House Bill 111 (AS PASSED HOUSE AND SENATE)

By: Representatives Williamson of the 115th, Hatchett of the 150th, Houston of the 170th, and Wade of the 9th

A BILL TO BE ENTITLED
AN ACT

To amend Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to financial institutions, so as to clarify and remove superfluous language; to update terminology; to remove outdated language; to provide for a name reservation period; to clarify requirements for certain background checks; to clarify restrictions on nomenclature; to provide for remote participation for shareholder and member meetings; to provide for remote board meetings; to provide requirements for merger, share exchange, or consolidation by a national bank; to update requirements for articles of merger, share exchange, or consolidation; to remove a consideration for approval of merger, share exchange, or consolidation; to provide requirements for merger or consolidation resulting in a bank or trust company not chartered by the department; to remove authorization for national bank to state bank or trust company mergers or consolidations; to repeal authority for merger, consolidation, or share exchange of nonbank corporations into national banks; to update cross-references; to remove a requirement related to interstate merger transactions; to provide requirements for out-of-state banks establishing branches and de novo branches; to repeal a notice requirement for merger, consolidation, or other transaction involving out-of-state banks; to provide for remote meetings of credit union members; to provide for expulsions of credit union members; to provide for procedures and requirements for approval of credit union mergers and certain conversions; to amend Chapter 3 of Title 7 of the Official Code

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of Georgia Annotated, relating to installment loans, so as to provide for deferments of installment loans; to amend Chapter 6A of Title 7 of the Official Code of Georgia Annotated, relating to the Georgia Fair Lending Act, so as to update citations; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to financial institutions, is amended by revising subsections (b) and (d) of Code Section 7-1-131, relating to reservation of name, as follows:

"(b) Such reservation may be made by filing with the department a letter form application to reserve a specified name. If the department concludes that the use of the name complies with the requirements of Code Section 7-1-130, is otherwise consistent with the purposes and provisions of this chapter, and is distinguishable upon the records of the Secretary of State from the name of any other corporation, limited partnership, or professional association limited liability company, it shall approve the name and notify the Secretary of State to issue such name reservation."

"(d) Notwithstanding any other provisions of law, the process set forth in this Code section shall be the exclusive process for reserving the corporate name of a financial institution. Such reservation shall be valid for a period of six months."

SECTION 2.

Said chapter is further amended by revising paragraph (6) of Code Section 7-1-234, relating to grounds for disapproving proposal, as follows:

"(6) In the case of trust companies, any individual who is an acquiring party under Code Section 7-1-232 or an individual who is a director or officer of an acquiring party..."
exercises control of a person that submits an application for approval under Code Section 7-1-232 has unsatisfactory results from a fingerprint record check report conducted by the Georgia Crime Information Center and the Federal Bureau of Investigation. The department shall be authorized to obtain conviction data with respect to any individual who is an acquiring party or an individual who is a director or officer of an acquiring party exercises control of a person that submits an application for approval under Code Section 7-1-232, and such individual who is an acquiring party or an individual who is a director or officer of an acquiring party shall provide express written consent to the department to conduct a criminal background check and to use all information necessary to run such check, including, but not limited to, a classifiable set of fingerprints. The individual who is an acquiring party or an individual who is a director or officer of an acquiring party exercises control of a person that submits an application for approval pursuant to Code Section 7-1-232 shall be responsible for all fees associated with the performance of such criminal background check. Upon receipt of fingerprints, fees, and other required information, the Georgia Crime Information Center shall transmit the necessary information to the Federal Bureau of Investigation for a search of its records;

SECTION 3.
Said chapter is further amended by revising subsections (a) and (a.1) of Code Section 7-1-243, relating to restrictions on banking and trust nomenclature, as follows:

"(a) Except as provided in subsection (c) of this Code section, no person or corporation except a bank, a national bank, a bank as defined in Code Section 7-1-628.1, or a corporation lawfully owning the majority of the voting stock of a bank, a national bank, or a bank as defined in Code Section 7-1-628.1, or a subsidiary of such bank, national bank, bank as defined in Code Section 7-1-628.1, or corporation shall use the words 'bank,' 'banker,' 'banking company,' 'banking house,' or any other similar name indicating that the
business done is that of a bank upon any sign at its place of business or elsewhere, or upon any of its letterheads, billheads, blank checks, blank notes, receipts, certificates, circulars, advertisements, or any other written or printed matter.

(a.1) Except as provided in subsection (c) of this Code section, no person or corporation except a credit union, or a federal credit union, or credit union chartered by another state whose deposits are federally insured, or a subsidiary of such credit union, or federal credit union, or credit union chartered by another state whose deposits are federally insured shall use the words 'credit union,' or any other similar name indicating that the business done is that of a credit union upon any sign at its place of business or elsewhere, or upon any of its letterheads, billheads, blank checks, blank notes, receipts, certificates, circulars, advertisements, or any other written or printed matter."

SECTION 4.

