

The House Committee on Banks and Banking offered the following substitute to SB 353:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 1 of Title 7 of the Official Code of Georgia Annotated, known as the  
2 "Financial Institutions Code of Georgia," so as to include objectives of the chapter for entities  
3 under the supervision of the Department of Banking and Finance that are not financial  
4 institutions; to change the restrictions on investments by certain employees of the  
5 department; to specify the restrictions on the receipt of gifts and business activities by certain  
6 employees of the department; to authorize the department to collect certain fees by electronic  
7 deductions; to authorize the department to share certain information with federal or state  
8 regulatory agencies; to provide for certain types of stock and securities transactions by banks;  
9 to authorize the board of directors of a credit union to fill vacancies on the supervisory  
10 committee; to limit the powers of the supervisory committee; to change the capital and  
11 reserve requirements for credit unions; to establish reserve requirements for a central credit  
12 union; to exempt national banks and federal credit unions from licensing requirements as  
13 check cashers; to authorize the department to conduct background checks on any individual  
14 who directs the affairs or establishes policy for a licensed mortgage business; to require  
15 applicants and licensees to obtain background checks on certain employees; to authorize the  
16 department to discuss background information on employees with licensees; to eliminate the  
17 requirement of notice to the department of payment of a creditor's claim; to require licensees  
18 to state in advertisements that they are licensed in Georgia; to provide for related matters; to  
19 repeal conflicting laws; and for other purposes.

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

21 Chapter 1 of Title 7 of the Official Code of Georgia Annotated, known as the "Financial  
22 Institutions Code of Georgia," is amended by striking paragraphs (8) and (9) of subsection  
23 (a) of Code Section 7-1-3, relating to the objectives of the chapter and standards for  
24 construction and regulation, and inserting in their places new paragraphs (8), (9), and (10)  
25 to read as follows:  
26

1 "(8) Opportunity for management of financial institutions to exercise their business  
2 judgment; and

3 (9) Simplification and modernization of the law governing banking, trust, and other  
4 financial institutions; and

5 (10) As to other entities under the supervision of the department that are not financial  
6 institutions, including check cashers and mortgage lenders and brokers, to provide for:

7 (A) Supervision and examination of their business affairs to ensure that they operate  
8 in a manner consistent with state law;

9 (B) Protection of the interests of consumers and service by these entities which is  
10 responsive to their consumers; and

11 (C) Simplification and modernization of the law that governs these entities, together  
12 with the delegation of rulemaking power and administrative discretion to the  
13 department to carry out its responsibilities, keeping in mind the need for economic and  
14 technological progress in the industry."

## 15 SECTION 2.

16 Said chapter is further amended by striking Code Section 7-1-37, relating to restrictions on  
17 the commissioner, deputy commissioners, and examiners, and inserting in its place the  
18 following:

19 "7-1-37.

20 (a) Except as provided in subsections (c), ~~and (d)~~, and (e) of this Code section, ~~neither the~~  
21 ~~commissioner, any deputy commissioner or assistant deputy commissioner, nor any~~  
22 department employee with financial institution or licensee supervisory responsibilities, or  
23 any examiner employed by the department shall not directly or indirectly:

24 (1) Receive any money or property as a loan, ~~gift, or otherwise~~ from or become indebted  
25 to any financial institution or from or to any director, officer, agent, employee, attorney,  
26 or subsidiary of a financial institution;

27 (2) Receive any money or property as a gift from any financial institution or from any  
28 director, officer, agent, employee, attorney, or subsidiary of a financial institution, unless  
29 consistent with the ethics in government policy of this state;

30 (3) Give any money or property as a gift to any financial institution or to any director,  
31 officer, agent, employee, attorney or subsidiary of a financial institution, unless consistent  
32 with the ethics in government policy of this state.

33 ~~(2)~~ (4) Own any share in or securities of a financial institution or otherwise have an  
34 ownership interest in a financial institution; or

35 ~~(3)~~ (5) Engage in the business of a financial institution.

