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HOUSE BILL 413
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Short Title: Banks/Limited Service Facilities.

(Public)

Sponsors:

Referred to:

March 1, 1989

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE ESTABLISHMENT OF LIMITED SERVICE
3 FACILITIES BY BANKS, TO MODIFY BANKING HOLIDAYS, AND TO
4 MAKE TECHNICAL CHANGES TO THE BANKING LAWS.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 53-1 reads as rewritten:

7 **"§ 53-1. 'Bank,' 'surplus,' 'undivided profits,' and other words defined.**

8 The following definitions shall be applied to the terms used in this Chapter:

9 (1) Bank. – The term 'bank' shall be construed to mean any corporation,
10 other than savings and loan associations, savings banks, industrial
11 banks, and credit unions, receiving, soliciting or accepting money or
12 its equivalent on deposit as a business.

13 (1a) Branch. – The term 'branch' means an office of any bank in which
14 deposits are received, monies are paid, and loans are made. Any of the
15 functions or services authorized to be engaged in by a bank may be
16 carried out in a branch.

17 (2) Demand Deposits. – The term 'demand deposits' means all deposits,
18 the payment of which can be legally required within 30 days.

19 (3) Insolvency. – The term 'insolvency' means:

20 a. When a bank cannot meet its deposit liabilities as they become
21 due in the regular course of business;

- 1 b. When the actual cash market value of its assets is insufficient to
2 pay its liabilities to depositors and other creditors;
3 c. When its reserve shall fall under the amount required by this
4 Chapter, and it shall fail to make good such reserve within 30
5 days after being required to do so by the Commissioner of
6 Banks;
7 d. Whenever the undivided profits and surplus shall be inadequate
8 to cover losses of the bank, whereby an impairment of the
9 capital stock is created.
- 10 (3a) Limited Service Facility. – The term ‘limited service facility’ means an
11 office of a bank in which deposits are received, monies are paid, or
12 other duties and functions of a teller are performed. Loan applications
13 shall be taken in a limited service facility but notes may not be
14 executed nor loan proceeds disbursed in a limited service facility.
- 15 (4) Net Earnings. – The term ‘net earnings’ means the excess of the gross
16 earnings of any bank over the expenses and losses chargeable against
17 such earnings during any dividend period.
- 18 (5) Practical Banker. – The term ‘practical banker’ means an officer or
19 employee of a bank actively engaged in performing duties in managing
20 or supervising or assisting in managing or supervising the conducting
21 of a banking business, including any such banker who is in a retired
22 status from such duties.
- 23 (6) Surplus. – The term ‘surplus’ means a fund created pursuant to the
24 provisions of this Chapter by a bank from payments by stockholders or
25 from its net earnings or undivided profits which, to the amount
26 specified and by any additions thereto set apart and designated as such,
27 is not available for the payment of dividends, and cannot be used for
28 the payment of expenses or losses so long as such bank has undivided
29 profits.
- 30 (7) Time Deposits. – The term ‘time deposits’ means all deposits, the
31 payment of which cannot be legally required within 30 days.
- 32 (8) Undivided Profits. – The term ‘undivided profits’ means the credit
33 balance of the profit and loss account of any bank.
- 34 (9) Unimpaired Capital Fund. – The term ‘unimpaired capital fund’ means
35 the total of the amount of unimpaired common stock, preferred stock,
36 surplus, undivided profits, reserve for contingencies and other capital
37 reserves (excluding accrued dividends on preferred stock and limited
38 life preferred stock), mandatory convertible instruments, allowance for
39 possible loan losses, and the amount of capital debentures or notes,
40 convertible or otherwise, having an average original maturity of at
41 least seven years, which have been specifically designated as part of
42 the bank's unimpaired capital fund by resolution duly adopted by the
43 board of directors of the bank; provided, that upon payment of such
44 capital debentures or notes or upon accumulation of funds in a sinking

1 fund for amortization of such debentures or notes, unimpaired capital
2 fund shall be reduced by the amount of such payment or accumulation.
3 The terms and conditions of any issue of or prepayment of capital
4 debentures or notes must have the prior written approval of the
5 Commissioner of Banks affirming that in his opinion such issue or
6 prepayment is in the best interest of the depositors, creditors and
7 stockholders of the bank."