Said chapter is further amended by revising subsection (e) of Code Section 7-1-293, relating to savings banks and state savings and loan associations, as follows:

"(e) The conversion, merger, or consolidation of a federal savings and loan association or federal savings bank, including a federal mutual savings and loan association or federal mutual savings bank, shall be accomplished pursuant to the same procedures as are prescribed in this chapter for a conversion, merger, or consolidation involving a national bank, provided that the approval of such conversion by the members of such association or bank shall be by such vote as is required in the articles of association and bylaws of such association or bank. A federal mutual savings and loan association or federal mutual savings bank shall upon conversion be and be known as a mutual savings bank. In considering any plan for the conversion, merger, or consolidation of a federal savings and loan association or federal savings bank or conversion of a building and loan association, the department shall not approve the plan unless it is satisfied that such plan is fair and equitable to all borrowers, depositors, and shareholders."
SECTION 5.

Said chapter is further amended by revising subsection (a) of Code Section 7-1-432, relating to meetings of shareholders, as follows:

"(a)(1) Except as provided in paragraph (3) of this subsection, meetings of the shareholders of a bank or trust company shall be held in person at such place within or without the state as shall be fixed by the bylaws or by the board of directors pursuant to the bylaws or, if not so fixed, at the main office of the bank or trust company.

(2) Shareholders may participate and vote remotely at meetings of the shareholders if the bylaws of the bank or trust company explicitly provide an option for remote participation and voting. If the bylaws so provide, the board of directors shall:

(A) Implement reasonable measures to:

(i) Provide shareholders a reasonable opportunity to remotely participate in such meetings. Such measures may include, but are not limited to, audio webcast or other broadcast of the meeting but, in every instance, shall provide shareholders the ability to communicate substantially concurrently with the proceedings;

(ii) Enable shareholders to vote or grant proxies at such meetings by means of electronic communication. Such measures may include, but are not limited to, telephonic or internet voting; and

(iii) Verify that each person deemed present and permitted to vote remotely is a shareholder of record in order to ensure the integrity of the vote;

(B) Provide the option for remote participation and voting at no cost to shareholders; and

(C) Keep a record of remote attendance by shareholders and any vote or other action taken by a shareholder participating remotely.

(3) In the event of a proclaimed emergency pursuant to Code section 7-1-111, the board of directors may apply to the department for authorization to conduct a meeting of the shareholders solely through remote participation. If such application is approved by the department

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department, the board of directors shall comply with the requirements in paragraph (2)
of this subsection."

SECTION 6.

Said chapter is further amended by revising subsection (b) of Code Section 7-1-483, relating
to meetings of board, quorum, committees, and acting without meeting, as follows:

"(b) Unless otherwise provided in the articles or bylaws:

(1) A majority of all the directors in office shall constitute a quorum for the transaction
of business; and actions of a majority of those present at a meeting at which a quorum is
present shall be actions of the board;

(2) The board of directors may designate three or more of its number to constitute an
executive committee or other committees which, to the extent provided in such
resolution, shall have and exercise the authority of the board of directors in regard to the
business of the bank or trust company; and

(3) Any action which may be taken at a meeting of the directors or of the members of an
executive or other committee may be taken without a meeting if a consent or consents in
writing setting forth the action shall be signed by all of the directors or all of the members
of the executive or other committee and filed with the secretary of the bank or trust
company; and

(4) The board of directors may determine that a meeting of such board will be held, in
whole or in part, by any means of communication by which all directors participating
may simultaneously hear each other during the meeting. A director participating in a
meeting by this means shall be considered to be present in person at the meeting."
SECTION 7.
Said chapter is further amended by revising subsections (d) and (f) of Code Section 7-1-530, relating to authority to merge or consolidate, merger, consolidation, or share exchange across state lines, and required provisions of the merger plan, as follows:

"(d) A merger, share exchange, or consolidation across state lines involving one or more banks or trust companies shall also be subject to the provisions of Part 20 of this article."

"(f) As used in this part, the term:

(1) 'Bank' includes a national bank or trust company with its main office in this state if such national bank or trust company is merging with a Georgia state bank or trust company.

(2) 'Share exchange' means a plan of exchange of all of the outstanding shares of one or more classes or series of shares in accordance with this part."

SECTION 8.
Said chapter is further amended in subsection (a) of Code Section 7-1-531, relating to requirements for merger, share exchange, or consolidation plan and modification of plan, by renumbering the existing paragraph (3) as paragraph (4) and adding a new paragraph to read as follows:

"(3) If any party is a national bank, then the adoption of the plan shall comply with the applicable laws of such national bank's chartering entity, including, but not limited to, any provisions related to the adoption of such plan by the shareholders and directors of the bank and to the dissenting rights of shareholders of the bank."

SECTION 9.
Said chapter is further amended by revising paragraph (4) of subsection (b) and subsection (e) of Code Section 7-1-532, relating to execution, contents, and filing of articles of merger, share exchange, or consolidation, notice, and filing amendment, as follows:
“(4) The names and addresses of the first directors of the resulting bank or trust company or the directors of the acquired corporation in a share exchange;”

“(e) The request for publication of the notice shall be accompanied by a check, draft, or money order in the proper amount in payment of the cost of publication: The notice shall be published once a week for two consecutive weeks commencing within ten days after receipt of the notice by the newspaper.”