1 (b) For purposes of this Code section and subject to subsection (c) of this Code section,  
2 the term 'financial institution' shall include a bank holding company and any subsidiary of  
3 a bank holding company.

4 (c) Notwithstanding the provisions of subsection (a) of this Code section, the  
5 commissioner, any deputy commissioner, ~~or assistant deputy commissioner, and any~~  
6 department employee with financial institution or licensee supervisory responsibilities, or  
7 examiners employed by the department may borrow money from and otherwise deal with  
8 any financial institution or subsidiary thereof existing under the laws of the United States  
9 or of any state other than this state, provided the obligee financial institution or subsidiary  
10 is not examined or regulated by the department. For the purposes of this subsection, a  
11 financial institution shall not be considered regulated solely because it is required to file  
12 an exemption from licensing under Code Section 7-1-1001 or solely because it is owned  
13 or controlled by another bank or corporation which is or may be examined or regulated by  
14 the department. All extensions of credit, including but not limited to such permitted loans,  
15 which obligate the commissioner or any deputy commissioner to such a financial institution  
16 or subsidiary, directly or contingently by way of guaranty, endorsement, or otherwise, or  
17 which renew or modify existing obligations shall be reported by the individual concerned  
18 to the Attorney General in writing, within ten days after the execution thereof, showing the  
19 nature of the undertaking and the amount and terms of the loan or other transaction. All  
20 credit obligations of a similar nature to those set forth above on the part of any ~~assistant~~  
21 ~~deputy commissioner~~ other department employee with financial institution or licensee  
22 supervisory responsibilities or examiner shall be reported to the commissioner within ten  
23 days after the execution thereof.

24 (d) Nothing in this Code section shall prohibit the commissioner, any deputy  
25 commissioner, any ~~assistant deputy commissioner,~~ department employee with financial  
26 institution or licensee supervisory responsibilities, or any examiner of the department from  
27 maintaining a deposit in any financial institution, purchasing banking services other than  
28 credit services, or owning a single share in a credit union in the ordinary course of business  
29 and under rates and terms generally available to other customers of the financial institution.  
30 The provisions of this Code section shall not be applicable in the cases of a lender credit  
31 card obligation to a financial institution where the maximum outstanding credit may not  
32 exceed \$10,000.00 nor to any other credit obligation fully secured by the pledge of a  
33 deposit account in the lending institution, provided that the financial institution is not  
34 within the employee's assigned examination authority and provided the rates and terms of  
35 all such obligations are not preferential in comparison to similar obligations of the financial  
36 institution's other customers. Such exempt obligations shall, however, be reported as

1 provided in subsection (c) of this Code section, and the employee shall be disqualified from  
2 any dealings with the obligee financial institution.

3 (e)(1) The commissioner, a deputy commissioner, a department employee with financial  
4 institution or licensee supervisory responsibilities, or an examiner of the department may  
5 be permitted to own securities of a financial institution under any of the following  
6 circumstances:

7 (A) A deputy commissioner, a department employee with financial institution or  
8 licensee supervisory responsibilities, or an examiner of the department may own such  
9 a security if the security was obtained prior to commencement of employment with the  
10 department;

11 (B) A deputy commissioner, a department employee with financial institution or  
12 licensee supervisory responsibilities, or an examiner of the department may own such  
13 a security if the ownership of the security was acquired through inheritance; gift; stock  
14 split or dividend; merger, acquisition, or other change in corporate structure; or  
15 otherwise without specific intent on the part of the employee to acquire the interest; and

16 (C) The commissioner, a deputy commissioner, a department employee with financial  
17 institution or licensee supervisory responsibilities or an examiner of the department  
18 may own such a security if the security is part of an investment fund, provided that,  
19 upon initial or subsequent investment by the employee, excluding ordinary dividend  
20 reinvestment, the fund does not have invested, or indicate in its prospectus the intent  
21 to invest, more than 30 percent of its assets in the securities of one or more Federal  
22 Deposit Insurance Corporation insured depository institutions or Federal Deposit  
23 Insurance Corporation insured depository institution holding companies and the  
24 employee neither exercises control nor has the ability to exercise control over the  
25 financial interests held in the fund.