8 Sec. 2. G.S. 53-2 reads as rewritten:

9 **"§ 53-2. How incorporated.**

10 Any number of persons, not less than five, who may be desirous of forming a
11 company and engaging in the business of establishing, maintaining, and operating banks
12 of discount and deposit to be known as commercial banks, or operating banks engaged
13 in doing a trust and fiduciary business, shall be incorporated in the manner following
14 and in no other way; that is to say, such persons shall, by a certificate of incorporation
15 under their hands and seals set forth:

- 16 (1) The name of the corporation; no name shall be used already in use by
17 another existing corporation organized under the laws of this State or
18 of the Congress, or so nearly similar thereto as to lead to uncertainty or
19 confusion.
- 20 (2) The location of its principal office in this State.
- 21 (3) The nature of its business, whether that of a commercial bank, trust
22 company, or a combination of both such classes of ~~business,~~ business.
- 23 (4) The amount of its authorized common capital stock, the number of
24 shares into which it is divided, the par value of each share; and the
25 amount of common capital stock with which it will commence
26 business. ~~business, which shall not be less than one hundred thousand~~
27 ~~dollars (\$100,000) in cities or towns of 3000 population and under; one~~
28 ~~hundred fifty thousand dollars (\$150,000) in cities or towns of more than~~
29 ~~3000 population and less than 10,000 population; two hundred thousand~~
30 ~~dollars (\$200,000) in cities or towns of more than 10,000 population and less~~
31 ~~than 25,000 population; two hundred fifty thousand dollars (\$250,000) in~~
32 ~~cities or towns or of more than 25,000 population and less than 50,000~~
33 ~~population; or three hundred thousand dollars (\$300,000) in cities or towns~~
34 ~~of more than 50,000 population; and in addition shall have a paid-in surplus~~
35 ~~of at least fifty percent (50%) of the authorized capital stock, as hereinbefore~~
36 ~~set out; the population to be ascertained by the last preceding national~~
37 ~~census: Provided, that this—~~ The amount of capital required to charter a
38 bank shall be determined as herein set forth by the Commissioner of
39 Banks who shall give due consideration to (i) the population of the
40 proposed bank's trade area, (ii) the total deposits of those depository
41 financial institutions already operating in the proposed bank's trade
42 area, (iii) the economic conditions and outlook within the proposed
43 bank's trade area, (iv) the business experience and reputation of the
44 proposed bank's management, (v) the business experience and
45 reputation of the proposed bank's incorporators and proposed directors,

1 (vi) the type and nature of business activities proposed to be engaged
2 in, and (vii) the proposed bank's projected deposit growth and
3 profitability. Except as otherwise provided, the amount of common
4 capital stock required to charter a bank shall not be less than two
5 million dollars (\$2,000,000); provided, however, such amount of
6 capital may be increased or decreased in the discretion of the
7 Commissioner of Banks who, after considering the above enumerated
8 criteria, determines that a greater capital requirement is necessary or
9 that a smaller capital requirement will provide a sufficient capital base.
10 In addition to the required capital, every bank shall have a paid in
11 surplus of at least fifty percent (50%) of its common capital stock.
12 The capital and paid in surplus required to charter a bank shall be
13 exclusive of any organizational expenses. This subdivision shall not
14 apply to banks organized and doing business prior to its adoption.
15 ~~Provided, further, that fractional shares may be issued for the purpose of~~
16 ~~complying with the requirements of G.S. 53-88. The adoption or~~
17 ~~amendment; provided, however, the Banking Commission is hereby~~
18 authorized and directed to adopt rules and regulations to keep ~~such any~~
19 original required minimum capital funds intact to the end that they
20 remain in and with the bank as a protection for depositors.

