

House Bill 111 (AS PASSED HOUSE AND SENATE)

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

A BILL TO BE ENTITLED  
AN ACT

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3 terminology; to remove outdated language; to provide for a name reservation period; to  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

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

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

24 **SECTION 1.**

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

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

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

38 **SECTION 2.**

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

41 "(6) In the case of trust companies, any individual who is ~~an acquiring party under Code~~  
42 ~~Section 7-1-232 or an individual who is a director or officer of an acquiring party~~

43 exercises control of a person that submits an application for approval under Code Section  
 44 7-1-232 has unsatisfactory results from a fingerprint record check report conducted by  
 45 the Georgia Crime Information Center and the Federal Bureau of Investigation. The  
 46 department shall be authorized to obtain conviction data with respect to any individual  
 47 ~~who is an acquiring party or an individual who is a director or officer of an acquiring~~  
 48 ~~party~~ exercises control of a person that submits an application for approval under Code  
 49 Section 7-1-232, and such individual ~~who is an acquiring party or an individual who is~~  
 50 ~~a director or officer of an acquiring party~~ shall provide express written consent to the  
 51 department to conduct a criminal background check and to use all information necessary  
 52 to run such check, including, but not limited to, a classifiable set of fingerprints. The  
 53 individual ~~who is an acquiring party or an individual who is a director or officer of an~~  
 54 ~~acquiring party~~ exercises control of a person that submits an application for approval  
 55 pursuant to Code Section 7-1-232 shall be responsible for all fees associated with the  
 56 performance of such criminal background check. Upon receipt of fingerprints, fees, and  
 57 other required information, the Georgia Crime Information Center shall transmit the  
 58 necessary information to the Federal Bureau of Investigation for a search of its records;  
 59 or"

60

### SECTION 3.

61 Said chapter is further amended by revising subsections (a) and (a.1) of Code Section  
 62 7-1-243, relating to restrictions on banking and trust nomenclature, as follows:

63 "(a) Except as provided in subsection (c) of this Code section, no person or corporation  
 64 except a bank, a national bank, a bank as defined in Code Section 7-1-628.1, ~~or~~ a  
 65 corporation lawfully owning the majority of the voting stock of a bank, a ~~or~~ national bank,  
 66 or a bank as defined in Code Section 7-1-628.1, or a subsidiary of such bank, national  
 67 bank, bank as defined in Code Section 7-1-628.1, or corporation shall use the words 'bank,'  
 68 'banker,' 'banking company,' 'banking house,' or any other similar name indicating that the

69 business done is that of a bank upon any sign at its place of business or elsewhere, or upon  
70 any of its letterheads, billheads, blank checks, blank notes, receipts, certificates, circulars,  
71 advertisements, or any other written or printed matter.

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

80

#### SECTION 4.

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

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

95 **SECTION 5.**

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

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

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

105 (A) Implement reasonable measures to:

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

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

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

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

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

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

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

124 **SECTION 6.**

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

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

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

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

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

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

144 **SECTION 7.**

145 Said chapter is further amended by revising subsections (d) and (f) of Code Section 7-1-530,  
146 relating to authority to merge or consolidate, merger, consolidation, or share exchange across  
147 state lines, and required provisions of the merger plan, as follows:

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

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

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

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

156 **SECTION 8.**

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

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

165 **SECTION 9.**

166 Said chapter is further amended by revising paragraph (4) of subsection (b) and subsection  
167 (e) of Code Section 7-1-532, relating to execution, contents, and filing of articles of merger,  
168 share exchange, or consolidation, notice, and filing amendment, as follows:

169 ~~"(4) The names and addresses of the first directors~~ name and county of residence of each  
 170 director of the resulting bank or trust company or each director ~~the directors~~ of the  
 171 acquired corporation in a share exchange;"

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

176 **SECTION 10.**

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

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

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

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

184 (C) The character of their management; ~~and~~

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

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

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

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



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

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

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

202 **SECTION 11.**

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

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

215 **SECTION 12.**

216 Said chapter is further amended by revising Code Section 7-1-550, relating to authority for  
 217 national bank or federal savings bank to state bank or trust company conversions, mergers,

218 and consolidations, activities across state lines, and conversion of federal savings bank to  
219 state bank, as follows:

220 "7-1-550.

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

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

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

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

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

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

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

243 **SECTION 13.**

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

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

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

254 **SECTION 14.**

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

258 "7-1-552.

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

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

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

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

266 (3) A certificate of the Secretary of State showing that the proposed name of the resulting  
267 bank or trust company has been reserved under Code Section 7-1-131.

