

**Senate Banking and Financial Institutions  
Committee Members  
2012**

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**Senator Josh McKoon, 29<sup>th</sup>**  
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**Senate Banking and Financial Institutions Committee**  
**2012**  
**Rules of Operation**

1. These Committee Rules of Operation shall be consistent with the Senate Rules regarding establishment of Rules of Operation.
2. All meetings of the Committee shall be open to the public in accordance with Senate Rule 1-5.1
3. The Committee shall meet at the time and place designated by the Secretary of the Senate and approved by the Committee on Administrative Affairs.
4. The Committee Quorum shall be six (6) members.
5. The Chairman shall determine bills and resolutions to be considered and the order in which such are called.
6. The Chairman shall have the authority to refer bills and resolutions to subcommittees for study. Such subcommittees shall have the authority to make recommendations to the full committee. All actions of any subcommittee shall be approved or disapproved by the standing committee.
7. The Committee shall convene, recess, and adjourn upon the order of the Chairman.
8. Committee rules may be amended by a two-thirds vote of the full membership of the Committee.
9. A bill, resolution, or other matter shall be considered only after presentation by its principal author or his or her designee. The principal author shall be notified in writing at his or her Capitol office no less than twenty-four (24) hours prior to the scheduled presentation. In the event more than one member of the General Assembly has signed a measure, the principal author shall be the one whose name appears first in the list of authors.
10. Precedence of motions shall be as set out in Senate Rule 2-5.3
11. The proceedings of all meetings shall be reduced to writing. The recording of the minutes of the committee and subcommittee meetings shall comply with Senate Rule 2-1.7(d)
12. Any member or members of the committee who disagree with the majority committee report shall have the privilege of filing a minority report. The minority report must state succinctly the reasons for the dissent.
13. Where the Committee rules are silent on a specific issue, the Rules of the Senate shall apply.

**Minutes**  
**Senate Banking and Financial Institutions Committee**  
**January 9, 2012**

The Senate Banking and Financial Institutions Committee had a meeting on Monday, January 9, 2012 at 1:00 p.m. in Room 307 of the Coverdell Legislative Office Building.

Committee members present at the meeting were Senator Jack Murphy, 27<sup>th</sup>, Chairman, Senator Jesse Stone, 23<sup>rd</sup>, Vice Chairman, Senator Mike Crane, 28<sup>th</sup>, Secretary, Senator John Bulloch, 11<sup>th</sup>, Ex-Officio, Senator John Crosby, 13<sup>th</sup>, Senator Josh McKoon, 29<sup>th</sup>, Senator Jeff Mullis, 53<sup>rd</sup>, and Senator Steve Thompson, 33<sup>rd</sup>.

**HB 110 (Jacobs, 80<sup>th</sup>) Mortgages and liens; vacant property registry; provisions**

Chairman Murphy, 27<sup>th</sup>, began the meeting with a prayer followed by a few introductions of those new to the committee: Jenna Dolde, Legislative Counsel, Senator Mike Crane, 28<sup>th</sup>, Secretary, and Cody Whitlock, Aide to Chairman Murphy.

Chairman Murphy shared how he met with the Association of County Commissioners, the Bankers Association and the Credit Unions to discuss the substitute for HB 110, LC 39 0027S. The version of HB 110 that came to the Senate from the House covered vacant and foreclosed properties. Chairman Murphy was concerned with the understanding of a vacant property. The substitute only applies to foreclosed properties capping the given fine at \$2000. The registration was set to not exceed \$175. Chairman Murphy stated that there needs to be a standardized registration for the State. He mentioned this substitute being a consumer friendly bill that would clean up and maintain vacant properties, with the most of the problems being with foreclosed properties.

Senator Mullis, 53<sup>rd</sup>, arrived at 1:11 p.m.

Chairman Murphy called upon Representative Jacobs, 80<sup>th</sup>, to speak to his legislation. Representative Jacobs commented that he does not have any problems with the changes made to the bill. He only had a quick opportunity to review the substitute, but he finds it satisfactory. He anticipates a motion to agree in the House.