21 (5) The names and post-office addresses of subscribers for stock, and the
22 number of shares subscribed by each; the aggregate of such
23 subscriptions shall be the amount of the capital with which the
24 company will commence business.

25 (6) Period, if any, limited for the duration of the company."

26 Sec. 3. G.S. 53-7 reads as rewritten:

27 "**§ 53-7. Statement filed before beginning business.**

28 Before such company shall begin the business of banking, banking and trust,
29 fiduciary, or surety business, there shall be filed with the Commissioner of Banks a
30 statement under oath by the ~~president or president, cashier, or secretary,~~ containing the
31 names of all the directors and officers, with the date of their election or appointment,
32 term of office, residence, and post-office address of each, the amount of capital stock of
33 which each is the owner in good faith and the amount of money paid in on account of
34 the capital stock. Nothing shall be received in payment of capital stock but money."

35 Sec. 4. Article 2 of Chapter 53 of the General Statutes is amended by adding
36 a new section to read:

37 "**§ 53-9.1. Deposit insurance.**

38 (a) Notwithstanding any other provision of law, no bank established under this
39 Article shall engage in the business of banking without first securing insurance on its
40 deposits from the Federal Deposit Insurance Corporation or any successor corporation
41 created by an act of Congress.

42 (b) In order to secure deposit insurance as required by this section, a bank may
43 enter into such contracts, incur such obligations, and generally do anything as may be
44 necessary or appropriate in order to take advantage of any memberships, loans,

1 subscriptions, contracts, grants, rights, or privileges that may at any time be available to
2 banks or to their depositors, creditors, stockholders, conservators, receivers, or
3 liquidators, as provided in Section 8 of the Federal Banking Act of 1933 (Section 12B
4 of the Federal Reserve Act as amended) or in any other act or resolution of Congress, to
5 aid, regulate, or safeguard banking institutions and their depositors. In order to secure
6 deposit insurance as required by this section, a bank may also subscribe for and acquire
7 stock, debentures, bonds, or any other securities of the Federal Deposit Insurance
8 Corporation and may comply with the lawful regulations and requirements that may be
9 imposed by the Federal Deposit Insurance Corporation."

10 Sec. 5. G.S. 53-43(5) is repealed.

11 Sec. 6. G.S. 53-43.3 reads as rewritten:

12 **"§ 53-43.3. Officers and employees; share purchase and option plans.**

13 Subject to any applicable rules or regulations of the State Banking Commission, a
14 bank (i) may grant options to purchase, sell or enter into agreements to sell shares of
15 its capital stock to its ~~officers or employees, or both,~~ officers, directors, or employees, or
16 all of such groups, for a consideration of not less than one hundred percent (100%) of
17 the fair market value of the shares on the date the option is ~~granted, or, if granted and~~ (ii)
18 may, pursuant to the terms of a stock purchase plan, plan for the benefit of officers and
19 employees, sell shares of the bank's capital stock for a consideration of not less than
20 eighty-five percent (85%) of the fair market value of the shares on the date the purchase
21 price is fixed, pursuant to the terms of an officer-employee stock option plan or an officer-
22 employee stock purchase plan which has been fixed. Provided, any stock option plan for
23 the benefit of officers, directors, and employees or any stock purchase plan for the
24 benefit of officers and employees shall not be effective until adopted by the board of
25 directors of the bank and approved by the holders of at least ~~two-thirds~~ two-thirds of the
26 particular class or classes of stock entitled to vote on such proposal and by the
27 Commissioner of Banks. In no event shall the option to purchase such shares be for a
28 consideration less than the par value thereof."

29 Sec. 7. G.S. 53-62 reads as rewritten:

30 **"§ 53-62. Establishment of branches; ~~tellers' windows~~ limited service facilities; and**
31 **off-premises customer-bank communications terminals.**

32 (a) The word 'capital' as used in this section means capital stock and unimpaired
33 surplus.