268 ~~(c) In the case of a conversion, the national bank shall publish, in the manner prescribed~~  
 269 ~~by Code Section 7-1-532, a notice of the proposed conversion, setting forth its name and~~  
 270 ~~the name it proposes to use as a bank or trust company and designating the place where a~~  
 271 ~~copy of the plan of conversion may be examined. The notice shall be published in the~~  
 272 ~~county of the main office of the national bank."~~

273 **SECTION 15.**

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

277 "7-1-553.

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

280 (1) ~~In the case of a conversion:~~

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

283 ~~(B)(2)~~ (2) The plan adequately protects the interests of depositors, other than creditors and  
 284 shareholders; and

285 ~~(C)(3)~~ (3) The requirements for a conversion under all applicable laws have been satisfied  
 286 and the resulting institution would satisfy the requirements of this chapter applicable to  
 287 it; and

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

290 (b) Within 90 days after receipt of the articles and the filings required by Code Section  
 291 7-1-552, the department shall, in its discretion, approve or disapprove the articles on the  
 292 basis of its investigation and the criteria set forth in subsection (a) of this Code section. If  
 293 the department shall approve the articles, it shall deliver its written approval with a copy

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

304

**SECTION 16.**

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

308 "7-1-554.

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

315

**SECTION 17.**

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

319 "7-1-555.

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

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

323 (1) As of the issuance of the certificate of conversion by the Secretary of State, the  
324 conversion shall become effective;

325 (2) The certificate of conversion shall be conclusive evidence of the performance of all  
326 conditions required by this chapter for conversion of a national bank ~~to~~ into a state bank  
327 or trust company, except as against the state;

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

332 (4) The articles of the resulting institution shall be the provisions stated in the articles of  
333 conversion;

334 (5) The bank or trust company shall have the authority to engage only in such lines of  
335 business and activities and exercise only such powers or hold such assets as are then  
336 permissible upon original incorporation under this chapter and shall be subject to the  
337 same prohibitions and limitations as it would then be subject to upon original  
338 incorporation; provided, however, that if the converting institution owns or holds assets,  
339 engages in any business, or has powers that would not be allowed for a state bank, then  
340 the plan of conversion shall include a plan for holding or disposal of such nonconforming  
341 assets or the continuation or termination of such line of business, activity, or power. The  
342 department shall review the plan to determine whether, in the interest of safety and  
343 soundness and the other objectives of Code Section 7-1-3, the activity, power, asset, or  
344 line of business should be approved, denied, or phased out within a reasonable period of  
345 time, to be determined by the department; and

346 (6) No liability of the national bank or of its shareholders, directors, or officers shall be  
 347 affected, nor shall any lien on any property of the national bank be impaired, by the  
 348 conversion. Any claim existing or action pending by or against the national bank may  
 349 be prosecuted to judgment as if the conversion had not taken place, or the resulting bank  
 350 or trust company may be substituted in its place."

351 **SECTION 18.**

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

355 "7-1-556.

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

- 358 (1) Authorization by and compliance with the laws of the United States; and  
 359 (2) Adoption of a plan of conversion, ~~merger, or consolidation~~ by the affirmative vote  
 360 of at least:

361 (A) A majority of its directors; and

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

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

- 366 (1) Notify the department of the proposed conversion, ~~merger, or consolidation~~;  
 367 (2) Provide such evidence of the adoption of the plan of conversion, ~~merger, or~~  
 368 ~~consolidation~~ as the department may request;  
 369 (3) Notify the department of any abandonment or disapproval of the plan; and  
 370 (4) File with the department and with the Secretary of State a certificate of the approval  
 371 of the conversion, ~~merger, or consolidation~~ by the appropriate federal regulator.

372 (c) Conversion, ~~merger, or consolidation~~ of a state institution ~~into~~ to a national banking  
 373 association or a federal savings institution shall be effective upon completion of the  
 374 requirements in subsection (b) of this Code section, ~~and its.~~ Upon receipt of written  
 375 confirmation from the department that the requirements of subsection (b) of this Code  
 376 section have been satisfied, the institution's articles as an institution existing under the laws  
 377 of this state shall be automatically terminated."

378 **SECTION 19.**

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

381 **SECTION 20.**

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

385 "(6) In the case of a sale, lease, exchange, or other disposition of all, or substantially all,  
 386 the property and assets of a bank or trust company, a notice shall be published in each  
 387 county in which the bank or trust company has an office engaged in the banking or trust  
 388 business in the manner prescribed by ~~subsection (c) of Code Section 7-1-532~~ 7-1-552."

389 **SECTION 21.**

390 Said chapter is further amended by revising subsections (a) and (b) of Code Section 7-1-628,  
 391 relating to purpose and scope of part, as follows:

392 "(a) It is the purpose of this part to permit interstate banking and branching by merger  
 393 under Section 102 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of  
 394 1994, subject to the limitations and requirements set out in this part and in Parts 14, ~~15~~, 18,  
 395 and 19 of this article.