26 (2) In the case of permissible acquisitions pursuant to subparagraphs (A) and (B) of  
27 paragraph (1) of this subsection, the employee shall make a full, written disclosure to the  
28 commissioner within 30 days of beginning employment or acquiring the interest. The  
29 employee is disqualified from participating in or sharing information regarding any  
30 matter or activity that concerns the financial institution. Such disqualification must not,  
31 in the judgment of the commissioner, unduly interfere with the employee's duties.

32 (3) In the event any covered person inadvertently and without intent on his or her part  
33 acquires an interest in a security that is not allowed by this subsection, such security shall  
34 be disposed of within 90 days of acquisition.

35 (e)(f) No examiner, which for the purposes of this Code section shall include a supervisor  
36 as defined by the department, may examine a financial institution to which he or she is  
37 indebted or of which he or she owns securities under the exceptions in

1 subparagraphs (e)(1)(A) and (e)(1)(B) of this Code section, nor may an examiner obtain  
 2 credit from a financial institution if he or she has examined such financial institution in the  
 3 preceding 12 months. An examiner who wishes to borrow funds from any financial  
 4 institution he or she has examined in the past five years must first obtain the written  
 5 permission of the commissioner. This subsection is included as an additional precaution  
 6 and is not intended to preclude the operation of any other applicable law or regulation.

7 (g) The commissioner, any deputy commissioner, any department employee with financial  
 8 institution or licensee supervisory responsibility, or any examiner shall not directly or  
 9 indirectly:

10 (1) Receive any money or property as a loan from any department licensee or any  
 11 director, officer, agent, employee, or attorney of a department licensee, unless such  
 12 employee does not examine or exercise supervisory responsibility over that licensee. Any  
 13 debt owed by a deputy commissioner, department employee with financial institution or  
 14 licensee supervisory responsibility, or examiner of a department licensee must be  
 15 reported to the commissioner. Reporting by the commissioner shall be made to the  
 16 Attorney General;

17 (2) Receive any money or property as a gift from any department licensee or any  
 18 director, officer, agent, employee, or attorney of a department licensee, unless consistent  
 19 with the ethics in government policy of this state;

20 (3) Give any money or property as a gift to any department licensee or any director,  
 21 officer, agent, employee, or attorney of a department licensee, unless consistent with the  
 22 ethics in government policy of this state; or

23 (4) Engage in the business of a department licensee.

24 ~~(f)~~(h) No director, officer, agent, employee, or attorney of a financial institution,  
 25 individually or in his or her official capacity, shall knowingly participate in a violation of  
 26 this Code section. However, nothing in this Code section shall restrict the right of the  
 27 commissioner, any deputy commissioner, any department employee with financial  
 28 institution or licensee supervisory responsibilities, or any examiner to deal as any other  
 29 consumer with such director, officer, agent, employee, or attorney in the ordinary course  
 30 of business in consumer areas of trade or commerce not regulated by the department and  
 31 under terms and conditions which are not preferential.

32 ~~(g)~~ (i) The commissioner, any deputy commissioner, ~~or assistant deputy commissioner,~~  
 33 any department employee with financial institution or licensee supervisory responsibilities,  
 34 or any examiner employed by the department who shall violate or participate in a violation  
 35 of this Code section shall be guilty of a misdemeanor. Violation of this Code section shall  
 36 be grounds for removal from office.