SECTION 10.

Said chapter is further amended in Code Section 7-1-534, relating to approval or disapproval by department, by revising paragraph (4) of subsection (a) and adding a new subsection to read as follows:

“(4) The merger, share exchange, or consolidation would be consistent with adequate and sound banking or fiduciary practice and in the public interest on the basis of:

(A) The financial history and condition of the parties to the plan;

(B) Their prospects; The proposed business plan; and

(C) The character of their management;

(D) The convenience and needs of the area primarily to be served by the resulting institution, or by the acquiring corporation and the acquired bank or trust company in a share exchange.”

“(c)(1) If a merger or consolidation would result in a bank or trust company that would not be chartered by the department, prior to the consummation of the merger or consolidation, the bank or trust company shall:

(A) Notify the department of the proposed merger or consolidation;

(B) Provide such evidence of the adoption of the plan of merger or consolidation as the department may request;

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(C) Notify the department of any abandonment or disapproval of the plan of merger or consolidation; and

(D) File with the department and the Secretary of State a certificate of the approval of the merger or consolidation by the appropriate regulator.

(2) Upon receipt of written confirmation from the department that the requirements of this subsection have been satisfied, each party to the merger or consolidation, except the resulting bank or trust company, shall cease to exist as a separate entity, as provided in subsection (c) of Code Section 7-1-536, and its articles shall automatically terminate.”

SECTION 11.

Said chapter is further amended by revising subsection (a) of Code Section 7-1-535, relating to procedure after approval by department, federal approval or disapproval, and issuance of certificate of merger, share exchange, or consolidation, as follows:

“(a) If the laws of the United States require the approval of the merger, share exchange, or consolidation by any federal agency, the department may, at its option, after its approval, retain its notice to the Secretary of State elect to not act on the application until it receives notice of the decision of such agency. If such agency shall refuse to give its approval, the department may, at its option, notify the parties to the plan that the department’s approval has been rescinded for that reason. If such agency gives its approval, the department shall deliver its written approval to the Secretary of State for issuance of a certificate of merger, share exchange, or consolidation by the Secretary of State and shall notify the parties to the plan.”

SECTION 12.

Said chapter is further amended by revising Code Section 7-1-550, relating to authority for national bank or federal savings bank to state bank or trust company conversions, mergers,
and consolidations, activities across state lines, and conversion of federal savings bank to
state bank, as follows:

"7-1-550.

(a) Subject to this part and any applicable branching law or regulation, a national bank
located in this state may convert into, or merge or consolidate with, a bank or trust
company upon:

(1) Compliance with the applicable laws of the United States, including any provisions
thereof relating to approval of said conversion, merger, or consolidation by the
shareholders and directors of the national bank and to dissenting rights of shareholders
in such national bank, and compliance with any other requirements prescribed by the
department to protect the shareholders or members or the safety and soundness of the
institution;

(2) Adoption of any plan of merger or consolidation by the directors and shareholders
of any party thereto existing under the laws of this state as required by paragraph (2) of
subsection (a) of Code Section 7-1-531 Reserved;

(3) Approval of the conversion, merger, or consolidation by the department as provided
in this part; and

(4) Issuance of the appropriate certificate by the Secretary of State as provided in this
part.

(b) A conversion, merger, or consolidation across state lines of any one or more national
banks with a bank or trust company shall also be subject to the provisions of Part 20 of this
article Reserved.

(c) A federal savings bank located in this state may apply to the department to convert to
a state charter. The provisions of Code Section 7-1-293 shall apply to the resulting bank,
and the conversion procedure shall be the same as for national bank conversions."
SECTION 13.

Said chapter is further amended in Code Section 7-1-551, relating to national bank to state bank or trust company conversions, mergers, and consolidations, and articles of conversion, merger, or consolidation, by deleting subsection (c) and by revising subsection (a) and paragraph (5) of subsection (b) as follows:

"(a) The party or parties desiring to consummate a conversion, merger, or consolidation authorized by Code Section 7-1-550 shall, upon requisite approval of the plan by their directors and shareholders, file with the department articles of conversion, merger, or consolidation; together with the fee required by Code Section 7-1-862."

"(5) The names and addresses of the first directors name and county of residence of each director of the resulting bank or trust company;"

SECTION 14.

Said chapter is further amended by revising Code Section 7-1-552, relating to national bank to state bank or trust company conversions, mergers, and consolidations, filings with department, and publication of notice, as follows:

"7-1-552.

(a) In the case of a merger or consolidation, the parties shall make the filings and publication required by Code Sections 7-1-532 and 7-1-533.

