

# VIRGINIA ACTS OF ASSEMBLY -- 1995 SESSION

## CHAPTER 83

*An Act to amend and reenact § 6.1-194.21 of the Code of Virginia, relating to loans to executive officers or directors of savings institutions.*

[H 1730]

Approved March 7, 1995

**Be it enacted by the General Assembly of Virginia:**

**1. That § 6.1-194.21 of the Code of Virginia is amended and reenacted as follows:**

§ 6.1-194.21. Loans to executive officers or directors.

A. No *executive officer; or director or employee* of any savings institution shall borrow any amount more than \$25,000 from the institution until such loan has been approved (i) by a majority of the directors of the institution or (ii) by a committee of officers and directors, which shall include at least one director appointed by the board of directors with authority to approve loans. ~~The board of directors may by proper resolution authorize certain officers to handle renewals of such loans of less than \$25,000.~~ *An executive officer is one who participates or has authority to participate in the major policy-making functions of the savings institution.*

B. 1. The following loans or lines of credit shall be specifically approved by a majority of the directors of the institution or by the committee of officers and directors as described in subsection A of this section, in which case such approval shall be reported to the board of directors at its next regular meeting:

a. Any loan in an amount of \$25,000 or more made to any *executive officer; or director or employee* of an institution or any entity which the Commission determines is controlled by one or more *executive officers; or directors or employees*;

b. Any loan made to the persons or entities described in subdivision 1 a of this subsection, the amount of which together with all other obligations, direct or indirect, of such *executive officer, director; employee* or controlled entity is \$100,000 or more;

c. Any line of credit for \$25,000 or more made to the persons or entities described in subdivision 1 a of this subsection; or

d. Any line of credit made to the persons or entities described in subdivision 1 a of this subsection, which with all the other obligations, direct or indirect, of such *executive officer, director or employee* or controlled entity is \$100,000 or more.

2. No extension, renewal or renegotiation of any loan or line of credit *in excess of the amounts* described in subdivision 1 of this subsection shall be made to any of those individuals, entities or their interests, unless it is approved by a majority of the board of directors or by the committee of officers and directors appointed by the board. In the case of approval by the committee, such approval shall be specifically reported to the board of directors at its next regular meeting.

3. The prohibitions set forth in this subsection shall not be construed to require approval by the board of directors for advances under previously authorized lines of credit.

C. The aggregate amount of a savings institution's loans to its *executive* officers, directors, employees or their interests shall not be excessive. The Commission may promulgate such rules and regulations as may be required to prevent excessive aggregate amounts of lending by savings institutions to those individuals or entities.