1 Department of Justice (including the Federal Bureau of Investigation), the United States  
 2 Department of the Treasury, the Georgia Bureau of Investigation, or state or local law  
 3 enforcement authorities;

4 (5) Made to any officer, attorney, or director of the financial institution involved or with  
 5 the written consent of said financial institution;

6 (6) Made in a ~~summary of condition of financial institutions published by the~~  
 7 ~~department;~~ publication of the department which is available to the general public;

8 (7) Of general economic and similar data considered by the department in regard to  
 9 requests for new articles, new branches, changes in the location of facilities, or similar  
 10 matters made to parties interested in the department's action in regard thereto; and

11 (8) Made to a financial institution concerning the past job performance of a prospective  
 12 employee with the written consent of such prospective employee, provided such written  
 13 consent shall not be required in circumstances provided for in Code Section 7-1-840."

#### 14 SECTION 5.

15 Said chapter is further amended by striking subsection (a) of Code Section 7-1-288, relating  
 16 to corporate stocks and securities, and inserting in its place the following:

17 "~~(a) Except as provided in subsections (b) and (c) of this Code section and in Code Section~~  
 18 ~~7-1-261, a~~ A bank may ~~not~~ engage in any transaction with respect to shares of stock or  
 19 other capital securities of any corporation in accordance with this Code section and in other  
 20 instances as provided in state or federal law."

#### 21 SECTION 6.

22 Said chapter is further amended by striking paragraph (5) of subsection (a) of Code Section  
 23 7-1-656, relating to the duties of directors, meetings, and applicability of Code Section  
 24 7-1-490, and inserting in its place the following:

25 "(5) To fill vacancies on the board of directors, ~~and credit committee,~~ and supervisory  
 26 committee until the election and qualification of a successor;"

#### 27 SECTION 7.

28 Said chapter is further amended by striking Code Section 7-1-657, relating to the duties of  
 29 a supervisory committee, inspections, and comprehensive annual audits, and inserting in its  
 30 place the following:

31 "7-1-657.

32 (a) ~~The supervisory committee shall supervise the acts of the credit committee and~~  
 33 ~~officers, any or all of whom the supervisory committee may, at any time by a unanimous~~  
 34 ~~vote, suspend. Within seven days after such suspension, the supervisory committee shall~~

1 ~~cause notice to be given to the board of directors and to the department of a special meeting~~  
 2 ~~to take action on such suspension; such notice shall clearly indicate the purpose of the~~  
 3 ~~meeting. By a majority vote the committee may call a meeting of the board of directors to~~  
 4 ~~consider any violation of this article or of the bylaws or any practice of the credit union~~  
 5 ~~which, in the opinion of the committee, is unsafe or unauthorized. Notice of such meeting~~  
 6 ~~shall also be given to the department. The supervisory committee shall be responsible for~~  
 7 ~~securing a comprehensive audit of the credit union at least once each year. The committee~~  
 8 ~~may employ the services of an independent accountant or firm of such accountants or the~~  
 9 ~~internal auditors of any sponsoring group, concern, or association of credit unions to make~~  
 10 ~~such comprehensive audit. The results of the audit shall be submitted to the board and the~~  
 11 ~~committee shall present a summary of the results of the audit to the membership. The~~  
 12 ~~committee shall make recommendations to the board for the correction of any deficiencies~~  
 13 ~~disclosed by the audit. The annual audit shall include a confirmation of the share, deposit,~~  
 14 ~~and loan accounts of the members and such other procedures as the department might~~  
 15 ~~require. The annual audit shall be preserved with the records of the credit union and a copy~~  
 16 ~~shall be filed with the department.~~