Senator Thompson, 33<sup>rd</sup>, arrived at 1:26 p.m.

Bruce Bowers, with Macey, Bowers and Hembree, said DeKalb County does not have any objections. Tonza Clark from DeKalb County agreed with Mr. Bowers' response.

Keith Hatcher, with Georgia Realtors, urged the adoption of the substitute. He stated they want to maintain private property rights. He presented Gwinnett County as an example saying that there are 444 registered vacant properties, but 441 of those are foreclosed properties.

Marci Rubensohn, with the Georgia Municipal Association (GMA), agreed with the standardization process and the need to register foreclosure properties. She had concerns with line 33, “or real property” and would like to have that language struck out of the substitute. She also mentioned a concern with line 37, regarding “60 days.” Ms. Rubensohn does not want to override the existing ordinances. Megan Middleton, with the City of Atlanta, agreed with Ms. Rubensohn.

Jet Toney, representing Gwinnett County, spoke on the code enforcement violations in Gwinnett. Over 1000 complaints made in Gwinnett are a result of the police not being able to find a responsible person.

Jim Grubiak, with the Association of County Commissioners of Georgia, echoed Ms. Rubensohn’s comments. He asked if the substitute allowed counties and cities to protect their taxpayers and property owners.

Senator Thompson, 33<sup>rd</sup>, cautioned the committee to listen to the concerns of Gwinnett County and GMA. The Senator said he would follow the Chairman’s lead.

Chairman Murphy told the committee the language on line 33, “real property” would be corrected.

Senator Mullis moved to pass the substitute out of committee. Senator Crosby gave a second. The legislation passed, 5-2. Senators Bulloch, 11<sup>th</sup>, and Crane, 28<sup>th</sup>, opposed the legislation.

#### **HB 110 DO PASS BY SUBSTITUTE**

There was no further business before the committee, and Chairman Murphy adjourned the meeting at 1:30 p.m.

Respectfully Submitted,

/s/ Senator Mike Crane, 23<sup>rd</sup>  
Secretary

/s/ Carlie Howard  
Recording Secretary

**Minutes**  
**Senate Banking and Financial Institutions Committee**  
**February 6, 2012**

The Senate Banking and Financial Institutions Committee had a meeting on Monday, February 6, 2012 at 3:00 p.m. in Room 307 of the Coverdell Legislative Office Building.

Committee members present at the meeting were Senator Jack Murphy, 27<sup>th</sup>, Chairman, Senator Jesse Stone, 23<sup>rd</sup>, Vice Chairman, Senator Mike Crane, 28<sup>th</sup>, Secretary, Senator Ronnie Chance, 16<sup>th</sup>, Senator John Crosby, 13<sup>th</sup>, Senator Cecil Staton, 18<sup>th</sup>, and Senator Steve Thompson, 33<sup>rd</sup>.

**HB 110 (Jacobs, 80<sup>th</sup>) Mortgages and liens; vacant property registry; provisions**

Chairman Murphy, 27<sup>th</sup>, asked Senator Stone, 23<sup>rd</sup>, to begin the meeting with a prayer. Chairman Murphy then informed the audience that he had worked extensively on this bill.

He asked the following lobbyist groups if they were comfortable with the current version of the bill substitute (LC 39 0096S): Georgia Municipal Association, Credit Union Affiliates, Community Bankers Association, Georgia Bankers Association, Association of County Commissioners, and Georgia Realtors. The Georgia Realtors was the only group who preferred earlier versions of the bill. They believe the property owners are more vulnerable under this current substitute.

Chairman Murphy said agents should not be responsible. Senator Crane, 28<sup>th</sup>, asked what action would be necessary to get a foreclosed property off the list. Chairman Murphy said that the lender is responsible to take it off the list.

Senator Stone, 23<sup>rd</sup>, moved to pass the substitute out of committee. Senator Crosby, 13<sup>th</sup>, gave a second. The legislation passed, 5-1. Senator Thompson, 33<sup>rd</sup>, opposed the substitute.

