

VIRGINIA ACTS OF ASSEMBLY -- 2004 SESSION

CHAPTER 320

An Act to amend and reenact § 6.1-62 of the Code of Virginia, relating to bank board of directors' approval of loans to executive officers or directors.

[H 1269]

Approved March 31, 2004

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-62 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-62. Loans to executive officers or directors.

A. No executive officer or director of any bank shall borrow any amount more than \$25,000 from such bank until after such loan, including the granting of a line of credit, has been approved by a majority of the directors or by a committee of officers or directors which shall include at least one director appointed by the board of directors with authority to approve loans. An executive officer is one who participates or has authority to participate in the major policy-making functions of the bank.

B. Whenever any loan, including the granting of a line of credit, the amount of which together with all other obligations, direct or indirect, of such executive officer, director or controlled entity is \$100,000 or more or five percent of the bank's total capital and surplus, excluding undivided profits, whichever is less is made to any executive officer or director of a bank, or to any entity which the Commission determines is controlled by one or more executive officers or directors thereof, such loan or line of credit shall be specifically approved by a majority of the bank's board of directors or the committee of officers and directors described in subsection A. In the case of approval by the committee it shall be reported to the board at its next meeting. No extension, renewal or renegotiation of any such loan or line of credit in excess of the amounts described in this subsection or in subsection A shall be made, to any of the foregoing individuals or their interests, unless it is approved by a majority of the board of directors or by the committee of officers and directors so appointed. In the case of approval by the committee it shall be specifically reported to the board of directors at its next regular meeting. The prohibitions herein shall not be construed to require approval by the board of directors of advances under a previously authorized line of credit.

C. *The maximum amount of loans and other extensions of credit a bank may make to any of its executive officers or directors, and the conditions and procedures for approval of such extensions of credit, shall be governed by Federal Reserve Board Regulation O, 12 C.F.R. Part 215, whether or not the bank is a member of the Federal Reserve System.*

B. The aggregate amount of a bank's ~~loans~~ *extensions of credit* to its executive officers or directors ~~or, and~~ their interests, shall not be excessive. The Commission shall ~~establish~~ *promulgate* such regulations as may be required to prevent excessive aggregate amounts of ~~lending~~ *extensions of credit* by ~~banks~~ *a bank* to such persons and their interests.