federal Home Loan Bank to secure state funds on deposit in state depositories.

(c) The director shall also accept the guarantee or insurance of accounts of the Federal Deposit Insurance Corporation to secure state funds on deposit in state depositories, to the extent authorized by federal law governing the Federal Deposit Insurance Corporation.

(d) Upon approval by the director, a state depository may secure deposits made with it in part by surety bond, in part by deposit of any or all of the bonds mentioned in subsection (a) of this Code section, whether these bonds are owned by the depository or by another bank, and in part by letters of credit pursuant to subsection (b) of this Code section, or by any such method. The board may determine, however, that such security will be required only in the case of time deposits under a contract providing for the payment of interest.

(e) The director is authorized to contract with any bank, other than the state depository offering the security, for the purpose of safekeeping the securities deposited with the director under this provision.

HISTORY: Ga. L. 1893, p. 135, § 1; Civil Code 1895, § 989; Civil Code 1910, § 1256; Ga. L. 1931, p. 120, § 1; Code 1933, § 100-108; Ga. L. 1935, p. 106, § 1; Ga. L. 1953, Nov.-Dec. Sess., p. 483, § 1; Ga. L. 1968, p. 485, § 1; Ga. L. 1970, p. 467, § 1; Ga. L. 1971, p. 553, § 6; Ga. L. 1973, p. 149, § 6; Ga. L. 1975, p. 917, § 1; Ga. L. 1976, p. 769, § 1; Ga. L. 1979, p. 399, § 1; Ga. L. 1991, p. 94, § 50; Ga. L. 1993, p. 929, § 4; Ga. L. 1994, p. 499, § 2; Ga. L. 2007, p. 162, § 1/ HB 96.