

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 6.1-62 and 6.1-194.21 of the Code of Virginia, relating to banking and finance; technical amendments.

[H 363]

Approved

Be it enacted by the General Assembly of Virginia:**1. That §§ 6.1-62 and 6.1-194.21 of the Code of Virginia are 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 aggregate amount of a bank's loans to its officers, ~~or 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.

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

A. No executive officer or director 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. 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 of an institution or any entity which the Commission determines is controlled by one or more executive officers or directors;

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 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 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, ~~or~~ 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

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HB363ER

57 shall be specifically reported to the board of directors at its next regular meeting.

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

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