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HOUSE BILL NO. 482

Offered January 13, 2010

Prefiled January 12, 2010

A *BILL to amend the Code of Virginia by adding in Article 5.2 of Chapter 2 a section numbered 6.1-44.26 and a section numbered 6.1-225.27:1, relating to acquisitions and mergers involving banks and credit unions.*

Patron—Sickles

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 5.2 of Chapter 2 a section numbered 6.1-44.26 and a section numbered 6.1-225.27:1 as follows:

§ 6.1-44.26. *Mergers involving credit unions.*

"Bank" includes a state bank, a bank authorized to do business under the laws of another state, and a national bank.

"Federal or state credit union" includes a state credit union, a credit union authorized to do business under the laws of another state, and a federal credit union.

"State bank" means a bank incorporated under the laws of the Commonwealth.

"State credit union" means a credit union authorized to do business under Chapter 4.01 (§ 6.1-225.1 et seq.).

B. Notwithstanding the provisions of §§ 6.1-58.1, 6.1-60.1, and 6.1-225.57, or any other provision of this chapter, upon compliance with the applicable provisions of the Virginia Stock Corporation Act (§13.1-601 et seq.) and the Virginia Nonstock Corporation Act (§13.1-801 et seq.), and subject to the prior approval of the Commission:

1. A state credit union may merge or consolidate with a bank; and

2. A state bank may merge or consolidate with a federal or state credit union.

C. If the resulting entity is to do business as a state bank, the Commission shall not approve the merger or consolidation unless the applicant meets the standards established by § 6.1-13. If the resulting entity is to do business as a state credit union, the Commission shall not approve the merger or consolidation unless the applicant meets the standards established by §6.1-225.14. In either case, the order granting a certificate of authority to do business shall designate the main office of the resulting entity.

D. The resulting entity shall be permitted to operate all offices of the merging or consolidating entities that could have been established de novo by the resulting entity or that were in operation at least five years prior to the date of the order permitting the merger or consolidation. Within one year of such merger or consolidation, the resulting entity shall conform its assets and operations to the provisions of law regulating the operation of state banks if the resulting entity is operated as a state bank or to the provisions of law regulating the operation of state credit unions if the resulting entity is operated as a state credit union. The Commission may grant the resulting entity additional one-year periods, not to exceed a total of four additional years, in which to conform its assets and operations as provided herein.

§ 6.1-225.27:1. *Mergers involving banks.*

A. As used in this section:

"Bank" includes a state bank, a bank authorized to do business under the laws of another state, and a national bank.

"Federal or state credit union" includes a state credit union, a credit union authorized to do business under the laws of another state, and a federal credit union.

"State bank" means a bank incorporated under the laws of the Commonwealth.

"State credit union" means a credit union authorized to do business under this chapter.

B. Notwithstanding the provisions of §§ 6.1-58.1, 6.1-60.1, and 6.1-225.57, or any other provision of this chapter, upon compliance with the applicable provisions of the Virginia Stock Corporation Act (§13.1-601 et seq.) and the Virginia Nonstock Corporation Act (§13.1-801 et seq.), and subject to the prior approval of the Commission:

1. A state credit union may merge or consolidate with a bank; and

2. A state bank may merge or consolidate with a federal or state credit union.

C. If the resulting entity is to do business as a state bank, the Commission shall not approve the merger or consolidation unless the applicant meets the standards established by § 6.1-13. If the resulting

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59 *entity is to do business as a state credit union, the Commission shall not approve the merger or*
60 *consolidation unless the applicant meets the standards established by § 6.1-225.14. In either case, the*
61 *order granting a certificate of authority to do business shall designate the main office of the resulting*
62 *entity.*

63 *D. The resulting entity shall be permitted to operate all offices of the merging or consolidating*
64 *entities that could have been established de novo by the resulting entity or that were in operation at*
65 *least five years prior to the date of the order permitting the merger or consolidation. Within one year of*
66 *such merger or consolidation, the resulting entity shall conform its assets and operations to the*
67 *provisions of law regulating the operation of state banks if the resulting entity is operated as a state*
68 *bank or to the provisions of law regulating the operation of state credit unions if the resulting entity is*
69 *operated as a state credit union. The Commission may grant the resulting entity additional one-year*
70 *periods, not to exceed a total of four additional years, in which to conform its assets and operations as*
71 *provided herein.*