

Senate Bill 532

By: Senators Jackson of the 50th, Tanksley of the 32nd, Smith of the 25th, Stokes of the 43rd, Stephens of the 51st and Golden of the 8th

AS PASSED

**A BILL TO BE ENTITLED
AN ACT**

To amend Article 2 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to banks and trust companies, so as to change the five-year age requirement for acquisition of a bank to a three-year age requirement; to provide for related matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Article 2 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to banks and trust companies, is amended by striking Code Section 7-1-608, relating to bank holding companies, lawful and unlawful acquisitions, formations, and mergers, and inserting in its place the following:

"7-1-608.

(a) It shall be unlawful for a bank holding company to acquire direct or indirect ownership or control of any voting shares of any bank, including any federal savings and loan association or federal savings bank, if, after such acquisition, such bank holding company will directly or indirectly own or control 5 percent or more of the voting shares of such bank, or for any company to become a bank holding company as a result of the acquisition of control of such bank, unless:

(1) The bank being acquired is either a 'bank' for the purposes of the federal Bank Holding Company Act of 1956, as amended (12 U.S.C. Section 1841), or a 'savings and loan,' a 'state savings and loan,' a 'savings bank,' or a 'federal savings bank' whose deposits are insured under a federal deposit insurance program; and

(2) Such bank of the type described in paragraph (1) of this subsection has been in existence and continuously operating or incorporated as a bank for a period of ~~five~~ three years or more prior to the date of acquisition.

(b) Notwithstanding the provisions of this Code section, the following activities are permitted. These activities regarding acquisitions by purchase and by formation are to be

considered exceptions to the ~~five-year~~ three-year age requirement contained in paragraph (2) of subsection (a) of this Code section:

(1) A bank holding company may acquire all or substantially all of the shares of a bank or trust company organized solely for the purpose of facilitating the acquisition of a federal or state chartered bank, savings and loan association, savings bank, building and loan association, or other corporation doing a banking business in this state or the trust department of such institutions, which has been in existence and continuously operating or incorporated as such an institution or exercising trust powers for the minimum period prescribed in subsection (a) of this Code section;

(2) A company may become a bank holding company by virtue of acquiring control of a bank if neither the company nor any other company controlled by or controlling such company controls any other bank domiciled in this state or elsewhere;

(3) A bank holding company registered with the department and lawfully owning a bank or a branch of a bank which was formed by the acquisition and subsequent merger of a Georgia bank, which bank or branch does a lawful banking business in this state, may acquire control through formation of a de novo bank in Georgia, provided that departmental approval and any required federal approvals are obtained. No out-of-state bank holding company may enter Georgia to do a banking business by formation of a de novo bank; and

(4) A de novo bank established or formed pursuant to paragraph (3) of this subsection shall be subject to the ~~five-year~~ three-year age requirement contained in paragraph (2) of subsection (a) of this Code section. A bank holding company may, however, merge or consolidate a de novo bank which may be less than ~~five~~ three years old and that is established pursuant to paragraph (3) of this subsection into another bank owned by that holding company.

(c) The department may waive the application of the ~~five-year~~ three-year age requirement in the case of a bank that has been found by federal or state regulators to be:

(1) Insolvent or in an unsafe or unsound condition to transact its business;

(2) In a condition where it has generally suspended payment of its obligations without authority of law; or

(3) Under any plan, order, or agreement of any kind with the FDIC under Section 12, 13, or 38 of the Federal Deposit Insurance Act, 12 U.S.C. Section 1811, et seq., as amended."

SECTION 2.

Said article is further amended by striking paragraph (1) of subsection (b) of Code Section 7-1-622, relating to provisions applicable to interstate acquisitions or mergers by bank

holding companies, eligibility of applicants, and commissioner's ruling required, and inserting in its place the following:

"(1) Directly or indirectly acquire a Georgia bank unless such bank has been in existence and continuously operated or incorporated as a bank for a period of ~~five~~ three years or more prior to the date of acquisition. Notwithstanding the foregoing, nothing shall prohibit an out-of-state bank holding company from acquiring all or substantially all of the shares of a Georgia bank organized solely for the purpose of facilitating the acquisition of a bank which has been in existence and continuously operated as a bank for the requisite ~~five-year~~ three-year period; or".

SECTION 3.

Said article is further amended by striking subsection (b) of Code Section 7-1-628.3, relating to prohibited interstate merger transactions, and inserting in its place the following:

"(b) An interstate merger transaction shall not be permitted under this part unless the Georgia bank shall have been in existence and continuously operating or incorporated as a bank on the date of such merger or acquisition for a period of at least ~~five~~ three years, subject to any applicable exception contained in subsection (b) of Code Section 7-1-608."

SECTION 4.

Said article is further amended by striking subsection (c) of Code Section 7-1-628.8, relating to restrictions on de novo branches, and inserting in its place the following:

"(c) By enacting this Code section and Code Section 7-1-628.9, the General Assembly intends to permit entry into Georgia only by acquisition of or merger with an entire bank, subject to the ~~five-year~~ three-year rule contained in Code Sections 7-1-608, 7-1-622, and 7-1-628.3."

SECTION 5.

This Act shall become effective upon its approval by the Governor or upon its becoming law without such approval.

SECTION 6.

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