



Governor Sonny Perdue
Office of the Governor



Governor Perdue Signs House Bill 926

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ATLANTA – Today Governor Sonny Perdue signed HB 926, sponsored by Rep. James Mills, to help Georgia banks, businesses and homeowners navigate the economy.

"This legislation will increase stability in Georgia banking," said Governor Perdue. "This is a bill that strengthens already existing lender-borrower relationships and allows loans in good standing to be renewed, which helps both the bank and the borrower."

Current state law restricts banks from lending more than 15 percent of their capital to any one borrower. With the recent pressure on bank capital levels, current law has had the unintended consequence of disallowing banks to renew loans, even with great customers. That hurts banks by kicking out some of their paying customers, and it hurts borrowers who are meeting their obligations. This bill gives more flexibility to state-chartered banks whose legal lending limit has been lowered because of declining capital on their balance sheet.

Under this law banks will be able to renew loans with existing customers even if financial strain has made that loan above the normal lending limit. The law does not require banks to renew such loans.

The Senate passed the bill today by a 52-0 vote. The measure passed in the House last week by a 165-1 vote.

"This needed change will allow some of the bank's very best customers to renew performing loans. Without this change, a constituent who has made every payment would be denied a loan renewal even at no fault of their own," said Banks and Banking Committee Chairman James Mills. "This measure will save businesses and jobs for Georgians."

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