34 (b) ~~Any~~ A bank doing business under this Chapter may establish branches or
35 ~~teller's windows in the cities or towns in which they are located, or elsewhere,~~ limited service
36 facilities within this State after having first obtained the written approval of the
37 Commissioner of Banks, which approval may be given or withheld by the
38 Commissioner of Banks, in his discretion. The Commissioner of Banks, in exercising
39 such discretion, shall take into account, but not by way of limitation, such factors as the
40 financial history and condition of the applicant bank, the adequacy of its capital
41 structure, its future earnings prospects, and the general character of its management.
42 Such approval shall not be given until he shall find (i) that the establishment of such
43 branch or ~~teller's window~~ limited service facility will meet the needs and promote the
44 convenience of the community to be served by the bank, and (ii) that the probable

1 volume of business and reasonable public demand in such community are sufficient to
2 assure and maintain the solvency of said branch or ~~teller's window~~ limited service facility
3 and of the existing bank or banks in said community.

4 (c) (1) ~~Such a branch banks or limited service facility of a bank~~
5 shall be operated as ~~branches~~ a branch or office of and under the
6 name of the ~~parent~~ bank, and under the control and direction of the
7 board of directors and executive officers of ~~said parent~~ the bank. The
8 board of directors of the ~~parent~~ bank shall elect ~~a cashier or such other~~
9 officers as may be required to properly conduct the business ~~of such~~
10 ~~branch~~. Provided, that the of any branch or limited service facility.

11 (2) The Commissioner of Banks shall not authorize the establishment of
12 any a branch until he is satisfied that the applicant bank has sufficient
13 capital to maintain a minimum capital to asset ratio as the
14 Commissioner of Banks, in his discretion, may require. In determining
15 such ratio the Commissioner of Banks shall give due consideration to
16 (i) the amount of capital required to support the bank's projected
17 growth, (ii) the bank's earnings history and projected earnings, (iii) the
18 quality of the bank's assets, (iv) compliance with the fixed asset
19 limitation contained in G.S. 53-43(3), and (v) the business experience
20 and reputation of bank management.

21 (3) The Commissioner of Banks may, on written application by a bank, in
22 his discretion authorize the bank to establish a limited service facility
23 after considering the criteria and making the findings required in
24 subsection (b).

25 ~~or teller's window, the capital of whose parent bank is not sufficient in an amount to~~
26 ~~provide for the capital of at least one hundred thousand dollars (\$100,000) for the parent~~
27 ~~bank, and a capital of at least one hundred thousand dollars (\$100,000) for each branch~~
28 ~~or teller's window which it proposed to establish in cities or towns of 3,000 population~~
29 ~~or less; at least one hundred fifty thousand dollars (\$150,000) in cities or towns whose~~
30 ~~population exceeds 3,000 but does not exceed 10,000; at least two hundred thousand~~
31 ~~dollars (\$200,000) in cities or towns whose population exceeds 10,000, but does not~~
32 ~~exceed 25,000; at least two hundred fifty thousand dollars (\$250,000) in cities or towns~~
33 ~~whose population exceeds 25,000, but does not exceed 50,000; at least three hundred~~
34 ~~thousand dollars (\$300,000) in cities or towns whose population exceeds 50,000. The~~
35 ~~provisions of this subsection shall not be retroactive with respect to branches or teller's~~
36 ~~windows established or approved by the State Banking Commission prior to June 11,~~
37 ~~1963. If a bank which hereafter proposes to establish a branch or teller's window is~~
38 ~~deficient in capital stock as measured by the above set forth formula, it shall not be~~
39 ~~necessary for such bank to provide or allocate additional capital for branches or teller's~~
40 ~~windows established or approved by the State Banking Commission prior to June 11,~~
41 ~~1963, until such a time as such bank makes application for an additional branch or~~
42 ~~teller's window. At that time sufficient capital and surplus must be allocated to bring the~~
43 ~~parent bank and all branches and teller's windows into compliance with the above~~
44 ~~requirements. The bank may, at its option, allocate capital stock and unimpaired surplus,~~

1 or either, to its branches and teller's windows and may determine the proportion of each,
2 or may allocate all capital stock or all unimpaired surplus. In applying this section,
3 population shall be ascertained by the last preceding national census; provided,
4 however, with respect to any branch or teller's windows established or approved by the
5 State Banking Commission before June 11, 1963, population shall be ascertained by the
6 last national census preceding the establishment of such branch.

