

House Bill 1635

By: Representative Lim of the 99th

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 7 of the Official Code of Georgia Annotated, relating to banking and finance,
2 so as to require the Department of Banking and Finance to conduct stress tests on certain
3 financial institutions; to prohibit the department from approving a merger if the largest
4 financial institution in the proposed merger has not met certain scoring requirements under
5 federal law; to provide for related matters; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Title 7 of the Official Code of Georgia Annotated, relating to banking and finance, is
9 amended by revising Code Section 7-1-64, relating to department examinations and
10 investigations and disclosure of information or prior notice regarding examinations of
11 financial institutions, as follows:

12 "7-1-64.

13 (a)(1) Except as otherwise provided in subsection (b) of this Code section, the
14 department shall examine all financial institutions at least once each year and may
15 examine or investigate any financial institution more frequently at any time it deems such

16 action necessary or desirable. At least once annually the examination shall consist of a
17 comprehensive review of the accounts, records, and affairs of the institution.

18 (2) Such examination shall include a stress test if the financial institution has total
19 consolidated assets of more than \$10 billion and is not subject to such testing by either
20 the Federal Reserve System or the Federal Deposit Insurance Corporation.

21 (b) The department may, consistent with the objectives of this chapter and the purposes
22 listed below, alter the examination frequency and scope as set out in subsection (a) of this
23 Code section:

24 (1) To achieve cooperation and coordination with other state and federal regulatory
25 authorities including but not limited to examination programs of banks or bank holding
26 companies having multistate operations;

27 (2) To assure that appropriate time and attention are devoted to the supervision of
28 troubled financial institutions; or

29 (3) To minimize the examination burden on well-managed financial institutions which
30 have consistently been operated with safe and sound banking practices.

31 (c) In the case of a financial institution which is a member of the Federal Reserve System
32 or whose deposits are insured by a public body of the United States, the department may
33 accept, in lieu of any examination required by this Code section, examinations or reports
34 thereof made pursuant to the Federal Reserve Act or statutes of the United States
35 authorizing such insurance.

36 (d) Employees of the department shall not divulge any information or provide prior notice,
37 directly or indirectly, to any officer, director, agent, representative, or employee of a
38 financial institution concerning the time or date of examination of the financial institution
39 except in accordance with internal policy prescribed by the commissioner. Employees
40 violating the policy of the commissioner relating to information or prior notice concerning
41 examinations shall be subject to immediate dismissal.

(e) The department shall not approve any proposed merger of financial institutions it must otherwise approve if the largest depository institution that is a party to such transaction, based on a comparison of the average total risk-weighted assets controlled by each insured depository institution that is party to such transaction during the previous 12 month period, has received a rating lower than 'outstanding record of meeting community credit needs' on:

(1) Two out of the three most recent written evaluations required under Section 807 of the Community Reinvestment Act of 1977; or

(2) The most recent written evaluation required under Section 807 of the Community Reinvestment Act of 1977 if three such evaluations are not available."

SECTION 2.

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