

## VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

[H 1729]

Approved

**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 \$15,000 \$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. ~~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 bank.

B. Whenever any loan, *including the granting of a line of credit in an amount of \$25,000 or more or whenever any loan*, the amount of which loan together with all the other obligations, direct or indirect, of such *executive officer, director, employee 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; or employee* of a bank, or to any entity which the Commission determines is controlled by one or more *executive officers; or directors; or employees* thereof, and ~~whenever any line of credit for \$25,000 or more or which with all the other obligations, direct or indirect, of such officer, director, or employee or controlled entity would be \$100,000 or more or five percent of the bank's total capital and surplus, excluding undivided profits, whichever is less, 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 or 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 ~~or 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 aggregate amount of a bank's loans to its officers, directors, employees, or their interests shall not be excessive. The Commission shall establish such regulations as may be required to prevent excessive aggregate amounts of lending by banks to such persons and their interests.

ENROLLED

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