(b) In the case of a conversion, the national bank shall also file with the department:

(1) Information desired by the department in order to evaluate the proposed conversion, in the form specified by the department;

(2) Applicable fees established by regulation of the department to defray the expenses of its investigation under Code Section 7-1-553; and

(3) A certificate of the Secretary of State showing that the proposed name of the resulting bank or trust company has been reserved under Code Section 7-1-131."
(c) In the case of a conversion, the national bank shall publish, in the manner prescribed by Code Section 7-1-532, a notice of the proposed conversion, setting forth its name and the name it proposes to use as a bank or trust company and designating the place where a copy of the plan of conversion may be examined. The notice shall be published in the county of the main office of the national bank."

SECTION 15.

Said chapter is further amended by revising Code Section 7-1-553, relating to national bank to state bank or trust company conversions, mergers, and consolidations, approval or disapproval by department, and federal approval or disapproval, as follows:

"7-1-553.

(a) In the case of a conversion, the department shall conduct such investigation as it may deem necessary to ascertain whether:

(1) In the case of a conversion:

(A) The articles of conversion and supporting items satisfy the requirements of this chapter;

(B) The plan adequately protects the interests of depositors, other than creditors and shareholders; and

(C) The requirements for a conversion under all applicable laws have been satisfied and the resulting institution would satisfy the requirements of this chapter applicable to it; and

(2) In the case of a merger or consolidation, the criteria stated in subsection (a) of Code Section 7-1-534 are satisfied.

(b) Within 90 days after receipt of the articles and the filings required by Code Section 7-1-552, the department shall, in its discretion, approve or disapprove the articles on the basis of its investigation and the criteria set forth in subsection (a) of this Code section. If the department shall approve the articles, it shall deliver its written approval with a copy

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of the articles attached to the Secretary of State and notify the national bank, and any other
parties to the plan, of its action, provided that, if approval of any federal agency is required,
the department may elect to not act on the application with- hold, at its option, its approval
from the Secretary of State until such federal approval is given. If required federal
approval is not given, the department may, at its option, withdraw its approval for this
reason. If the department shall disapprove, at its option, the application, it shall give
written notice to the national bank and any other parties to the plan of its disapproval and
a statement to them generally of the reasons for its decision. The decision of the
department shall be conclusive, except that it may be subject to judicial review under Code
Section 7-1-90."

SECTION 16.

Said chapter is further amended by revising Code Section 7-1-554, relating to national bank
to state bank or trust company conversions, mergers, and consolidations, issuance of
certificate of conversion, consolidation, or merger, as follows:

"7-1-554.

If all the taxes, fees, and charges required by law shall have been paid and if the name of
the resulting bank or trust company continues to be reserved or is available on the records
of the Secretary of State, upon the receipt of the written approval of the department, the
Secretary of State shall immediately issue to the resulting bank or trust company a
certificate of conversion, consolidation, or merger and shall retain a copy of such
certificate, the articles, and the approval from the department."

SECTION 17.

Said chapter is further amended by revising Code Section 7-1-555, relating to national bank
to state bank or trust company conversions, mergers, and consolidations and effect of
issuance of certificate, as follows:
"7-1-555.

(a) Issuance of a certificate of merger or consolidation shall have the same effect stated in
Code Section 7-1-536.

(b) Issuance of a certificate of conversion shall have the following effect:

1. As of the issuance of the certificate of conversion by the Secretary of State, the
conversion shall become effective;

2. The certificate of conversion shall be conclusive evidence of the performance of all
conditions required by this chapter for conversion of a national bank to a state bank
or trust company, except as against the state;

3. When a conversion becomes effective, the existence of the national bank shall
continue in the resulting bank or trust company which shall have (except as provided in
paragraph (2) of this subsection), without further act or deed, all the property, rights,
powers, trusts, duties, and obligations of the national bank;

4. The articles of the resulting institution shall be the provisions stated in the articles of
conversion;

5. The bank or trust company shall have the authority to engage only in such lines of
business and activities and exercise only such powers or hold such assets as are then
permissible upon original incorporation under this chapter and shall be subject to the
same prohibitions and limitations as it would then be subject to upon original
incorporation; provided, however, that if the converting institution owns or holds assets,
engages in any business, or has powers that would not be allowed for a state bank, then
the plan of conversion shall include a plan for holding or disposal of such nonconforming
assets or the continuation or termination of such line of business, activity, or power. The
department shall review the plan to determine whether, in the interest of safety and
soundness and the other objectives of Code Section 7-1-3, the activity, power, asset, or
line of business should be approved, denied, or phased out within a reasonable period of
time, to be determined by the department; and
No liability of the national bank or of its shareholders, directors, or officers shall be affected, nor shall any lien on any property of the national bank be impaired, by the conversion. Any claim existing or action pending by or against the national bank may be prosecuted to judgment as if the conversion had not taken place, or the resulting bank or trust company may be substituted in its place."

SECTION 18.

Said chapter is further amended by revising Code Section 7-1-556, relating to state bank or trust company to national bank or federal savings institution conversions, mergers, or consolidations, as follows:

"7-1-556.

(a) A bank or trust company may convert into, or merge or consolidate with, a national bank or a federal savings institution upon:

(1) Authorization by and compliance with the laws of the United States; and

(2) Adoption of a plan of conversion, merger, or consolidation by the affirmative vote of at least:

(A) A majority of its directors; and

(B) The holders of two-thirds of each class of its shares at a meeting held upon not less than ten days' notice to all shareholders.

