



Ohio Revised Code

Section 1109.24 Extending credit to executive officer - reports.

Effective: January 1, 2018

Legislation: House Bill 49 - 132nd General Assembly

(A) Except as authorized by this section or section 1109.23 of the Revised Code, no state bank may extend credit in any manner to any of its own executive officers. No executive officer of a state bank may become indebted to that bank except by means of an extension of credit the bank is authorized by this section to make. Any extension of credit made pursuant to this section shall be promptly reported to the bank's board of directors and may be made only if all of the following apply:

(1) The state bank would be authorized to make the extension of credit to other borrowers.

(2) The extension of credit is on terms that are not more favorable than those afforded to other non-executive borrowers.

(3) The executive officer has submitted a detailed, current financial statement.

(4) The extension of credit is made on the condition that it shall become due and payable on demand of the state bank at any time when the executive officer is indebted to any other bank or banks on account of extensions of credit of any one of the three categories referred to in divisions (B), (C), and (D) of this section in an aggregate amount greater than the amount of credit of the same category the state bank being served as an executive officer could extend to the executive officer.

(B) With the specific prior approval of its board of directors, a state bank may make a loan to any of its executive officers if, at the time the loan is made, both of the following apply:

(1) The loan is secured by a first lien on a dwelling that is expected, after the loan is made, to be owned by the executive officer and used as the executive officer's residence.

(2) No other loan by the bank to the executive officer under the authority of this division is outstanding.



(C) A state bank may make extensions of credit to any executive officer of the bank to finance the education of the executive officer's children.

(D) A state bank may make extensions of credit not otherwise specifically authorized by this section to any of the bank's executive officers in an amount prescribed by the superintendent of financial institutions.

(E) Except to the extent permitted by division (D) of this section, a state bank may not extend credit to a partnership in which one or more of the bank's executive officers are partners having, individually or together, a majority interest. For purposes of division (D) of this section, the full amount of the credit extended shall be considered to have been extended to each executive officer of the bank who is a member of the partnership.

(F) This section does not prohibit any executive officer of a state bank from endorsing or guaranteeing any loan or other asset previously acquired by the bank in good faith, for the protection of the bank, or incurring any indebtedness to the bank for the purpose of either protecting the bank against loss or giving financial assistance to the bank.

(G) Each state bank shall include with, but not as part of, each report of condition made to the superintendent pursuant to section 1121.21 of the Revised Code, a report of all loans made under the authority of this section by the bank since the bank's previous report of condition.

(H) Each day any extension of credit in violation of this section exists is a continuation of the violation for purposes of section 1121.35 of the Revised Code.