7 ~~(d) A teller's window within the meaning of this section shall be considered to be a~~
8 ~~place in which no loans or investments for the bank are made and at which only the~~
9 ~~functions and duties of a bank teller are performed. Upon securing the approval~~
10 ~~provided for in subsection (b) of this section and upon compliance with the capital~~
11 ~~requirements set forth in subsection (c) of this section, a teller's window may be~~
12 ~~established in a small community having no other banking facilities. Notwithstanding~~
13 ~~any other provisions in this section, a teller's window may also be established in a city~~
14 ~~or town in which the applicant bank's home office or a branch thereof is located or~~
15 ~~within two miles of the limits of such city or town without complying with the capital~~
16 ~~allocation requirements of subsection (c) of this section with respect to said teller's~~
17 ~~window if the Commissioner shall find that the capital of said bank will not be unduly~~
18 ~~impaired by the establishment of such teller's window, and any such teller's window~~
19 ~~which has been heretofore or may hereafter be so established or approved by the~~
20 ~~Banking Commission shall not be taken into account in computing the capital~~
21 ~~allocation requirements for the parent bank and other branches and teller's windows of~~
22 ~~such bank.~~

23 (d) A limited service facility, upon written request to the Commissioner of
24 Banks, and after meeting the requirements of subsection (c) may convert to a branch. If
25 branch status is granted then the branch shall be subject to all of the conditions and
26 requirements of that type of banking office.

27 Upon 30 days written notice to the Commissioner of Banks, a bank may discontinue
28 any limited service facility operation; Provided, however, if a limited service facility has
29 within five years preceding the proposed closing date been a branch of any bank, it shall
30 comply with the requirements of subsection (e) below before closing.

31 (d1) Subject to such rules and regulations as may be prescribed by the State
32 Banking Commission with regard to their use, maintenance and supervision, any bank
33 may establish off the premises of any principal office, branch or ~~teller's window~~ limited
34 service facility a customer-bank communications terminal, point-of-sale terminal,
35 automated teller machine, automated banking facility or other direct or remote
36 information-processing device or machine, whether manned or unmanned, through or
37 by means of which information relating to any financial service or transaction rendered
38 to the public is stored and transmitted, instantaneously or otherwise, to or from a bank
39 or other nonbank terminal; and the establishment and use of such a device or machine
40 shall not be deemed a branch or ~~teller's window~~, limited service facility, and the capital
41 requirements and standards for approval of a branch or ~~teller's window~~, limited service
42 facility, all as set forth in subsections (b) and (c) above, shall not be applicable to the
43 establishment of any such off-premises terminal device or machine; provided, however,
44 that no bank, savings and loan association, savings bank, credit union or any other

1 financial institution which is not domiciled in North Carolina may establish in North
2 Carolina any information processing device or machine described in this subsection.

3 (e) A bank may discontinue a branch office ~~or teller's window~~ upon resolution of
4 its board of directors or board of managers. Upon the adoption of such a resolution, the
5 bank shall file a certification with the Commissioner of Banks specifying the location of
6 the branch office ~~or teller's window~~ to be discontinued and the date upon which it is
7 proposed that the discontinuance shall be effective. This certificate must state the
8 reasons for the closing of such branch ~~or teller's window~~ and indicate that the needs and
9 conveniences of the community would still be adequately met. Notice stating the
10 intention to discontinue said branch ~~or teller's window~~ shall be published in a newspaper
11 serving such community once a week for four consecutive weeks before any certificate
12 requesting discontinuance is filed with the Commissioner of Banks. No such branch ~~or~~
13 ~~teller's window~~ may be discontinued until approved by the Commissioner of Banks, who
14 shall first hold a public hearing thereon, if so requested by any interested party.

