

VIRGINIA ACTS OF ASSEMBLY -- 1995 SESSION

CHAPTER 84

An Act to amend and reenact § 6.1-56 of the Code of Virginia, relating to the payment of dividends by banks.

[H 1732]

Approved March 7, 1995

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-56 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-56. Dividends; surplus; undivided profits.

The board of directors of any bank may declare a dividend of so much as they shall judge expedient of the net undivided profits of the bank, after providing for all expenses, losses, interest and taxes accrued, or due by such bank. But before any such dividend is declared, any deficit in capital funds originally paid in shall have been restored by earnings to their initial level, and no dividend shall be declared or paid by any bank which would impair the paid-in capital of the bank.

To ascertain the net undivided profits before any dividend shall be declared, all debts due to such bank on which interest is past due and unpaid for a period of twelve months, unless the same are well secured and in process of collection by law, shall be deducted from the undivided profits in addition to all expenses, losses, interest and taxes accrued, and the balance shall be deemed to be the net undivided profits.

Notwithstanding the foregoing provisions of this section, the Commission may limit *or approve* the payment of dividends by the board of directors of any bank when the Commission determines that such limitation *or approval* is ~~in the public interest and is necessary to ensure the financial soundness warranted by the financial condition~~ of the bank.