

Title 45 - DEPARTMENT OF BANKING AND FINANCE

Chapter 10 - INSIDER LOAN GUARANTEES

001 DEFINITIONS.

001.01 "Executive officer" is as defined in Neb. Rev. Stat. § 8-143.01.

001.02 "Insider" means a director, executive officer, principal shareholder of a bank, or any related interest of such persons.

002 GUARANTEES.

002.01 For purposes of Neb. Rev. Stat. § 8-143.01, an extension of credit means that an insider directly or indirectly receives funds in exchange for some consideration returning to the bank.

002.02 Except as provided in Subsection 002.03 of this Rule, an insider may be a guarantor of an extension of credit without falling within the purview of Neb. Rev. Stat. § 8-143.01.

002.03 An insider will fall within the purview of Neb. Rev. Stat. § 8-143.01 even though the insider is only in the capacity of guarantor when:

002.03A the loan is in default, or

002.03B the maker clearly does not have the ability or financial capacity to repay the extension of credit, and reliance is being placed upon the guarantor for repayment.

003 BOARD OF DIRECTORS' APPROVAL.

003.01 In order to avoid a violation of Neb. Rev. Stat. § 8-143.01 related to an insider guarantee, the approval of the Board of Directors must be obtained for such guarantees prior to the insider giving the guarantee.