**HB 110 DO PASS BY SUBSTITUTE**

There was no further business before the committee, and Chairman Murphy adjourned the meeting at 3:30 p.m.

Respectfully Submitted,

/s/ Senator Mike Crane, 28<sup>th</sup>  
Secretary

/s/ Carlie Howard  
Recording Secretary

**Minutes**  
**Senate Banking and Financial Institutions Committee**  
**February 22, 2012**

The Senate Banking and Financial Institutions Committee had a meeting on Wednesday, February 22, 2012 at 1:00 p.m. in Room 307 of the Coverdell Legislative Office Building.

Committee members present at the meeting were Senator Jack Murphy, 27<sup>th</sup>, Chairman, Senator Jesse Stone, 23<sup>rd</sup>, Vice Chairman, Senator Mike Crane, 28<sup>th</sup>, Secretary, Senator John Bulloch, 11<sup>th</sup>, Ex-Officio, Senator Ronnie Chance, 16<sup>th</sup>, Senator John Crosby, 13<sup>th</sup>, Senator Ed Harbison, 15<sup>th</sup>, Senator Josh McKoon, 29<sup>th</sup>, Senator Jeff Mullis, 53<sup>rd</sup>, and Senator Steve Thompson, 33<sup>rd</sup>.

**SB 448 (Balfour, 9<sup>th</sup>) “Small Business Borrower Protection Act”; enact; provide recovery limits for debt obligations by successor creditors**

Chairman Murphy, 27<sup>th</sup>, asked Senator Crosby, 13<sup>th</sup>, to open the meeting with prayer.

Senator Balfour, 9<sup>th</sup>, presented his legislation. He informed the committee that SB 448 limits the amount a successor creditor can recover against a guarantor on a debt obligation. The legislation is modeled after a law in Nevada and applies to the sale, assignment or transfer of debt obligations. Creditors are being forced to transfer loans to successor creditors who purchase the loans at a discount, and the successor creditors are then pursuing full judgments against the guarantors of the loan and avoiding the requirement to confirm a foreclosure of any collateral securing the loan. The successor creditor then forecloses on the assets securing a loan, thus getting a windfall. This bill prevents such a windfall.

Scott Leventhal, President and CEO of Tivoli Properties, spoke in favor of the legislation.

Larry Thompson, President of Thompson Real Estate Development, LTD shared his experience as a builder and developer and spoke in favor of the legislation.

Senator Harbison, 15<sup>th</sup>, arrived at 1:23 p.m.

Senator Mullis, 53<sup>rd</sup>, noted that the banks are the backbone of our communities. He asked what else can be done to stop this problem. Mr. Thompson suggested an overhaul for the entire banking system in the nation and a change in the loan loss reserves. He said that banks are resorting to selling off their assets because of the problem caused by the over regulating of the FDIC.

Haydon Stanley, with the Georgia Apartment Association, supports this legislation. He said that the problems permeate through all different types of property in Georgia.

Senator Stone, 23<sup>rd</sup>, arrived at 1:34 p.m.

Joe Brannen, with the Georgia Bankers Association, Steve Bridges, with the Community Bankers Association, and Mike Culbertson, with the Credit Unions, gave testimony with concern for this legislation warning about the unintended consequences: the retroactive nature and the broad nature of the language.

Joe Brannen said that most of the impactful decisions have been made by the FDIC. He is not aware of a bill that could retroact every contract and make the necessary changes to contract law. Mr. Brannen also said that SB 448 is broad and could stop loan sales in Georgia. He informed the committee that there needs to be a narrower bill so as not to have the unintended consequences that could hurt Georgians.

Steve Bridges said this bill hits on legitimate transactions. SB 448 may stand in the way of some commercial transactions, and could disturb the reasonable transactions. He used discounted rate loans as an example. He would like to see a cleaner way of correcting this problem.

