

Senate Bill 551

By: Senators Hamrick of the 30th and Tolleson of the 20th

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 7-1-492 of the Official Code of Georgia Annotated, relating to
2 prohibitions applicable to directors, officers, and employees of financial institutions, so as
3 to prohibit directors, officers, and employees of financial institutions from transacting
4 business with certain persons to whom they are related; to provide for related matters; to
5 provide for an effective date; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 7-1-492 of the Official Code of Georgia Annotated, relating to prohibitions
9 applicable to directors, officers, and employees of financial institutions, is amended by
10 revising paragraph (3) and adding a new paragraph (4) in subsection (a) to read as follows:

11 "(3) Purchase or sell any other asset to the bank or trust company except:

12 (A) Upon terms not less favorable to the bank or trust company than those offered to
13 other persons or corporations; and

14 (B) With the prior approval of the board of directors or a committee thereof authorized
15 to act for the board, unless the transaction is made in the regular course of business;

16 (4) Transact business, other than regular banking transactions that any customer could
17 access, with any person, appraiser, mortgage broker, or other loan valuation expert to
18 whom they are related. The term 'related' shall include all members of a director, officer,
19 or employee's family; and the term 'family' shall include any person related to the
20 director, officer, or employee within the third degree of consanguinity and affinity as
21 computed according to the canon law."

22 **SECTION 2.**

23 This Act shall become effective on July 1, 2008.

1 **SECTION 3.**

2 All laws and parts of laws in conflict with this Act are repealed.