15 (f) Any action taken by the Commissioner of Banks pursuant to this section shall
16 be subject to review by the State Banking Commission which shall have the authority to
17 approve, modify or disapprove any action taken or recommended by the Commissioner
18 of Banks."

19 Sec. 8. G.S. 53-67 reads as rewritten:

20 "**§ 53-67. Banks controlled by boards of directors.**

21 The corporate powers, business, and property of banks doing business under this
22 Chapter shall be exercised, conducted, and controlled by its board of directors, which
23 shall meet at least quarterly. Such board shall consist of not less than five directors, to
24 be chosen by the stockholders, and shall hold office for the term for which they are
25 elected, and until their successors are elected and qualified. The annual meeting of
26 stockholders for the election of directors shall be held at such time as may be designated
27 by the charter or the bylaws of the bank but shall be held not later than the ~~thirty first day~~
28 ~~of March~~ thirtieth day of June in each year. In addition to the foregoing powers relating
29 to the fixing of the number and the election of directors, the stockholders of a bank, at
30 any stockholders' meeting, special or annual, may authorize not more than two
31 additional directorships which may be left unfilled and to be filled in the discretion of
32 the directors of the institution during the interval between such stockholders' meetings.
33 Aside from the specific provisions of this section, the number, election, term and
34 classification of the directors of banks doing business under this Chapter shall be
35 governed by the provisions of the Business Corporation Act."

36 Sec. 9. G.S. 53-77.1 is repealed.

37 Sec. 10. Chapter 53 of the General Statutes is amended by adding a new
38 section to read:

39 "**§ 53-77.1A. Days and hours of operation.**

40 (a) A bank as defined at G.S. 53-1 or G.S. 53-136, including national banking
41 associations and Federal Reserve banks, or any branch of the foregoing, located in this
42 State, shall operate not less than five days per week. On one day of the week each bank
43 and its branches shall remain open for not less than seven hours, three of which shall be
44 after 3 o'clock p.m.

1 (b) In addition to the minimum hours required of a bank and its branches in
 2 subsection (a), a bank and its branches may operate on such days and during such hours
 3 as the bank deems appropriate.

4 (c) A limited service facility may operate on such days of the week and during
 5 such hours as the bank deems appropriate.

6 (d) A bank shall give such notice of the days and hours during which it and its
 7 branches and limited service facilities shall operate as required by the Commissioner of
 8 Banks."

9 Sec. 11. G.S. 53-77.2A reads as rewritten:

10 "**§ 53-77.2A. Legal banking holidays.**

11 (a) Any bank, as defined by G.S. 53-1 or G.S. 53-136, including national banking
 12 ~~associations, and associations~~ or any branch or ~~office~~ limited service facility of any of the
 13 foregoing located in this State, ~~which operates on a five-day or six-day week basis,~~ State
 14 shall observe as legal banking holidays the following:

- 15 (1) New Year's Day, January 1;
- 16 (2) Monday, January 2, when January 1 (New Year's Day) falls
 17 on a Sunday;
- 18 (3) Monday, January 3, when January 1 (New Year's Day) falls on a
 19 Saturday;
- 20 (4) President's Day, the third Monday in February;
- 21 (4a) Good Friday;
- 22 (5) Memorial Day, the last Monday in May;
- 23 (6) Independence Day, July 4;
- 24 (7) Monday, July 5, when July 4 (Independence Day) falls on a Sunday;
- 25 (8) Friday, July 3, when July 4 (Independence Day) falls on a Saturday;
- 26 (9) Labor Day, the first Monday in September;
- 27 (10) Thanksgiving Day, the fourth Thursday in November;
- 28 (11) Christmas Day, December 25;
- 29 (12) Monday, December 26, when December 25 (Christmas
 30 Day) falls on a Sunday;
- 31 (13) Monday, December 27, when December 25 (Christmas Day) falls on a
 32 Saturday.