(b) A state bank or trust company which converts into or merges or consolidates with a national bank or a federal savings institution shall:

(1) Notify the department of the proposed conversion, merger, or consolidation;

(2) Provide such evidence of the adoption of the plan of conversion, merger, or consolidation as the department may request;

(3) Notify the department of any abandonment or disapproval of the plan; and

(4) File with the department and with the Secretary of State a certificate of the approval of the conversion, merger, or consolidation by the appropriate federal regulator.
(c) Conversion, merger, or consolidation of a state institution into a national banking association or a federal savings institution shall be effective upon completion of the requirements in subsection (b) of this Code section, and upon receipt of written confirmation from the department that the requirements of subsection (b) of this Code section have been satisfied, the institution's articles as an institution existing under the laws of this state shall be automatically terminated.

SECTION 19.
Said chapter is further amended by repealing Code Section 7-1-557, relating to merger, consolidation, or share exchange of nonbank corporations into national banks, in its entirety.

SECTION 20.
Said chapter is further amended by revising paragraph (6) of Code Section 7-1-571, relating to sale, lease, exchange, or other disposition of assets requiring shareholder approval, as follows:

"(6) In the case of a sale, lease, exchange, or other disposition of all, or substantially all, the property and assets of a bank or trust company, a notice shall be published in each county in which the bank or trust company has an office engaged in the banking or trust business in the manner prescribed by subsection (c) of Code Section 7-1-532."
The scope of this part covers mergers where, upon consummation of the interstate merger transaction, the resulting bank will have banking locations in Georgia and at least one other state. It provides for certain approval, notice, and other requirements. Mergers involving banks having present and resulting branches located only in this state are governed by Parts Part 14 and 15 of this article. To the extent a bank participating in an interstate merger transaction is owned or controlled by a bank holding company, the applicable provisions of Part 19 of this article shall also apply.

SECTION 22.

Said chapter is further amended by revising Code Section 7-1-628.2, relating to mergers permitted and applicable provisions, as follows:

"7-1-628.2.

Interstate merger transactions between out-of-state banks and Georgia banks including Georgia state banks shall be permitted provided that the applicable conditions, approvals, and filing requirements are met by participating banks and bank holding companies. The approval procedure for mergers involving banks having offices located only in this state are governed by Parts Part 14 and 15 of this article. To the extent a bank participating in a merger is owned or controlled by a bank holding company, the provisions of Part 19 of this article shall also apply to the transaction."

SECTION 23.

Said chapter is further amended by revising subsection (a) of Code Section 7-1-628.3, relating to prohibited interstate merger transactions, as follows:

"(a) Except as otherwise expressly provided in this subsection, an interstate merger transaction shall not be permitted under this part if:
(1) Immediately before the merger, any two or more banks involved in the transaction (including all insured depository institutions which are affiliates of any such bank) have a branch in this state; and

(2) Upon consummation of such transaction, the resulting bank (including all insured depository institutions that would be 'affiliates,' as defined in 12 U.S.C. Section 1841(k) of the resulting bank) would control 30 percent or more of the total amount of deposits held by all insured depository institutions in this state. The 30 percent limitation shall not apply, in the discretion of the commissioner, to transactions complying with paragraph (1) of subsection (b) of Code Section 7-1-623. The commissioner may by regulation adopt a procedure whereby the foregoing limitations on concentration of deposits may be waived upon showing good cause."

SECTION 24.

Said chapter is further amended by revising subsections (a) and (g) of Code Section 7-1-628.7, relating to examinations and reports and powers of commissioner, as follows:

"(a) To the extent consistent with subsection (c) of this Code section, the commissioner may make such examinations of any branch established and maintained in this state by an out-of-state state bank as the commissioner may deem necessary to determine whether the branch is being operated in compliance with the laws of this state and in accordance with safe and sound banking practices. The provisions of Parts 3 and 4 of Article 1 of this chapter are applicable to examinations."

"(g) The commissioner may enter into joint examinations or joint enforcement actions with other bank supervisory agencies having concurrent jurisdiction over any branch in Georgia of an out-of-state state bank or any branch of a Georgia state bank in any host state, provided that the commissioner may at any time take such actions independently if he or she deems such actions to be necessary or appropriate to carry out his or her responsibilities under this part or to ensure compliance with the laws of this state, but provided, further,
that, in the case of an out-of-state state bank, the commissioner shall recognize the exclusive authority of the home state regulator over corporate governance matters and the primary responsibility of the home state regulator with respect to safety and soundness matters."

SECTION 25.
Said chapter is further amended by revising subsection (b) of Code Section 7-1-628.8, relating to restrictions on de novo branches, as follows:

"(b) An out-of-state bank that does not have a branch in Georgia and whose deposits are federally insured that meets the requirements of this article may, upon obtaining the necessary approvals from its home state regulator, establish and maintain a de novo branch in this state to the extent that any Georgia bank could establish such a de novo branch."

