Bill Summary

COMMITTEE:	Banking and Insurance	**DATE:**	7/19/12
PRIME SPONSOR:	Payne	**BILL NO:**	HB2368
PREPARED BY:	Allison Dutrey	**PRINTER'S NO:**	3824

A. Synopsis:

HB2368 upgrades and modernizes the Banking Code of 1965. This is part of the Banking Law Modernization Package.

A. Summary:

The Banking Code of 1965 provides state-chartered banks, savings banks, and trust companies with their powers and duties, and regulates those powers and duties. The bill proposes several significant and many technical changes to provisions of the Code, including:

- Simplifies and modernizes all of the commercial, mortgage, and consumer lending provisions of the Code, removing conflicting and antiquated lending provisions, and reflecting and clarifying the current, deregulated commercial, mortgage, and consumer lending interest rates and fees.

- Inserts mandatory (by Jan. 21, 2013) Dodd-Frank lending limit language that requires state financial regulators to consider credit exposure to derivative transactions.

- Increases the fixed asset/bank premises investment authority prior approval threshold from 25% to 100% of capital, surplus, and undivided profits.

- Increases penalties for unlawful lending and trust activities. The penalty is currently a misdemeanor and fines are set at $1,000 to $5,000; This bill would increase to a felony and $10,000 to $500,000.

- Removes the cap (of two individuals) on the number of individuals who can be beneficiaries of deposit accounts.

- Eliminates all references to "National Banks" to be consistent with Federal preemption requirements, and corporate seals will no longer be required.

- Removes the ineligibility of the auditor general to be a director or trustee of an institution