17 (b) ~~As frequently as it deems necessary, the~~ The supervisory committee, shall from time  
 18 ~~to time, may conduct or cause to be conducted other audit functions or reviews of~~  
 19 ~~operations or may make or cause to be made an inspection of the assets and the liabilities~~  
 20 ~~of the credit union. The committee shall report the results of any such reviews to the board~~  
 21 ~~of directors and shall be responsible for making specific recommendations to the board~~  
 22 ~~regarding any unsafe, unsound, or unauthorized activities discovered. At least once each~~  
 23 ~~calendar year the supervisory committee shall cause to be made a comprehensive audit and~~  
 24 ~~submit a report of the same to the board and a summary of that report at the next annual~~  
 25 ~~meeting of the members of the credit union. The supervisory committee may employ the~~  
 26 ~~services of an independent accountant or firm of such accountants or the internal auditors~~  
 27 ~~of any sponsoring group or concern or association of credit unions to make such~~  
 28 ~~comprehensive audit. The annual audit shall include a confirmation of the share, deposit,~~  
 29 ~~and loan accounts of the members and such other procedures as the department might~~  
 30 ~~require. The annual audit shall be preserved with the records of the credit union and a copy~~  
 31 ~~filed with the department. "~~

### 32 SECTION 8.

33 Said chapter is further amended by striking Code Section 7-1-659, relating to entrance fees,  
 34 reserves, and the exclusion of state and federal credit union reserves from tax calculation, and  
 35 inserting in its place the following:

36 "7-1-659.

1 (a) A credit union may charge entrance fees as provided in the bylaws. All such fees shall,  
 2 after payment of organizational expense, be known as reserve income and shall be added  
 3 to the regular reserve of the credit union.

4 (b) Immediately before the payment of each dividend, the gross earnings of the credit  
 5 union shall be determined. There shall be set aside from that amount as ~~a regular reserve~~  
 6 ~~against an allowance for loan and lease losses on loans and contingencies, sums adequate~~  
 7 ~~to cover such anticipated losses, based on the risk characteristics of the loan portfolio. not~~  
 8 ~~less than those calculated in accordance with the following schedule:~~

9 (1) ~~Five percent of gross income until the regular reserve shall equal 7 1/2 percent of the~~  
 10 ~~total of outstanding loans and risk assets;~~

11 (2) ~~Whenever the regular reserve falls below 7 1/2 percent of the total of outstanding~~  
 12 ~~loans and risk assets, it shall be replenished as provided in paragraph (1) of this~~  
 13 ~~subsection.~~

14 (c) ~~The regular reserve shall belong to the credit union and shall be used to meet losses and~~  
 15 ~~shall not be distributed except on dissolution of the credit union. All credit unions shall be~~  
 16 ~~subject to the capital and reserve requirements of Part 702 of the Rules and Regulations of~~  
 17 ~~the National Credit Union Administration, known as Prompt Corrective Action. Credit~~  
 18 ~~unions that are less than ten years old shall operate according to a business plan which shall~~  
 19 ~~contain requirements for reserves and which shall be approved by the department. The~~  
 20 ~~department shall have the discretion to require additional capital and reserves to assure the~~  
 21 ~~safety and soundness of any credit union.~~

22 (d) In addition to ~~such~~ regular reserves, special reserves to protect the interest of members  
 23 shall be established when found necessary in any special case by the board of directors of  
 24 the credit union or by the department.

25 (e) ~~For the purpose of this Code section, the term 'risk assets' shall mean all assets of the~~  
 26 ~~credit union except:~~

27 (1) ~~Cash on hand;~~

28 (2) ~~Deposits made pursuant to subparagraph (4)(D) of Code Section 7-1-650;~~

29 (3) ~~Assets which are insured by, fully guaranteed as to principal and interest by, or due~~  
 30 ~~from the United States government, its agencies, the Federal National Mortgage~~  
 31 ~~Association, or the Government National Mortgage Association;~~

32 (4) ~~Loans to students under Title IV, Part B of the Higher Education Act of 1965 or a~~  
 33 ~~similar state insurance program;~~

34 (5) ~~Loans insured under Title I of the National Housing Act by the Federal Housing~~  
 35 ~~Administration;~~

36 (6) ~~Loans to other credit unions;~~

37 (7) ~~Shares or deposits in other credit unions;~~



1 or under federal law and ~~domiciled in this state~~ which has lawfully entered this state to  
 2 engage in a banking business."