Senator Thompson, 33<sup>rd</sup>, said this bill has received support from community banks. He said the loan sales will not stop. He would be happy to tighten the language by adding a sentence on line 44 that would exempt all federal institutions.

Senator Stone, 23<sup>rd</sup>, asked about the bulk sale of the debt. He also asked about requiring foreclosures to be first. Joe Brannen said loans are often packaged in bulk, to which he objects strongly.

Mike Culbertson, with the Credit Unions, mentioned that the credit unions often bundle credit card loans. With this legislation, no one would know how to value them.

Suzanne Williams, with the Homebuilders Association, is in support of this legislation.

Chairman Murphy asked Senator Balfour, 9<sup>th</sup>, to close the discussion. Senator Balfour said that this will not affect credit cards, but only abnormal practices. He agrees with Senator Steve Thompson's wording for line 44.

Senator Thompson, 33<sup>rd</sup>, proposed adding the following on line 44: "this article shall not apply to institutions with federally insured deposits."

Senator Thompson, 33<sup>rd</sup>, moved to amend SB 448 with the proposed language. Senator Mullis, 53<sup>rd</sup>, gave a second. The legislation was changed unanimously. Senator Mullis, 53<sup>rd</sup>, moved to pass the legislation as amended. Senator Crosby, 13<sup>th</sup>, gave a second to the motion. **SB 448 passed unanimously by substitute.**



There was no further business before the committee, and Chairman Murphy adjourned the meeting at 2:00 p.m.

Respectfully Submitted,

/s/ Senator Mike Crane, 28<sup>th</sup>  
Secretary

/s/ Carlie Howard  
Recording Secretary

**Minutes**  
**Senate Banking and Financial Institutions Committee**  
**February 27, 2012**

The Senate Banking and Financial Institutions Committee had a meeting on Monday, February 27, 2012 at 3:00 p.m. in Room 307 of the Coverdell Legislative Office Building.

Committee members present at the meeting were Senator Jack Murphy, 27<sup>th</sup>, Chairman, Senator Jesse Stone, 23<sup>rd</sup>, Vice Chairman, Senator Mike Crane, 28<sup>th</sup>, Secretary, Senator John Bulloch, 11<sup>th</sup>, Ex-Officio, Senator Josh McKoon, 29<sup>th</sup>, Senator Jeff Mullis, 53<sup>rd</sup>, Senator Cecil Staton, 18<sup>th</sup>, and Senator Steve Thompson, 33<sup>rd</sup>.

**HB 886 (Williamson, 111<sup>th</sup>) Banking and finance; credit exposure as a counterparty in derivative transactions; limit certain obligations**

Chairman Murphy, 27<sup>th</sup>, began the meeting by asking Representative Williamson to explain the bill and the need for this legislation.

Representative Williamson, 111<sup>th</sup>, informed the committee that he brought this bill before them because of the Dodd-Frank Act, which passed in 2010. The Dodd-Frank Act states that an insured state-chartered bank can engage in derivative transactions after January 2013 only if the lending limit law of the state in which the bank is chartered has a provision pertaining to credit exposure to derivative transactions. Currently the Georgia code does not have that provision. HB 886 adds credit exposure as a counterparty in derivative transactions with any one person or corporation to the lending limits to such persons or corporations for state-chartered banks.

Senator Staton, 18<sup>th</sup>, arrived at 3:09 p.m.

Senator Thompson, 33<sup>rd</sup>, stated that this legislation is a financial hedge and a safeguard. It is further protection for the FDIC regulated banks.

Senator McKoon, 29<sup>th</sup>, asked about the language on line 12: “methodology acceptable to the department”. Representative Williamson, 111<sup>th</sup>, responded that any methodology would have to be approved by the Department. Commissioner Braswell, Georgia Department of Banking and Finance, is satisfied with the bill.

Senator Mullis, 53<sup>rd</sup>, arrived at 3:15 p.m.