33 (b) ~~Any banking institution~~ A bank as defined in subsection (a) ~~(a), operating on a~~
 34 ~~six-day week basis,~~ may, in addition to the above-named legal banking holidays, observe
 35 ~~all other~~ as legal public holidays ~~designated by G.S. 103-4.~~ Martin Luther King Jr.'s
 36 Birthday, the third Monday of January, and Veterans Day, November 11.

37 (b1) When a legal public holiday falls on a Friday, a bank as defined in subsection
 38 (a) may close the Saturday and Sunday immediately following such holiday, and when a
 39 legal holiday falls on a Monday, a bank as defined in subsection (a) may close the
 40 Saturday and Sunday immediately preceding such holiday."

41 Sec. 12. G.S. 53-77.3(b) reads as rewritten:

42 "(b) Whenever the Commissioner of Banks is of the opinion that an emergency
 43 exists, or is impending, in this State or in any part or parts of this State, he may
 44 authorize banks located in the affected area or areas to close any or all of their offices.

1 In addition, if the Commissioner is of the opinion that an emergency exists, or is
2 impending, which affects, or may affect, a particular bank or banks, or a particular
3 office or offices thereof, but not banks located in the area generally, he may authorize
4 the particular bank or banks, or office or offices so affected, to close. In addition, the
5 Commissioner of Banks may in the interest of national defense authorize any bank, or
6 any of its offices, to open or close, for the transaction of business. The office or offices
7 so closed shall remain closed until the Commissioner declares that the emergency has
8 ended, or until such earlier time as the officers of the bank determine that one or more
9 offices, ~~therefore previously~~ closed because of the emergency, should reopen, and, in
10 either event, for such further time thereafter as may reasonably be required to reopen.

11 In the event communications systems should be so disrupted as to make it
12 impossible or impractical for a bank official to communicate with the Commissioner of
13 Banks, the bank officer or manager or other person in charge of any such bank or
14 branch bank may close said office without prior approval of the Commissioner of Banks
15 provided he gives prompt notice thereof to the Commissioner as soon as
16 communications have been restored."

17 Sec. 13. G.S. 53-78 reads as rewritten:

18 **"§ 53-78. Appointment of executive and loan committees by directors.**

19 The board of directors shall appoint an executive committee or committees, each of
20 which shall be composed of at least three of its members with such duties and powers as
21 are defined by the regulations or bylaws, who shall serve until their successors are
22 appointed. Such executive committee or committees shall meet as often as the board of
23 directors may require, ~~which shall not be less frequently than once each month, except that~~
24 the executive committee or committees shall meet at least once during each month in
25 which there is no meeting of the board of directors, and approve or disapprove all loans
26 and investments. All loans and investments shall be made under such rules and
27 regulations as the board of directors may prescribe.

28 The board of directors may appoint, in addition to the executive committee or
29 committees, a general loan committee, the membership of which shall include at least
30 three directors and such officers of the bank as may be appointed, with such duties and
31 powers with respect to making loans and investments as are defined in the bylaws or by
32 resolution of the board of directors, the members of such general loan committee to
33 serve until their successors are appointed. Such general loan committee, if appointed,
34 shall meet as often as the bylaws or resolution of the board of directors may require,
35 which shall not be less frequently than once each month, and approve or disapprove all
36 such loans and investments as may be required by the bylaws or by resolution of the
37 board of directors to be submitted to the general loan committee. The board of directors
38 of any bank, which has branches, may appoint, in addition to a general loan committee,
39 a loan committee for the parent bank and for any branch, each of which committees
40 shall include at least three members who are officers or members of the board of
41 managers for such parent bank or branch, with such duties and powers with respect to
42 approving or disapproving loans and investments as may be defined in the bylaws or by
43 resolution of the board of directors, and under such rules and regulations as the board of
44 directors may prescribe. Such loans and investments as are authorized or approved by a

1 general loan committee or either of the other loan committees hereinabove provided for
2 may, but need not, be approved or disapproved by the executive committee or
3 committees. All loans and investments made, however, shall be authorized or approved
4 by either the executive committee or committees, a general loan committee, or one of
5 the other loan committees herein provided for."

