

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S

3

SENATE BILL 91

Banks and Thrift Institutions Committee Substitute Adopted 4/30/91

House Committee Substitute Favorable 7/4/91

Short Title: Savings Bank Act.

(Public)

Sponsors:

Referred to:

February 18, 1991

A BILL TO BE ENTITLED

AN ACT TO CREATE A SAVINGS BANK CHARTER IN NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. The General Statutes of North Carolina are amended by adding a new Chapter 54C to read as follows:

“ARTICLE 1.

“GENERAL PROVISIONS.

“§ 54C-1. Title.

This Chapter shall be known and may be cited as ‘Savings Banks.’

“§ 54C-2. Purpose.

The purposes of this Chapter are:

- (1) To provide for the safe and sound conduct of the business of savings banks, the conservation of their assets, and the maintenance of public confidence in savings banks.
- (2) To provide for the protection of the interests of customers and members.
- (3) To provide the opportunity for savings banks to remain competitive with each other and with other depository institutions existing under other laws of this and other states and the United States.
- (4) To provide for an increase in the savings base of the State and local control of the means of finance and accumulation of capital.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

1 (5) To provide the opportunity for the management of savings banks to
2 exercise prudent business judgment in conducting the affairs of
3 savings banks to the extent compatible with the purposes recited in this
4 section.

5 (6) To provide adequate rulemaking power and administrative discretion
6 so that the regulation and supervision of savings banks are readily
7 responsive to changes in local economic conditions and depository
8 institution practices.

9 **"§ 54C-3. Applicability of Chapter.**

10 This Chapter, unless the context otherwise specifies, shall apply to all State savings
11 banks.

12 **"§ 54C-4. Definitions and application of terms.**

13 (a) The term 'savings and loan association' when used in the General Statutes
14 shall include savings banks chartered under this Chapter.

15 (b) Unless the context otherwise requires, the following definitions apply in this
16 Chapter:

17 (1) Administrator. The Administrator of the Savings Institution Division.

18 (2) Affiliate. Any person or corporation that controls, is controlled by, or
19 is under common control with a savings institution.

20 (3) Associate. Any person's relationship with (i) any corporation or
21 organization, other than the applicant or a majority-owned subsidiary
22 of the applicant, of which the person is an officer or partner or is,
23 directly or indirectly, the beneficial owner of ten percent (10%) or
24 more of any class of equity securities, (ii) any trust or other estate in
25 which the person has a substantial beneficial interest or as to which the
26 person serves as trustee or in a similar fiduciary capacity, and (iii) any
27 relative or spouse who lives in the same house as that person, or any
28 relative of that person's spouse who lives in the same house as that
29 person, or who is a director or officer of the applicant or any of its
30 parents or subsidiaries.

31 (4) Association. A savings and loan association as defined by G.S. 54B-
32 4(b)(5).

33 (5) Branch office. An office of a savings bank, other than its principal
34 office, that renders savings institution services.

35 (6) Capital stock. Securities that represent ownership of a stock savings
36 bank.

37 (7) Certificate of incorporation or charter. The document that represents
38 the corporate existence of a State savings bank.

39 (8) Commission. The North Carolina Savings Institutions Commission.

40 (9) Conflict of interest. A matter before the board of directors in which
41 one or more of the directors, officers, or employees has a direct or
42 indirect financial interest in its outcome.

- 1 (10) Control. The power, directly or indirectly, to direct the management or
2 policies of a savings bank or to vote twenty-five percent (25%) or
3 more of any class of voting securities for a savings bank.
- 4 (11) Depository institution. A person, firm, or corporation engaged in the
5 business of receiving, soliciting, or accepting money or its equivalent
6 on deposit, or of lending money or its equivalent, or of both.
- 7 (12) Disinterested directors. Those directors who have absolutely no direct
8 or indirect financial interest in the matter before them.
- 9 (13) Dividends on stock. The earnings of a savings bank paid out to holders
10 of capital stock in a stock savings bank.
- 11 (14) Division. The Savings Institutions Division.
- 12 (15) Examination and investigation. A supervisory inspection of a savings
13 bank or proposed savings bank that may include inspection of every
14 relevant piece of information including subsidiary or affiliated
15 businesses.
- 16 (16) Immediate family. One's spouse, father, mother, children, brothers,
17 sisters, and grandchildren; and the father, mother, brothers, and sisters
18 of one's spouse; and the spouse of one's child, brother, or sister.
- 19 (17) Insurance of deposit accounts. Insurance on a savings bank's deposit
20 accounts when the beneficiary is the holder of the insured account.
- 21 (18) Loan production office. An office of a savings bank other than the
22 principal or branch offices whose activities are limited to the
23 generation of loans.
- 24 (19) Members. Deposit account holders and borrowers in a State mutual
25 savings bank.
- 26 (20) Mutual savings bank. A savings bank owned by members of the
27 savings bank and organized under this Chapter.
- 28 (21) Net worth. A savings bank's total assets less total liabilities as defined
29 by generally accepted accounting principles plus unallocated, general
30 loan loss reserves.
- 31 (22) Original incorporators. One or more natural persons who are the
32 organizers of a State savings bank responsible for the business of a
33 proposed savings bank from the filing of the application to the
34 Commission's final decision on the application.
- 35 (23) Plan of conversion. A detailed outline of the procedure of the
36 conversion of a savings institution from one to another regulatory
37 authority, from one to another form of ownership, or from one to
38 another charter.
- 39 (24) Principal office. The office that houses the headquarters of a savings
40 bank.
- 41 (25) Proposed savings bank. An entity in organizational procedures before
42 the Commission's final decision on its charter application.