### 3 SECTION 11.

4 Said chapter is further amended by striking Code Section 7-1-1004, relating to the  
 5 investigation of an applicant and its officers, audit, education, experience, and other  
 6 requirements relative to licensees and registrants, and inserting in its place the following:

7 "7-1-1004.

8 (a) Upon receipt of an application for license, the department shall conduct such  
 9 investigation as it deems necessary to determine that the applicant and ~~its officers,~~  
 10 ~~directors, and principals~~ the individuals who direct the affairs or establish policy for the  
 11 licensee, including the officers, directors, or the equivalent, are of good character and  
 12 ethical reputation; that the applicant and such persons meet the requirements of subsection  
 13 (d) of this Code section; that the applicant and such persons ~~demonstrates~~ demonstrate  
 14 reasonable financial responsibility; that the applicant has reasonable policies and  
 15 procedures to receive and process customer grievances and inquiries promptly and fairly;  
 16 and that the applicant has and maintains a registered agent for service in this state.

17 (b) The department shall not license any applicant unless it is satisfied that the applicant  
 18 may be expected to operate its mortgage lending or brokerage activities in compliance with  
 19 the laws of this state and in a manner which protects the contractual and property rights of  
 20 the citizens of this state.

21 (c) The department may establish by rule or regulation minimum education or experience  
 22 requirements for an applicant for a mortgage broker license or renewal of such a license.

23 (d) The department may not issue or may revoke a license if it finds that the applicant, or  
 24 any person who is a director, officer, partner, agent, employee, or ultimate equitable owner  
 25 of 10 percent or more of the applicant or any individual who directs the affairs or  
 26 establishes policy for the licensee, has been convicted of a felony involving moral turpitude  
 27 in any jurisdiction or of a crime which, if committed within this state, would constitute a  
 28 felony involving moral turpitude under the laws of this state. For the purposes of this  
 29 article, a person shall be deemed to have been convicted of a crime if such person shall  
 30 have pleaded guilty to a charge thereof before a court or federal magistrate or shall have  
 31 been found guilty thereof by the decision or judgment of a court or federal magistrate or  
 32 by the verdict of a jury, irrespective of the pronouncement of sentence or the suspension  
 33 thereof, and regardless of whether first offender treatment without adjudication of guilt  
 34 pursuant to the charge was entered, unless and until such plea of guilty, or such decision,  
 35 judgment, or verdict, shall have been set aside, reversed, or otherwise abrogated by lawful  
 36 judicial process or until probation, sentence, or both probation and sentence of a first

1 offender have been successfully completed and documented or unless the person convicted  
2 of the crime shall have received a pardon therefor from the President of the United States  
3 or the Governor or other pardoning authority in the jurisdiction where the conviction was  
4 had or shall have received an official certification or pardon granted by the State Board of  
5 Pardons and Paroles which removes the legal disabilities resulting from such conviction  
6 and restores civil and political rights in this state.

7 (e) The department shall be authorized to obtain conviction data with respect to any  
8 applicant or any person who is a director, officer, partner, agent, employee, or ultimate  
9 equitable owner of 10 percent or more of the applicant and any individual who directs the  
10 affairs of the company or establishes policy. ~~Upon receipt of information from the Georgia~~  
11 ~~Crime Information Center that is incomplete or that indicates an applicant or any person~~  
12 ~~who is a director, officer, partner, agent, employee, or ultimate equitable owner of 10~~  
13 ~~percent or more of the applicant has a criminal record in any state other than Georgia, the~~  
14 The department shall submit to the Georgia Crime Information Center two complete sets  
15 of fingerprints of such applicant or such person, together with the required records search  
16 fees; and such other information as may be required. Fees for background checks that the  
17 department administers shall be sent to the department by applicants and licensees together  
18 with the fingerprints. Applicants and licensees shall have the primary responsibility for  
19 obtaining background checks of covered employees which are defined as employees who  
20 work in this state and also have the authority to enter, delete, or verify any information on  
21 any mortgage loan application form or document. The department shall, however, retain  
22 the right to obtain conviction data on covered employees.

