



Ohio Revised Code

Section 1109.24 Extending credit to executive officer - reports.

Effective: January 1, 1997

Legislation: House Bill 538 - 121st General Assembly

(A) Except as authorized by this section, no bank may extend credit in any manner to any of its own executive officers. No executive officer of a 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 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 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 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 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 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 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 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 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) Whenever an executive officer of a bank becomes indebted to any bank or banks, other than the bank served as an executive officer, on account of extensions of credit of any one of the categories referred to in divisions (B), (C), and (D) of this section in an aggregate amount greater than the aggregate amount of credit of the same category that could lawfully be extended to the executive officer by the bank served as an executive officer, the executive officer shall make a written report to the board of directors of the bank stating all of the following:

(1) The date and amount of each extension of credit by any other bank or banks to the executive officer;

(2) The security for each extension of credit;

(3) The purposes for which the proceeds of the extensions of credit have been or are to be used.

(G) This section does not prohibit any executive officer of a 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.

(H) Each 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.

(I) 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.