Senator Thompson, 33<sup>rd</sup>, moved to pass the legislation. Senator Mullis, 53<sup>rd</sup>, gave a second to the motion. **HB 886 passed unanimously.** Senator Goggans, 7<sup>th</sup>, will carry the legislation in the Senate.

**SB 466 (Tippins, 37<sup>th</sup>) Mortgages, Liens, Security; provide for lenders to give notice to contractors; construction loan is nearing default; definitions; procedures**

Chairman Murphy asked Senator Tippins, 37<sup>th</sup>, to present his legislation. Senator Tippins, 37<sup>th</sup>, explained that this legislation requires lenders to provide notice to certain contractors, subcontractors, and material men when ceasing or interrupting funds to a borrower and to give notice of default to the borrower. The underlying issues deal with any construction and the development of real estate. The bill could be reworded so that the lender's name is listed when the loan exceeds a certain amount.

This bill seeks to keep a contractor from financial ruin by notifying the contractor if there is adequate funding for the job. It gives people working on the job notice when there are not enough funds for the project.

Chairman Murphy asked Senator Tippins, 37<sup>th</sup>, if he had talked with the Community Bankers Association when the bill was drafted. Senator Tippins, 37<sup>th</sup>, responded that he had not. Chairman Murphy mentioned his concerns with the confidentiality with the lender. Senator Tippins, 37<sup>th</sup>, assured Chairman Murphy that the confidentiality does not breach any federal laws.

Senator Crane, 28<sup>th</sup>, mentioned his concern with line 109 relating to the undisbursed construction loan funds. Senator Tippins, 37<sup>th</sup>, noted that the bill provided that the construction loan not exceed \$1 million in principal.

Senator Thompson, 33<sup>rd</sup>, asked whether this was gauged to development loans for subdivisions. He also commented on whether the bank has time to accelerate a loan.

Senator Stone, 23<sup>rd</sup>, asked about the third parties who would be affected by the letter of notice. Senator Tippins, 37<sup>th</sup>, mentioned that when banks quit funding projects, if the notice process was in place, the contractors could stop ahead of time and not be subject to significant loss.

Vicki McReynolds, with the Georgia Utility Contractors Association, spoke in favor of SB 466. She spoke with the bankers, and said that the bankers need to give notice. Ms. McReynolds also informed the committee that this legislation is modeled after Florida's legislation.

Gina Shelnut's family has operated a pipeline company since 1938. She testified on the difficulties they have had with liens. Ms. Shelnut said that she is only asking for open dialogue with bankers. She wants to be notified by the banks when loans are not funded.

Lee Lemke, a contract lobbyist representing Specialty Contractors, Electrical and Mechanical Contractors, supports this legislation.

Mark Woodall, with the Associated General Contractors, does not want to develop a cure for this issue that may be more of a problem. The fundamental public policy is that it is wrong to push people to keep working on a project when there is no remaining funding.

Senator Mullis, 53<sup>rd</sup>, left the meeting at 3:46 p.m.

Steve Bridges, with the Community Bankers Association, and Joe Brannen, with the Georgia Bankers Association, introduced Dan Oliver, President of Midtown Bank and Stan Kryder, President of Vinings Bank in Smyrna to the committee for testimony.

Steve Bridges said the community banks he represents are already under a lot of scrutiny. They are already not advancing additional credit to lenders. He was aware of a meeting between the Georgia Bankers Association and the General Utility Contractors Association, but was not invited. Mr. Bridges has some concerns related to private and confidential issues. He foresees a number of disputes.

Joe Brannen thanked Mo Thrash for his work on the legislation and informed the committee that the Georgia Bankers Association lost their 76<sup>th</sup> bank on Friday, February 24<sup>th</sup>.

Dan Oliver expressed concern about other ramifications.

Stan Kryder expressed concern about the auditing and pricing side of the interaction between the bank and the borrower. The lender is generally known to everyone. He said the bill applies mostly to the commercial contractors. Mr. Kryder detailed his concern with the rising cost of credit, the maintenance of the growing notification checklist and the additional factors related to the lender. The allocation of capital will most likely shrink because of the lender's liability issues. The money devoted to lenders would shrink.