396 (b) The scope of this part covers mergers where, upon consummation of the interstate  
397 merger transaction, the resulting bank will have banking locations in Georgia and at least  
398 one other state. It provides for certain approval, notice, and other requirements. Mergers  
399 involving banks having present and resulting branches located only in this state are  
400 governed by ~~Parts~~ Part 14 ~~and 15~~ of this article. To the extent a bank participating in an  
401 interstate merger transaction is owned or controlled by a bank holding company, the  
402 applicable provisions of Part 19 of this article shall also apply."

403 **SECTION 22.**

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

406 "7-1-628.2.

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

414 **SECTION 23.**

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

417 "(a) Except as otherwise expressly provided in this subsection, an interstate merger  
418 transaction shall not be permitted under this part if:

419 ~~(1) Immediately before the merger, any two or more banks involved in the transaction~~  
420 ~~(including all insured depository institutions which are affiliates of any such bank) have~~  
421 ~~a branch in this state; and~~

422 ~~(2) Upon, upon~~ consummation of such transaction, the resulting bank (including all  
423 insured depository institutions that would be 'affiliates,' as defined in 12 U.S.C. Section  
424 1841(k) of the resulting bank) would control 30 percent or more of the total amount of  
425 deposits held by all insured depository institutions in this state. The 30 percent limitation  
426 shall not apply, in the discretion of the commissioner, to transactions complying with  
427 paragraph (1) of subsection (b) of Code Section 7-1-623. The commissioner may by  
428 regulation adopt a procedure whereby the foregoing limitations on concentration of  
429 deposits may be waived upon showing good cause."

430

#### **SECTION 24.**

431 Said chapter is further amended by revising subsections (a) and (g) of Code Section  
432 7-1-628.7, relating to examinations and reports and powers of commissioner, as follows:

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

439 "(g) The commissioner may enter into joint examinations or joint enforcement actions with  
440 other bank supervisory agencies having concurrent jurisdiction over any branch in Georgia  
441 of an out-of-state state bank or any branch of a Georgia state bank in any host state,  
442 provided that the commissioner may at any time take such actions independently if he or  
443 she deems such actions to be necessary or appropriate to carry out his or her responsibilities  
444 under this part or to ensure compliance with the laws of this state, but provided, further,

445 that, in the case of an out-of-state state bank, the commissioner shall recognize the  
446 exclusive authority of the home state regulator over corporate governance matters and ~~the~~  
447 ~~primary responsibility of the home state regulator with respect to safety and soundness~~  
448 matters."

449 **SECTION 25.**

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

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

456 **SECTION 26.**

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

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

465 **SECTION 27.**

466 Said chapter is further amended by revising Code Section 7-1-628.10, relating to  
467 enforcement actions by commissioner, as follows:

468 "7-1-628.10.  
469 If the commissioner determines that a branch maintained by an out-of-state state bank in  
470 this state is being operated in violation of any provision of the laws of this state ~~or that such~~  
471 ~~branch is being operated in an unsafe and unsound manner~~, the commissioner shall have  
472 the authority to take all such enforcement actions as he or she would be empowered to take  
473 if the branch were a Georgia state bank, provided that the commissioner shall promptly  
474 give notice to the home state regulator of each enforcement action taken against an  
475 out-of-state state bank and, to the extent practicable, shall consult and cooperate with the  
476 home state regulator in pursuing and resolving said enforcement action."

477 **SECTION 28.**

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

480 "7-1-628.12.  
481 ~~The commissioner may require an out-of-state state bank that maintains or seeks to~~  
482 ~~establish a branch in this state to submit to the department its consolidated reports of~~  
483 ~~condition and income in the form specified by the Federal Financial Institutions~~  
484 ~~Examination Council.~~ In order to determine compliance with Georgia law on deposit  
485 concentration limits or other areas of state compliance, ~~other reporting of~~ by out-of-state  
486 banks may be required by the commissioner."

487 **SECTION 29.**

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

491 **SECTION 30.**

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

493 "7-1-651.1.494 (a) Except as provided in subsection (c) of this Code section, the annual meeting of the  
495 members shall be held in person.496 (b) Members may participate and vote remotely at the meetings of the members if the  
497 bylaws of the credit union explicitly provide an option for remote participation and voting.498 If the bylaws so provide, the board of directors shall:499 (1) Implement reasonable measures to:500 (A) Provide members a reasonable opportunity to remotely participate in such  
501 meetings. Such measures may include, but are not limited to, audio webcast or other  
502 broadcast of the meeting but, in every instance, shall provide members the ability to  
503 communicate substantially concurrently with the proceedings;504 (B) Enable members to vote or grant proxies at such meetings by means of electronic  
505 communication. Such measures may include, but are not limited to, telephonic or  
506 internet voting; and507 (C) Verify that each person deemed present and permitted to vote remotely is a  
508 member in order to ensure the integrity of the vote;509 (2) Provide the option for remote participation and voting at no cost to members; and510 (3) Keep a record of remote attendance by members and any vote or other action taken  
511 by a member participating remotely.512 (c) In the event of a proclaimed emergency pursuant to Code Section 7-1-111, the board  
513 of directors may apply to the department for authorization to conduct a meeting of the  
514 members solely through remote participation. If such application is approved by the  
515 department, the board of directors shall comply with the requirements of subsection (b) of  
516 this Code section."