SECTION 26.
Said chapter is further amended by revising subsection (a) of Code Section 7-1-628.9, relating to conditions under which out-of-state bank permitted to establish and maintain branches through in-state acquisition and conditions under which Georgia banks permitted to establish and maintain branches in another state through acquisition, as follows:

"(a) An out-of-state bank that does not have a branch in Georgia and whose deposits are federally insured that meets the requirements of this article may, upon obtaining the necessary approvals from its home state regulator, establish and maintain a branch in this state through the acquisition of a branch."

SECTION 27.
Said chapter is further amended by revising Code Section 7-1-628.10, relating to enforcement actions by commissioner, as follows:
If the commissioner determines that a branch maintained by an out-of-state state bank in this state is being operated in violation of any provision of the laws of this state or that such branch is being operated in an unsafe and unsound manner, the commissioner shall have the authority to take all such enforcement actions as he or she would be empowered to take if the branch were a Georgia state bank, provided that the commissioner shall promptly give notice to the home state regulator of each enforcement action taken against an out-of-state state bank and, to the extent practicable, shall consult and cooperate with the home state regulator in pursuing and resolving said enforcement action."

SECTION 28.

Said chapter is further amended by revising Code Section 7-1-628.12, relating to reports required of out-of-state state banks, as follows:

The commissioner may require an out-of-state state bank that maintains or seeks to establish a branch in this state to submit to the department its consolidated reports of condition and income in the form specified by the Federal Financial Institutions Examination Council. In order to determine compliance with Georgia law on deposit concentration limits or other areas of state compliance, other reporting of by out-of-state banks may be required by the commissioner."

SECTION 29.

Said chapter is further amended by repealing and reserving Code Section 7-1-628.13, relating to notice of merger, consolidation, or other transaction involving out-of-state bank, in its entirety.
SECTION 30.

Said chapter is further amended by adding a new Code section to read as follows:

"7-1-651.1.

(a) Except as provided in subsection (c) of this Code section, the annual meeting of the members shall be held in person.

(b) Members may participate and vote remotely at the meetings of the members if the bylaws of the credit union explicitly provide an option for remote participation and voting. If the bylaws so provide, the board of directors shall:

(1) Implement reasonable measures to:

(A) Provide members a reasonable opportunity to remotely participate in such meetings. Such measures may include, but are not limited to, audio webcast or other broadcast of the meeting but, in every instance, shall provide members the ability to communicate substantially concurrently with the proceedings;

(B) Enable members to vote or grant proxies at such meetings by means of electronic communication. Such measures may include, but are not limited to, telephonic or internet voting; and

(C) Verify that each person deemed present and permitted to vote remotely is a member in order to ensure the integrity of the vote;

(2) Provide the option for remote participation and voting at no cost to members; and

(3) Keep a record of remote attendance by members and any vote or other action taken by a member participating remotely.

(c) In the event of a proclaimed emergency pursuant to Code Section 7-1-111, the board of directors may apply to the department for authorization to conduct a meeting of the members solely through remote participation. If such application is approved by the department, the board of directors shall comply with the requirements of subsection (b) of this Code section."
SECTION 31.

Said chapter is further amended by revising subsection (c) of Code Section 7-1-653, relating to expulsions and withdrawals, disposition of deposits, interest, shares, or dividends, and reinstatement, as follows:

"(c)(1) In addition to the other powers set forth in this Code section, the board of directors may, by a two-thirds' vote of the directors, adopt and enforce a policy with respect to expulsion from membership based on:

(A) Nonparticipation by a member in the affairs of the credit union. Such policy shall require the board to consider a member's failure to maintain deposits, shares, or loans with the credit union;

(B) Activity inconsistent with the safe and sound operation of the credit union, which may include, but shall not be limited to:

(i) Causing a financial loss to the credit union;

(ii) Disrupting the operations of the credit union;

(iii) Committing fraud, attempted fraud, or other illegal behavior;

(iv) Engaging in inappropriate behavior; and

(v) Violating the membership agreement of the credit union.

(2) In establishing its policy, the board of directors should consider a member's failure to maintain deposits or shares with the credit union and whether the member has a loan with the credit union. If such a policy is adopted, written notice of the policy and the effective date of such policy shall be provided to each member of the credit union not less than 30 days prior to the effective date of such policy. In addition, each new member shall be provided written notice of any such policy prior to or upon applying for membership."
SECTION 32.

Said chapter is further amended by adding a new subsection to Code Section 7-1-656, relating to duties of directors, meetings, prohibited activities, eligibility to vote, applicability of Code Section 7-1-490, and appointment of honorary director or director emeritus, to read as follows:

"(g) The board of directors may determine that a meeting of such board will be held, in whole or in part, by any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by such means shall be considered to be present in person at the meeting."

SECTION 33.