Senator Staton, 18<sup>th</sup>, left the meeting at 3:58 p.m.

Senator Bulloch, 11<sup>th</sup>, asked about the notification on lines 41 and 49. He questioned the written notice to the lender and where the liability is for the banks. Dan Oliver informed the committee that the relationship and notice would be sent directly to the client.

Senator McKoon, 29<sup>th</sup>, left the meeting at 4:00 p.m.

Steve Bridges mentioned that bankers are sometimes lending to the owner.

Senator Thompson, 33<sup>rd</sup>, asked how you can hold someone liable for the performance of another.

Chairman Murphy asked Senator Tippins, 37<sup>th</sup> to work with Mo Thrash and the bankers to work out this problem and to close the holes in the legislation.

There was no further business before the committee, and Chairman Murphy adjourned the meeting at 4:10 p.m.

Respectfully Submitted,

/s/ Senator Mike Crane, 28<sup>th</sup>  
Secretary

/s/ Carlie Howard  
Recording Secretary

**Minutes**  
**Senate Banking and Financial Institutions Committee**  
**March 13, 2012**

The Senate Banking and Financial Institutions Committee had a meeting on Tuesday, March 13, 2012 at 1:00 p.m. in Room 307 of the Coverdell Legislative Office Building.

Committee members present at the meeting were Senator Jack Murphy, 27<sup>th</sup>, Chairman, Senator Jesse Stone, 23<sup>rd</sup>, Vice Chairman, Senator Mike Crane, 28<sup>th</sup>, Secretary, Senator John Crosby, 13<sup>th</sup>, and Senator Josh McKoon, 29<sup>th</sup>.

**HB 898 (Ehrhart, 36<sup>th</sup>) “Georgia Merchant Acquirer Limited Purpose Act”; enact**

Chairman Murphy, 27<sup>th</sup>, began the meeting by asking Pete Robinson to explain the bill and the reasons for the need for this legislation.

Pete Robinson, lobbyist with Troutman Sanders, LLC, brought the bill before the committee on Representative Ehrhart’s behalf. Mr. Robinson represents Global Payments, a credit card processing company and Total System Services, a credit card company.

Mr. Robinson explained that there are five different groups involved in the merchant acquirer processing: the merchant, the merchant acquirer, the network, the issuing bank and the card holder. The merchant acquirer is required by networks to be a regulated financial institution. Visa and MasterCard are two examples of a network. Georgia is a center of credit card processing.

Global Payments have found it very difficult to get bin space to rent IP addresses. Maryland, Maine, New Hampshire, Connecticut, and Vermont have charters that allow for uninsured banks.

In 1997 the Special Purpose Credit Card Act was formed. Now there are not as many issuers of credit cards. Tom Powell, a banking lawyer, drafted legislation for a merchant acquiring business. The requirements include: a 250 employee threshold to show some sustainability, 50 jobs for the merchant acquiring activities, and all fees to be collected by the Department of Banking and Finance.

Chairman Murphy mentioned that the special purpose bank must be chartered under the direction of the Department of Banking and Finance.

Senator Crosby, 13<sup>th</sup>, shared his concern to limit the loss for credit card holders. Mr. Robinson assured him that it would only affect the transfer.

Senator Stone, 23<sup>rd</sup>, asked if Mr. Robinson had consulted with the Department of Banking and Finance. Commissioner Braswell said he was neutral to the bill saying it was a legislative issue as opposed to a regulatory issue. He mentioned that the basic structure of the bill has met the safety and soundness needed. The activity is not subject to direct oversight. They must operate by the network rules. The merchant acquiring is their link to the network.

Senator Stone, 23<sup>rd</sup>, asked how this will help. Mr. Robinson responded that it will give an overall capacity for the payment processors.