6 Sec. 14. G.S. 53-85 reads as rewritten:

7 **"§ 53-85. ~~Stockholders'~~ Shareholders' book.**

8 The directors shall provide a book in which shall be kept the name and resident
9 address of each ~~stockholder~~, shareholder of record, the number of shares held by each,
10 the time when such person became a ~~stockholder~~, shareholder, together with all transfer
11 of stock, stating the time when made, the number of shares and by whom transferred,
12 which book shall be subject to the inspection of the directors, officers, and ~~stockholders~~
13 shareholders of record of the bank at all times during the usual hours for the transaction
14 of business."

15 Sec. 15. G.S. 53-105 reads as rewritten:

16 **"§ 53-105. Reports of condition.**

17 Every bank shall make to the Commissioner of Banks not less than ~~three~~ four reports
18 during each year, ~~according to the form which may be prescribed by said Commissioner~~
19 ~~of Banks; which report shall be verified by the oath or affirmation of the president, vice-~~
20 ~~president, cashier, secretary, or treasurer of said bank, and in addition thereto, two of the~~
21 ~~directors.~~ year in the manner and form prescribed by the Commission by regulation.
22 Each such report shall exhibit in detail and under appropriate heads the resources,
23 assets, and liabilities of such bank at the close of business on any past day by the
24 Commissioner of Banks specified, and shall be transmitted to the Commissioner of
25 Banks within 10 days after the receipt of a request or requisition therefor from the
26 Commissioner of Banks; provided, however, the Commissioner of Banks may extend
27 the time for a period not to exceed 30 days for any bank to transmit the reports
28 heretofore required whenever in his judgment such extension is necessary; and in a form
29 prescribed by the Commissioner of Banks; a summary of such report shall be published
30 in a newspaper published in the place where the bank is located, or if there is no
31 newspaper in the place, then in the nearest one published thereto in the county in which
32 such bank is established. Proof of such publication shall be furnished the Commissioner
33 of Banks in such form as may be prescribed by him."

34 Sec. 16. G.S. 53-108 reads as rewritten:

35 **"§ 53-108. List of ~~stockholders~~ shareholders of record to be kept.**

36 Every bank doing business under this Chapter shall at all times keep a correct list of
37 its shareholders of record ~~of the names of all its stockholders~~ and whenever called upon by
38 the Commissioner of Banks or his duly authorized agent, make available for
39 examination a correct list of all its ~~stockholders~~, the resident shareholders of record, the
40 address of each, and the number of shares held by each. Whenever the word
41 ~~'stockholders'~~ 'shareholders' is used in this section, the same shall be deemed to include,
42 to the extent available, ~~stockholders~~ shareholders of any corporations which own ten
43 percent (10%) or more of the capital stock of any bank doing business under this
44 Chapter or a lesser amount when required by the Commissioner."

1 Sec. 17. G.S. 53-128 reads as rewritten:

2 **"§ 53-128. Willfully and maliciously making derogatory reports.**

3 Any person who shall willfully and maliciously make, circulate, or transmit to
4 another or others any statement, rumor, or suggestion, written, printed, or by word of
5 mouth, which is directly or by inference false and derogatory to the financial condition,
6 or affects the solvency or financial standing of any bank, or who shall counsel, aid,
7 procure, or induce another to state, transmit, or circulate any such statement or rumor
8 shall be guilty of a misdemeanor, and upon conviction thereof shall be fined or
9 imprisoned, or both, in the discretion of the court."

10 Sec. 18. This act shall become effective July 1, 1989.