Said chapter is further amended by revising subsections (e) and (f) of Code Section 7-1-667, relating to mergers, as follows:

"(e) The department may disapprove of a merger if it finds the merger would not be consistent with safe and sound practices. Upon adoption of the plan of merger, the parties to the merger shall file with the department a merger application, the articles of merger, and the fees required by Code Section 7-1-862. The articles of merger shall be signed by two duly authorized officers of each party to the plan of merger under their respective seals and shall contain:

(1) The names of the parties to the plan and of the resulting continuing credit union;

(2) The street address and county of the location of each main office, registered agent, and registered office;

(3) The votes by which the plan was adopted and the time, place, and notice of each meeting conducted in connection with such adoption;

(4) The name and county of residence of each director of the resulting continuing credit union; and

(5) Any amendments of the articles of the resulting continuing credit union."
(f)(1) Upon receipt of the information set forth in subsection (e) of this Code section, the
department shall conduct such investigation as it deems necessary to ascertain whether:

(A) The articles of merger and supporting information satisfy the requirements of this
chapter;

(B) The plan of merger and any modification thereof adequately protects the interests
of members and other creditors;

(C) The requirements for a merger under all applicable laws have been satisfied and
the resulting continuing credit union would satisfy the applicable requirements of this
chapter; and

(D) The merger would be consistent with adequate and sound banking practice and in
the public interest on the basis of:

(i) The financial history and condition of the parties to the plan of merger;

(ii) The proposed business plan; and

(iii) The character of their management.

(2) The department shall, in its discretion, approve or disapprove a merger on the basis
of its investigation and the criteria set forth in paragraph (1) subsections (a) and (e) of this
subsection Code section. The department shall give written notice to:

(1)(A) The Secretary of State of its approval of a merger along with a copy of the
articles notice of merger; and

(2)(B) The parties to the plan of its decision and, in the event of disapproval, a
statement in general of the reasons for its decision."

SECTION 34.

Said chapter is further amended by revising subsection (c) of and adding a new subsection
to Code Section 7-1-668, relating to conversion of state and federal credit unions, to read as
follows:
(b.1) In addition to the requirements of subsection (b) of this Code section, in the case of a federal credit union converting to a credit union:

(1) The federal credit union shall file with the department:

(A) The articles of conversion, which shall contain:
   (i) Its name and the name of the resulting credit union;
   (ii) The street address and county of its main office;
   (iii) The name and initial registered agent and the street address where the initial registered office will be located;
   (iv) The votes by which the plan of conversion was adopted and the time, place, and notice of each meeting conducted in connection with such adoption;
   (v) The name and county of residence of each director of the resulting credit union;
   (vi) The provisions required in articles of a new credit union by paragraphs (6), (7), and (8) of subsection (a) of Code Section 7-1-630; and
   (vii) The plan of conversion;

(B) The fees required by Code Section 7-1-862;

(C) An application and information desired by the department in order to evaluate the proposed conversion, in the form specified by the department;

(D) Applicable fees established by regulation of the department to defray the expenses of its investigation of the conversion application; and

(E) A certificate from the Secretary of State showing that the proposed name of the resulting credit union has been reserved pursuant to Code Section 7-1-131;

(2) The department shall conduct such investigation as it deems necessary to ascertain whether:

(A) The articles of conversion and supporting items satisfy the requirements of this chapter;

(B) The plan adequately protects the interests of depositors, other than creditors; and
(C) The requirements for a conversion under all applicable laws have been satisfied and the resulting institution would satisfy the applicable requirements of this chapter; and

(3) Within 90 days after receipt of the articles and all of the filings required by this subsection, the department shall, in its discretion, approve or disapprove the articles on the basis of its investigation and the criteria set forth in this Code section. If the department approves the application, it shall deliver written approval with a copy of the articles attached to the Secretary of State and notify the federal credit union, and any other parties to the plan, of its action, provided that, if approval of any federal agency is required, the department may elect to not act on the application until such federal approval is given. If the department disapproves the application, it shall give written notice to the federal credit union and any other parties to the plan of its disapproval and a statement to them generally of the reasons for its decision.

(c) Upon the issuance of the certificate of conversion by the Secretary of State, in accordance with the requirements in Code Section 7-1-554, and the written approval of the department for conversions to credit unions and with the written approval of the National Credit Union Administration for conversions to federal credit unions, the converting credit union shall then become a credit union under the laws of this state or the United States, as the case may be; and thereupon all assets shall become the property of the new credit union or federal credit union, as the case may be, subject to all existing liabilities, and every person who was a member of the converting credit union shall be a member in the new credit union or federal credit union."

SECTION 35.
Said chapter is further amended by revising paragraphs (1) and (6) of Code Section 7-1-682, relating to exemption from licensing requirements, as follows:

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"(1) Any state or federally chartered bank, trust company, credit union, savings and loan association, or savings bank with when such bank, trust company, credit union, savings and loan association, or savings bank has deposits that are federally insured;"

"(6) A wholly owned subsidiary of a state or federally chartered bank, trust company, credit union, savings and loan association, or savings bank with when such bank, trust company, credit union, savings and loan association, or savings bank has deposits that are federally insured;"

SECTION 36.