Senator Crane, 28<sup>th</sup>, had several comments about the legislation. He clarified the functional requirements put forth with this legislation; the bank must operate through an insured, regulated, financial institution such as Total System or Global. Mr. Robinson noted that the fifty required employees would be transfers from within the organization.

Senator McKoon, 29<sup>th</sup>, asked how many Georgians are employed in this line of work. Mr. Robinson responded with 10,000 maybe. Total Systems Services began in Columbus, Georgia.

Chairman Murphy asked if there is a Merchant Acquirer Limited Purpose Association in existence. Mr. Robinson said no; this would be unique. Chairman Murphy then asked Mr. Robinson to work on some changes with legislative counsel. He told the committee that there would be a committee meeting on this legislation again the following week.

There was no further business before the committee, and Chairman Murphy adjourned the meeting at 1:50 p.m.

Respectfully Submitted,

/s/ Senator Mike Crane, 28<sup>th</sup>  
Secretary

/s/ Carlie Howard  
Recording Secretary

**Minutes**  
**Senate Banking and Financial Institutions Committee**  
**March 19, 2012**

The Senate Banking and Financial Institutions Committee had a meeting on Monday, March 19, 2012 at 5:10 p.m. in Room 310 of the Coverdell Legislative Office Building.

Committee members present at the meeting were Senator Jack Murphy, 27<sup>th</sup>, Chairman, Senator Jesse Stone, 23<sup>rd</sup>, Vice Chairman, Senator Mike Crane, 28<sup>th</sup>, Secretary, Senator Ronnie Chance, 16<sup>th</sup>, Senator Ed Harbison, 15<sup>th</sup>, Senator Josh McKoon, 29<sup>th</sup>, Senator Jeff Mullis, 53<sup>rd</sup>, and Senator Steve Thompson, 33<sup>rd</sup>.

**HB 945 (Teasley, 38<sup>th</sup>) Banks and trust companies; issuance of non-cash valued shares with approval; provide**

Chairman Murphy, 27<sup>th</sup>, began the meeting by asking Representative Teasley, 38<sup>th</sup>, to explain the bill and the reasons for the need for this legislation.

Representative Teasley, 38<sup>th</sup>, explained that this bill allows banks to sell shares for less than par, and allows banks to pay dividends from sources other than retained earnings, both upon the Banking Department's approval.

Senator Thompson, 33<sup>rd</sup>, arrived at 5:15 p.m.

There were no questions of the committee. Senator McKoon, 29<sup>th</sup>, moved to pass the legislation. Senator Harbison, 15<sup>th</sup>, seconded. **HB 945 passed unanimously.**

**HB 946 (Teasley, 38<sup>th</sup>) Mortgage lenders and brokers; certain mortgage activities without a license; prohibit**

Representative Teasley, 38<sup>th</sup>, explained that this second piece of legislation requires investigating mortgage originator applicants for conduct violations, and it limits suspended lenders from performing certain work for other lenders.

Senator Chance, 16<sup>th</sup>, arrived at 5:20 p.m.

Senator Stone, 23<sup>rd</sup>, left at 5:20 p.m.

Senator McKoon, 29<sup>th</sup>, moved to pass the legislation. Senator Harbison, 15<sup>th</sup>, seconded. **HB 946 passed unanimously.**



**HB 898 (Ehrhart, 36<sup>th</sup>) Georgia Merchant Acquirer Limited Purpose Bank Act; enact**

Representative Ehrhart, 36<sup>th</sup>, and Pete Robinson, lobbyist with Troutman Sanders, LLC, brought a substitute to HB 898, LC 39 0242S, with an added definition of the merchant on lines 42-43. Mr. Robinson represents Global Payments, a credit card processing company and Total System Services, a credit card company. Several changes were made as a result of last week's hearing to clear up confusion regarding whether a charter was required and when it was issued. The minimum capital requirement is a mere skeleton and will probably never be this low in practice; the amount was set based on the population requirements of current banking code. The merchant must pay the minimum capital requirements necessary to participate in the merchant's program (VISA, Mastercard, etc.), which is much higher than the amount set in this bill. There is no bonding requirement, but there are heavy capital requirements, liquidity requirements, and insurance requirements in the network.