- 1 (26) Registered agent. The person named in the certificate of incorporation
2 upon whom service of legal process is deemed binding upon the
3 savings bank.
- 4 (27) Savings bank. A State savings bank or a federal savings bank, unless
5 limited by use of the words 'State' or 'federal'.
- 6 (28) Savings institution. Either an association or a savings bank.
- 7 (29) Service corporation. A corporation operating under Article 7 of this
8 Chapter that engages in activities determined by the rules of the
9 Administrator to be incidental to the conduct of a depository institution
10 business as provided in this Chapter, or engages in activities that
11 further or facilitate the corporate purposes of a savings bank, or
12 furnishes services to a savings bank or subsidiaries of a savings bank,
13 the voting stock of which is owned directly or indirectly by one or
14 more savings institutions.
- 15 (30) State savings bank. A depository institution organized and operated
16 under this Chapter; or a corporation organized under federal law and
17 so converted as to be operated under this Chapter.
- 18 (31) Stock savings bank. A savings bank owned by holders of capital stock
19 and organized under this Chapter.
- 20 (32) Voluntary dissolution. The dissolution and liquidation of a savings
21 bank initiated by its ownership.

22 **"§ 54C-5: Reserved for future codification purposes.**

23 **"ARTICLE 2.**

24 **"INCORPORATION AND ORGANIZATION.**

25 **"§ 54C-6. Hearings.**

26 Any hearing required to be held by this Chapter shall be conducted in accordance
27 with Article 3A of Chapter 150B of the General Statutes.

28 **"§ 54C-7. Application of Chapter on business corporations.**

29 All law relating to private corporations, and particularly the North Carolina Business
30 Corporation Act, Chapter 55 of the General Statutes, that is not inconsistent with this
31 Chapter or with the proper business of depository institutions is applicable to all State
32 savings banks.

33 **"§ 54C-8. Scope and prohibitions; existing charters; injunctions.**

34 (a) Nothing in this Chapter shall be construed to invalidate any charter that was
35 valid before the enactment of this Chapter. Any savings banks so chartered on the
36 effective date of this Chapter may continue operation in accordance with the Chapter
37 under which it was chartered. However, after the date this Chapter becomes effective,
38 no depository institution may be qualified as a savings bank except in accordance with
39 this Chapter. Any savings bank chartered under this Chapter shall use the letters 'SSB'
40 in its legal name.

41 (b) Except as provided in subsection (a) of this section, no person, corporation,
42 company, or savings bank, except one incorporated and licensed in accordance with this
43 Chapter or federal law to operate a savings bank, shall operate as a savings bank.
44 Unless so authorized as a State or federal savings bank and engaged in transacting a

1 depository institution business, no person, corporation, company, or savings bank
2 domiciled and doing business in this State shall:

3 (1) Use in its name the term 'savings bank' or words of similar import or
4 connotation that lead the public reasonably to believe that the business
5 so conducted is that of a savings bank; or

6 (2) Use any sign, or circulate or use any letterhead, billhead, circular, or
7 paper whatsoever, or advertise or communicate in any manner that
8 would lead the public reasonably to believe that it is conducting the
9 business of a savings bank.

10 (c) Upon application by the Administrator or by any savings bank, a court of
11 competent jurisdiction may issue an injunction to restrain any person or entity from
12 violating or from continuing to violate subsection (b) of this section.

13 **"§ 54C-9. Application to organize a savings bank.**

14 (a) The original incorporators, a majority of whom shall be domiciled in this
15 State, may organize and establish a savings bank in order to promote the purposes of
16 this Chapter, subject to approval as provided in this Chapter. The original incorporators
17 shall file with the Administrator a preliminary application to organize a State savings
18 bank in the form to be prescribed by the Administrator, together with the proper
19 nonrefundable application fee.

20 (b) The Administrator shall receive the application to organize a State savings
21 bank not less than 60 days before the scheduled consideration of the application by the
22 Commission. The application shall contain the following:

23 (1) The original of the certificate of incorporation, which shall be signed
24 by the original incorporators, or a majority of them, and shall be
25 properly acknowledged by a person duly authorized by this State to
26 take proof or acknowledgment of deeds; and two conformed copies;

27 (2) The names and addresses of the incorporators; and the names and
28 addresses of the initial members of the board of directors;

29 (3) Statements of the anticipated receipts, expenditures, earnings, and
30 financial condition of the savings bank for its first three years of
31 operation, or any longer period as the Administrator may require;

32 (4) A showing satisfactory to the Commission that:

33 a. The public convenience and advantage will be served by the
34 establishment of the proposed savings bank;

35 b. There is a reasonable demand and necessity in the community
36 that will be served by the establishment of the proposed savings
37 bank;

38 c. The proposed savings bank will have a reasonable probability
39 of sustaining profitable and beneficial operations within a
40 reasonable time in the community in which the proposed
41 savings bank intends to locate;

42 d. The proposed savings bank, if established, will promote healthy
43 and effective competition in the community in the delivery to
44 the public of savings institution services;

- 1 (5) The proposed bylaws; and
2 (6) Statements, exhibits, maps, and other data that may be prescribed or
3 requested by the Administrator, which data shall be sufficiently
4 detailed and comprehensive so as to enable the Administrator to pass
5 upon the criteria set forth in this Article.