517 **SECTION 31.**

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

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

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

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

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

530 (ii) Disrupting the operations of the credit union;

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

532 (iv) Engaging in inappropriate behavior; and

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

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

541 **SECTION 32.**

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

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

550 **SECTION 33.**

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

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

- 559 (1) The names of the parties to the plan and of the resulting continuing credit union;  
560 (2) The street address and county of the location of each main office, registered agent,  
561 and registered office;  
562 (3) The votes by which the plan was adopted and the time, place, and notice of each  
563 meeting conducted in connection with such adoption;  
564 (4) The name and county of residence of each director of the resulting continuing credit  
565 union; and  
566 (5) Any amendments of the articles of the resulting continuing credit union.

567 (f)(1) Upon receipt of the information set forth in subsection (e) of this Code section, the  
 568 department shall conduct such investigation as it deems necessary to ascertain whether:  
 569 (A) The articles of merger and supporting information satisfy the requirements of this  
 570 chapter;  
 571 (B) The plan of merger and any modification thereof adequately protects the interests  
 572 of members and other creditors;  
 573 (C) The requirements for a merger under all applicable laws have been satisfied and  
 574 the resulting continuing credit union would satisfy the applicable requirements of this  
 575 chapter; and  
 576 (D) The merger would be consistent with adequate and sound banking practice and in  
 577 the public interest on the basis of:  
 578 (i) The financial history and condition of the parties to the plan of merger;  
 579 (ii) The proposed business plan; and  
 580 (iii) The character of their management.  
 581 (2) The department shall, in its discretion, approve or disapprove a merger on the basis  
 582 of its investigation and the criteria set forth in paragraph (1) subsections (a) and (e) of this  
 583 subsection Code section. The department shall give written notice to:  
 584 (1)(A) The Secretary of State of its approval of a merger along with a copy of the  
 585 articles notice of merger; and  
 586 (2)(B) The parties to the plan of its decision and, in the event of disapproval, a  
 587 statement in general of the reasons for its decision."

588 **SECTION 34.**

589 Said chapter is further amended by revising subsection (c) of and adding a new subsection  
 590 to Code Section 7-1-668, relating to conversion of state and federal credit unions, to read as  
 591 follows:



592 "(b.1) In addition to the requirements of subsection (b) of this Code section, in the case of  
593 a federal credit union converting to a credit union:

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

595 (A) The articles of conversion, which shall contain:

596 (i) Its name and the name of the resulting credit union;

597 (ii) The street address and county of its main office;

598 (iii) The name and initial registered agent and the street address where the initial  
599 registered office will be located;

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

602 (v) The name and county of residence of each director of the resulting credit union;

603 (vi) The provisions required in articles of a new credit union by paragraphs (6), (7),  
604 and (8) of subsection (a) of Code Section 7-1-630; and

605 (vii) The plan of conversion;

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

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

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

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

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

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

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

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

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

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

640 **SECTION 35.**

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

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

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

650 **SECTION 36.**

651 Said chapter is further amended by revising paragraph (9) of subsection (a) of Code Section  
652 7-1-1001, relating to exemption for certain persons and entities, registration requirements,  
653 and authorized actions of licensed mortgage lenders, as follows:

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

666

**SECTION 37.**

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

670 "(6) Deferment.

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

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

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

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

692 rata during the deferment period and is fully earned on the last day of the deferment  
693 period;

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

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

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

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

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

710 (i) The amount or amounts deferred;

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

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

714 (iv) Where any credit insurance or ancillary product with a specific term was  
715 purchased by the borrower, the following disclosure to the borrower: 'You have  
716 purchased a credit insurance product(s) and/or [identify the specific ancillary product]  
717 in connection with this loan. The deferment agreed to herein will not extend the term  
718 of coverage of those products.'

719 (D) Whenever a licensee enters into a deferment agreement with the borrower  
 720 hereunder, the deferment shall not be considered to be an improper extension of the  
 721 loan term, and the original loan term shall be extended by the period deferred. For  
 722 purposes of granting a deferment, licensees may extend the term of the loan beyond the  
 723 maximum term limit of 36 months and 15 days.

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

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

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

732 **SECTION 38.**

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

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

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

738 **SECTION 39.**

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