Section by Section Breakdown of the bill

Section 1

Lines 28-37– (7-1-131) – Typically, a name reservation with the Secretary of State's office is good for just one month. This language provides that a name reservation for a financial institution is valid for a period of 6 months as the process to convert a charter or merge institutions typically takes substantially more than one month. The proposed revisions are acceptable to the Secretary of State's office.

Section 2

Lines 41-59– (7-1-234) – Last session, the General Assembly enacted legislation permitting the Department to conduct a criminal background check of the directors and officers of an institution that seeks to acquire a state-chartered trust company. The revised language seeks to address concerns expressed by the FBI by limiting the scope of the background authority to individuals when there is an actual change in controlling influence of the institution.

Section 3

Lines 63-79– (7-1-243) – This language clarifies that an out-of-state bank can use "bank" in its name and an out-of-state credit union can use "credit union" in its name so long as the out-of-state entity has federal deposit insurance.

Section 4

Lines 83-94– (7-1-293) – In 2016, we amended the Code to strike the references to building and loan associations as these entities are no longer a legally recognized charter (HB811). This revision eliminates a surviving reference.

Section 5 and Section 30

Lines 98-122 & 494-516 (7-1-432 & 7-1-651.1) – Outside of the Governor's current Executive Orders, shareholder meetings for banks and member meetings for credit unions must be held in person. The proposed revision permits banks and credit unions to hold hybrid shareholder and member meetings where there is an option for individuals to participate either in person or remotely. Safeguards must be in place to permit shareholders and members to participate concurrently, vote electronically, and confirm that participants are shareholders or members. The revision also permits a bank or credit union to hold a remote only meeting in the event of a declared state of emergency and with the approval of the Department.

Section 6 and Section 32

Lines 127 – 143 & 546-549– (7-1-483 & 7-1-656) – The proposed language mirrors language in the corporate code and the non-profit code permitting the boards of banks and credit unions to meet remotely.

Section 7, Section 8, and Section 12 through 22

Lines 148-155; 161-164; 221-413– (7-1-530; 7-1-531; 7-1-550 through 7-1-557, 7-1-571, 7-1-628, 7-1-628.2) – Georgia law currently addresses intrastate mergers involving state-chartered banks in Part 14 of the Code but intrastate mergers involving a state bank with a national bank are addressed in Part 15 of the Code. There are a lot of redundancies in these two provisions. The revisions collapse these two provisions so that intrastate mergers, whether or not involving a national bank, are solely addressed in Part 14 of the Code.

Section 9, Section 11, Section 13 through 15, and Section 18

Lines 169-214, 248-303, 356-377– (7-1-532, 7-1-535, 7-1-534, 7-1-551, 7, 1-552, 7-1-553, 7-1-556) – As part of its review of mergers and conversions, the Department has identified a number of revisions to the intrastate merger and conversion laws. The change are as follows: The proposed language eliminates the requirement that the Department approve a merger or conversion if the surviving entity will not be an entity regulated by the Department but, instead, that certain notification and documents must be provided to the Department before the state bank charter is extinguished. In addition, the proposed change provides that if a merger or conversion requires the approval of a federal regulator, the Department can elect to not act on the application until the federal regulator makes a determination. Also, the proposed language provides that the articles of merger or conversion must contain the county of residence instead of the street address of the Board members. In addition, the provision removes the requirement that the Department consider the convenience and need of the community in evaluating a merger application as both banks are already in the location and, thus, are being supported by the community. Finally, the proposed amendment eliminates the publication requirement for conversion from a national bank to a state-chartered bank as there is no meaningful consequences to consumers as a result of the conversion and eliminates language providing the merger publication must be paid with a specific instrument.

Section 23 through 29

Lines 417-490– (7-1-628.3, 7-1-628.7, 7-1-628.8, 7-1-628.9, 7-1-628.10, 7-1-628.12, & 7-1-628.13) – As part of its review of merger and conversion laws, the Department has also identified a number of revisions to the interstate merger laws. The changes are as follows: The amendment expressly provide that an out-of-state bank can open a de novo branch or acquire an existing branch so long as the out-of-state bank has FDIC insurance and the action has been

approved by the regulator of the out-of-state bank. In addition, the proposed language strikes language indicating that the Department can conduct a safety and soundness examination of an out-of-state bank since the Department does not have regulatory authority over out-of-state banks. Also, the amendment eliminates language suggesting that only an out-of-state bank without a branch in Georgia can merge with a Georgia state bank. In addition, the amendment eliminates the requirement that out-of-state banks operating inside of the State provide the Department with their quarterly call reports. Finally, the amendment strikes the requirement that an out-of-state bank with a location in Georgia notify the Department that it is merging with a bank not regulated by the Department.

Section 31

Lines 521-540 - (7-1-653) – The amendment provides that the Board of a credit union, by a 2/3 vote, can establish a policy to expel members for certain types of behavior detrimental to the credit union. If a credit union adopts such policy, then the member can be expelled immediately as opposed to waiting for the Board to have an individual vote on the member. This language is modelled on the NCUA's expulsion provision for federal credit unions.

Section 33 and Section 34

Lines 553-639 - (7-1-667 & 7-1-668) – Historically, the Department has utilized review processes for credit union mergers and conversions that were taken from the bank provisions. This amendment would codify those practices. Specifically, for mergers, the amendment sets forth what must be contained in the articles of merger as well as the factors the Department must consider in acting upon a merger application. For conversions, the amendment sets forth what must be contained in the articles of conversion, the materials that must be submitted to the Department as part of the application, the factors the Department must consider in acting upon a conversion application, and the timeframe in which the Department must act on the application. This amendment will provide some certainty to credit unions related to the Department's expectations and the standards that will be applied.

Section 35

Lines 643-649 - (7-1-682) – The proposed amendment clarifies that in order for a financial institution to be exempt from obtaining a money transmitter or seller of payment instrument license it must have deposits that are federally insured.

Section 36

Lines 654-665 – (7-1-1001) – The proposed amendment clarifies that the exemption from obtaining a mortgage license applies to federal, state, or municipal governments but does not apply to other independent sovereigns such as a foreign government.

Section 37

Lines 670-731 – (7-3-11) – The installment loan act provides that payments must be made in equal installments and that the term of a loan cannot exceed 36 months and 15 days. These provisions are a significant obstacle to borrowers and lenders entering into a deferment agreement. The proposed amendment provides that borrowers and lenders have the discretion to enter into 2 types of deferment agreements. The parties can agree to a "hardship deferment" which can be for however long the parties agree and in which no fees and charges are imposed or incurred during the deferment period. Alternatively, the parties can agree to a "convenience deferment" which permits the licensee to charge a deferment fee, which can't exceed the amount of interest owed on the outstanding loan amount, but no other charges or fees can be imposed or accrue during the deferment period. A convenience deferral can only be for a maximum term of 4 months. The amendment provides a number of situations where the convenience deferral fee must be refunded or credited to the borrower. Finally, the amendment provides the terms and conditions that must be contained in a deferment agreement

Section 38

Lines 627-711 – (7-6A-2) – The changes reflect the changes in the citation numbers to certain federal laws and regulations.