23 (f) Every licensee and applicant shall be authorized and required to obtain background  
24 checks on covered employees. Such background checks shall be handled by the Georgia  
25 Crime Information Center pursuant to Code Section 35-3-34 and the rules and regulations  
26 of the Georgia Crime Information Center. Licensees and applicants shall be responsible  
27 for any applicable fees charged by the center. An applicant or licensee may employ a  
28 person whose background must be checked and has 90 days from the date of hire to obtain  
29 satisfactory background data. This provision does not apply to directors, officers, partners,  
30 agents, or ultimate equitable owners of 10 percent or more or to persons who direct the  
31 company's affairs or establish policy, whose background must have been investigated  
32 through the department before taking office, beginning employment, or securing  
33 ownership. Upon receipt of information from the Georgia Crime Information Center that  
34 is incomplete or that indicates an employee has a criminal record in any state other than  
35 Georgia, the employer shall submit to the department two complete sets of fingerprints of  
36 such person, together with the applicable fees and any other required information. The

1 department shall submit such fingerprints as provided in subsection (e) of this Code  
 2 section.

3 (g) Upon receipt thereof of fingerprints, fees, and other required information, the Georgia  
 4 Crime Information Center shall promptly transmit one set of fingerprints to the Federal  
 5 Bureau of Investigation for a search of bureau records and an appropriate report and shall  
 6 retain the other set and promptly conduct a search of its own records and records to which  
 7 it has access. The Georgia Crime Information Center shall notify the department in writing  
 8 of any derogatory finding, including, but not limited to, any conviction data regarding the  
 9 fingerprint records check, or if there is no such finding. All conviction data received by the  
 10 department or by the applicant or licensee shall be used by the party requesting such data  
 11 department for the exclusive purpose of carrying out the responsibilities of this article, shall  
 12 not be a public record, shall be privileged, and shall not be disclosed to any other person  
 13 or agency except to any person or agency which otherwise has a legal right to inspect the  
 14 file. The department shall be entitled to review any applicant's or licensee's files to  
 15 determine whether the required background checks have been run and whether all covered  
 16 employees are qualified. The department shall be authorized to discuss the status of  
 17 employee background checks with licensees. All such records shall be maintained by the  
 18 department and the applicant or licensee pursuant to laws regarding such records and the  
 19 rules and regulations of the Federal Bureau of Investigation and the Georgia Crime  
 20 Information Center, as applicable. As used in this subsection, 'conviction data' means a  
 21 record of a finding, verdict, or plea of guilty or plea of nolo contendere with regard to any  
 22 crime, regardless of whether an appeal of the conviction has been sought, subject to the  
 23 conditions set forth in subsection (d) of this Code section. Violation of this Code section  
 24 may subject a licensee to the revocation of its license.

25 ~~(f)~~(h) The department may deny or revoke a license or otherwise restrict a license if it  
 26 finds that the applicant or any person who is a director, officer, partner, agent, or ultimate  
 27 equitable owner of 10 percent or more or person who directs the company's affairs or  
 28 establishes policy of the applicant has had a license denied, revoked, or suspended within  
 29 three years of the date of the application.

30 ~~(g)~~(i) The department may not issue a license to and may revoke a license from an  
 31 applicant or licensee if such person employs any other person against whom a final cease  
 32 and desist order has been issued within the preceding three years, if such order was based  
 33 on a violation of Code Section 7-1-1013 or based on the conducting of a mortgage business  
 34 without a required license, or whose license has been revoked within three years of the date  
 35 such person was hired.



1 (3) No licensee shall advertise its services in Georgia in any media disseminated  
2 ~~primarily~~ in this state, whether print or electronic, without the words 'Georgia Residential  
3 Mortgage Licensee:' or, for those advertisers licensed in more than one state, a listing of  
4 Georgia as a state in which the advertiser is licensed."

5 **SECTION 14.**

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