Senator Mullis, 53<sup>rd</sup>, arrived at 5:35 p.m.

Senator Crane, 28<sup>th</sup>, asked how many companies are taking advantage of this. Mr. Robinson responded that there are at least two, possibly three or four. There are five to ten businesses in other parts of the country.

Senator Chance, 16<sup>th</sup>, moved to pass the legislation. Senator Crane, 28<sup>th</sup>, seconded. **HB 898 passed unanimously by substitute.**

There was no further business before the committee, and Chairman Murphy adjourned the meeting at 5:40 p.m.

Respectfully Submitted,

/s/ Senator Mike Crane, 28<sup>th</sup>  
Secretary

/s/ Carlie Howard  
Recording Secretary

**Minutes**  
**Senate Banking and Financial Institutions Committee**  
**March 22, 2012**

The Senate Banking and Financial Institutions Committee had a meeting on Thursday, March 22, 2012 at 9:00 a.m. in Room 310 of the Coverdell Legislative Office Building.

Committee members present at the meeting were Senator Jack Murphy, 27<sup>th</sup>, Chairman, Senator Jesse Stone, 23<sup>rd</sup>, Vice Chairman, Senator John Bulloch, 11<sup>th</sup>, Ex-Officio, Senator John Crosby, 13<sup>th</sup>, and Senator Josh McKoon, 29<sup>th</sup>.

**HB 419 (Mitchell, 88<sup>th</sup>) Foreclosure; time of delivery of notice of proceedings; change**

Chairman Murphy, 27<sup>th</sup>, asked Senator Stone, 23<sup>rd</sup>, to open the meeting with prayer.

Chairman Murphy then asked Representative Mitchell, 88<sup>th</sup>, to explain his legislation. Representative Mitchell, 88<sup>th</sup>, stated that this bill gives consumers the right to cure a default on a mortgage by paying back due payment with fees within five days of the sale of the property under certain circumstances.

Senator Stone, 23<sup>rd</sup>, asked about the maturity date. Representative Mitchell, 88<sup>th</sup>, explained that currently, when a consumer is behind in payments, they have to have the permission of the lender to continue with those payments. This only applies to when you fall behind--see line 43; if the debt has been accelerated or the debt has matured, this bill will not apply.

Chairman Murphy asked the credit unions and banks if they had any comments or concerns and none of them did.

Senator Bulloch, 11<sup>th</sup>, moved to pass the legislation. Senator Crosby, 13<sup>th</sup>, seconded. **HB 419 passed unanimously.**

There was no further business before the committee, and Chairman Murphy adjourned the meeting at 9:16 a.m.

Respectfully Submitted,

/s/ Senator Jack Murphy, 27<sup>th</sup>  
Chairman

/s/ Carlie Howard  
Recording Secretary

May 22, 2012

Mr. Bob Ewing  
Secretary of the Senate  
Georgia State Capitol  
Atlanta, Georgia 30334

Dear Mr. Ewing:

I hereby submit the bills remaining in the Senate Banking Committee for the 2012 Session of the General Assembly.

These bills are as follows:

[\*\*SB 35\*\*](#), **Seabaugh, 28<sup>th</sup>**, State Treasurer; prohibit recalling funds once they have been deposited

[\*\*SB 116\*\*](#), **Shafer, 48<sup>th</sup>**, Sound Money in Banking act; banks serving as depository; gold/silver coin

[\*\*SB 123\*\*](#), **Jackson, 2<sup>nd</sup>**, Property, security deeds; foreclosures; transfer, provisions

[\*\*SB 466\*\*](#), **Tippins, 37<sup>th</sup>**, Mortgage, Liens, Security; provide for lenders to give notice to contractors; construction loan is nearing default; definitions; procedures

Respectfully,

/s/ Carlie Howard  
Recording Secretary  
Senate Banking Committee