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HOUSE BILL NO. 392

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Corporations, Insurance and Banking
on January 25, 1996)

(Patron Prior to Substitute—Delegate Morgan)

A BILL to amend and reenact §§ 6.1-84, 6.1-194.79 and 6.1-194.145 of the Code of Virginia, relating to examinations of certain financial institutions.

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.1-84, 6.1-194.79 and 6.1-194.145 of the Code of Virginia are amended and reenacted as follows:

§ 6.1-84. Examinations.

The Commission, as often as it deems necessary, in the public interest, shall cause to be examined each bank incorporated under the laws of, and doing business in, this Commonwealth, provided that such examination shall be conducted at least ~~twice~~ *once* in every three-year period.

§ 6.1-194.79. Examination of savings institutions and affiliates by Commissioner; report of examination.

A. The Commissioner shall, not less than ~~twice~~ *once* during any period of three consecutive calendar years, or at such additional times as he deems necessary, with or without previous notice, examine each state association. A copy of the report of all examinations shall be furnished to the savings institution and such report shall be presented by the president or other chief executive officer to the directors at their next meeting.

No other copies of a report of examination shall be made except as necessary for review by officers and directors of the institution. Copies of the report made for officers and directors of the institution shall not be removed from the premises of such institution and other such copies shall be destroyed after the review has been completed. The original examination report shall be kept among the records of the Bureau of Financial Institutions. Upon resolution of the board of directors of an institution, examination reports may be inspected in the institution by such other persons as the board may specify.

B. In connection with the examination of any savings institution, the Commission may make or cause to be made an examination of the affiliates of the savings institution as shall be necessary to ascertain the financial condition of the savings institution and disclose fully the relations between the savings institution and its affiliates and the effect of such relations upon the affairs of the savings institution.

For the purpose of this section, the term "affiliate of any savings institution" means any corporation, business trust, association, or other similar organization (i) of which a savings institution, directly or indirectly, owns or controls either a majority of the voting shares or more than fifty percent of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees, or other persons, exercising similar functions, (ii) of which control is held, directly or indirectly, through stock ownership or in any other manner, by the shareholders or such savings institution who own or control either a majority of the shares of the savings institution or more than fifty percent of the number of shares voted for the election of directors of the savings institution at the preceding election, or by trustees for the benefit of the shareholders of the savings institution, or (iii) of which a majority of the directors, trustees, or other persons exercising similar functions are directors of the savings institution.

§ 6.1-194.145. Examination of state savings banks by Commissioner; report of examination.

The Commissioner shall, not less than ~~twice~~ *once* during any period of three consecutive calendar years or at such additional times as he deems necessary, with or without previous notice, examine each state savings bank. A copy of the report of all examinations shall be furnished to the savings bank and such report shall be presented by the president or other chief executive officer to the directors at their next meeting. Upon written application made to the Commission by the board of directors or by the stockholders representing two-fifths of the total outstanding capital stock of any savings bank incorporated under the laws of and doing business in this Commonwealth, or when, in the judgment of the Commission, it may be necessary for the protection of the public or of persons depositing or dealing with such savings bank, the Commission shall cause to be made a special examination of such savings bank. All expenses incident to such special examination may be charged to the savings bank so examined and shall be paid by the savings bank so charged.