



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 2368

PRINTERS NO. 3824

PRIME SPONSOR:

Payne

### COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0

**SUMMARY:** House Bill 2368, Printer's Number 3824, amends the Banking Code of 1965 upgrading and modernizing antiquated sections, inserting mandatory Dodd-Frank lending limits language, and increases state chartered banks' ability to invest in branches based on 100% of capital assets.

**ANALYSIS:** This legislation simplifies and modernizes the entire commercial, mortgage and consumer lending provisions. Specifically, the legislation removes conflicting and antiquated lending provisions reflecting and clarifying the current, deregulated commercial, mortgage and consumer lending interest rates and fees. Language is inserted providing the mandatory Dodd-Frank "lending limit" requiring state financial regulators to consider credit exposure to derivative transactions, making our statutory language identical to that covering federally chartered banks.

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

Penalties for unlawful lending and trust activities are increased from a misdemeanor, with fines set at \$1,000 to \$5,000, to a felony, with fines ranging from \$10,000 to \$500,000.

The legislation provides that an auditor conducting an audit of the institution, and an auditor or examiner with the Federal regulatory agencies, would be ineligible to be a director or trustee at an institution. The bill removes the ineligibility of the Auditor General.

The cap of two individuals, who can be beneficiaries of deposit accounts, is removed, allowing consumers to have all their children as beneficiaries on deposit accounts.

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

The act shall take effect in 60 days.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds.

**PREPARED BY:** Ritchie LaFaver  
House Appropriations Committee (R)

**DATE:** June 27, 2012

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*