Said chapter is further amended by revising paragraph (9) of subsection (a) of Code Section 7-1-1001, relating to exemption for certain persons and entities, registration requirements, and authorized actions of licensed mortgage lenders, as follows:

"(9) Any agency, division, or instrumentality of: the federal government of the United States of America; the government of the State of Georgia; the government of any other state of the United States; or any county or municipal government of the State of Georgia. This includes, but is not limited to, The United States of America, the State of Georgia or any other state, and any agency, division, or corporate instrumentality of any governmental entity, including without limitation: the Georgia Housing and Finance Authority, the Georgia Development Authority, the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Government National Mortgage Association (GNMA), the United States Department of Housing and Urban Development (HUD), the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), the Farmers Home Administration (FmHA), and the Farm Credit Administration and its chartered agricultural credit associations;"
SECTION 37.

Chapter 3 of Title 7 of the Official Code of Georgia Annotated, relating to installment loans, is amended by adding a new paragraph to Code Section 7-3-11, relating to maximum loan amount, period, and charges, to read as follows:

"(6) Deferment.

(A) Hardship deferment: Nothing in this article shall be construed as prohibiting any licensee and borrower from contracting to defer periodic payments consisting of principal payments, interest, fees, premiums, and charges provided that no additional interest, fees, premiums, or charges are incurred or otherwise imposed as a result of such deferment. Nothing in subparagraph (B) of this paragraph shall be construed as limiting the duration of a hardship deferment or the number of hardship deferments that can be granted during a loan term.

(B) Convenience deferment: A licensee and a borrower may, at any time, contract to defer all of or part of one or more unpaid installments, and the licensee may make and collect a charge therefor, subject to the following provisions:

(i) A convenience deferment may be for any duration agreed upon by the licensee and the borrower but shall not exceed four months. A licensee may agree to multiple convenience deferments during the loan term provided that the total duration of all convenience deferments does not exceed four months;

(ii) A licensee may charge a fee for the deferment. The deferment fee shall not exceed an amount equal to the result of applying the interest rate provided in the original loan agreement to the amount deferred for the deferment period. The deferment fee shall be calculated without regard to the difference in lengths of months by counting each day of the deferment period as one-thirtieth of a month. The fee may be collected at the time it is assessed or at any later date as agreed upon by the licensee and the borrower; provided, however, that the deferment fee is earned pro
rata during the deferment period and is fully earned on the last day of the deferment period:

(iii) A licensee shall not charge any fees, premiums, interest, or charges other than the deferment fee for the duration of the deferment period and such fees, premiums, interest, or charges other than the deferment fee shall not accrue during the deferment period;

(iv) If a licensee renews or refinances an installment loan within three months after the end of the convenience deferment period, the licensee must refund or credit the entire convenience deferment fee to the borrower;

(v) If a licensee enters into a convenience deferment agreement with a borrower and the licensee enters into a hardship deferment agreement with the borrower within three months of the end of the convenience deferment period, the licensee must refund or credit the entire convenience deferment fee to the borrower; and

(vi) If a loan is prepaid during a deferment period, the licensee shall refund or credit to the borrower any unearned portion of the deferment fee as calculated pursuant to division (ii) of this subparagraph in addition to any other refund or credit due to the borrower for prepayment.

(C) Any deferment agreement shall be evidenced in writing and shall include:

(i) The amount or amounts deferred;

(ii) The length of the deferment period, including the due date for the borrower's next payment;

(iii) The amount of the deferment fee, if applicable; and

(iv) Where any credit insurance or ancillary product with a specific term was purchased by the borrower, the following disclosure to the borrower: 'You have purchased a credit insurance product(s) and/or [identify the specific ancillary product] in connection with this loan. The deferment agreed to herein will not extend the term of coverage of those products.'
(D) Whenever a licensee enters into a deferment agreement with the borrower hereunder, the deferment shall not be considered to be an improper extension of the loan term, and the original loan term shall be extended by the period deferred. For purposes of granting a deferment, licensees may extend the term of the loan beyond the maximum term limit of 36 months and 15 days.

(E) A licensee shall not offer or require a borrower to obtain credit insurance or any other ancillary product for the extension of the original loan term due to a deferment.

(F) After the conclusion of a deferment period, the borrower shall resume payments in the same amounts and intervals as set forth in the original loan agreement. Licensees shall not require borrowers to make a lump sum repayment.

(G) Licensees shall maintain a monthly journal of loans that were deferred by identifying the specific borrower that entered into the deferment agreement, the type of deferment granted, and the status of such deferment."

SECTION 38.
Chapter 6A of Title 7 of the Official Code of Georgia Annotated, relating to Georgia Fair Lending Act, is amended by revising paragraphs (15) and (16) of Code Section 7-6A-2, relating to definitions, as follows:

"(15) 'Servicer' means the same as set forth in 12 U.S.C. Section 3500.2 C.F.R. 1024.2.

(16) 'Servicing' means the same as set forth in 12 U.S.C. Section 3500.2 C.F.R. 1024.2."

SECTION 39.
All laws and parts of laws in conflict with this Act are repealed.