6 (c) The application shall be signed by the original incorporators, or a majority of
7 them, and shall be properly acknowledged by a person duly authorized by this State to
8 take proof and acknowledgment of deeds.

9 **"§ 54C-10. Certificate of incorporation.**

10 (a) The certificate of incorporation of a proposed mutual savings bank shall set
11 forth the following:

- 12 (1) The name of the savings bank, which shall not so closely resemble the
13 name of an existing depository institution doing business under the
14 laws of this State as to be likely to mislead the public.
15 (2) The county and city or town where its principal office is to be located
16 in this State; and the name of its registered agent and the address of its
17 registered office, including county and city or town, and street and
18 number.
19 (3) The period of duration, which may be perpetual. When the certificate
20 of incorporation fails to state the period of duration, it is considered
21 perpetual.
22 (4) The purposes for which the savings bank is organized that are limited
23 to purposes permitted under the laws of this State for savings banks.
24 (5) The amount of the entrance fee per deposit account based upon the
25 amount pledged.
26 (6) The minimum amount on deposit in deposit accounts before it shall
27 commence business.
28 (7) Any provision not inconsistent with this Chapter and the proper
29 operation of a savings bank, which the incorporators shall set forth in
30 the certificate of incorporation for the regulation of the internal affairs
31 of the savings bank.
32 (8) The number of directors, which shall not be less than seven,
33 constituting the initial board of directors, which may be classified in
34 the certificate of incorporation, and the name and address of each
35 person who is to serve as a director until the first meeting of members,
36 or until a successor is elected and qualified.
37 (9) The names and addresses of the incorporators.

38 (b) The certificate of incorporation of a proposed stock savings bank shall set
39 forth the following:

- 40 (1) The name of the savings bank, which shall not so closely resemble the
41 name of an existing depository institution doing business under the
42 laws of this State as to be likely to mislead the public.
43 (2) The county and city or town where its principal office is to be located
44 in this State; and the name of its registered agent and the address of its

- 1 registered office, including county and city or town, and street and
2 number.
- 3 (3) The period of duration, which may be perpetual. When the certificate
4 of incorporation fails to state the period of duration, it is considered
5 perpetual.
- 6 (4) The purposes for which the savings bank is organized, which shall be
7 limited to purposes permitted under the laws of this State for savings
8 banks.
- 9 (5) With respect to the shares of stock which the savings bank shall have
10 authority to issue:
- 11 a. If the stock is to have a par value, the number of the shares of
12 stock and the par value of each.
- 13 b. If the stock is to be without par value, the number of the shares
14 of stock.
- 15 c. If the stock is to be of both kinds mentioned in sub-subdivisions
16 a. and b. of this subdivision, particulars in accordance with
17 those sub-subdivisions.
- 18 d. If the stock is to be divided into classes, or into series within a
19 class of preferred or special shares of stock, the certificate of
20 incorporation shall also set forth a designation of each class,
21 with a designation of each series within a class, and a statement
22 of the preferences, limitations, and relative rights of the stock of
23 each class or series.
- 24 (6) The minimum amount of consideration to be received for its shares of
25 stock before it shall commence business.
- 26 (7) A statement as to whether stockholders have preemptive rights to
27 acquire additional or treasury shares of the savings bank.
- 28 (8) Any provision not inconsistent with this Chapter or the proper
29 operation of a savings bank, which the incorporators shall set forth in
30 the certificate of incorporation for the regulation of the internal affairs
31 of the savings bank.
- 32 (9) The number of directors, which shall not be less than seven,
33 constituting the initial board of directors, which may be classified in
34 accordance with the certificate of incorporation, and the name and
35 address of each person who is to serve as a director until the first
36 meeting of the stockholders, or until a successor is elected and
37 qualified.
- 38 (10) The names and addresses of the incorporators.

39 **§ 54C-11. Administrator to consider application.**

40 Upon receipt of an application to organize and establish a savings bank, the
41 Administrator shall examine or cause to be examined all the relevant facts connected
42 with the formation of the proposed savings bank. If it appears to the Administrator that
43 the proposed savings bank has complied with all the requirements set forth in this
44 Chapter and the rules for the formation of a savings bank and is otherwise lawfully

1 entitled to be organized and established as a savings bank, the Administrator shall
2 present the application to the Commission for its consideration.

3 **"§ 54C-12. Criteria to be met before the Administrator may recommend approval**
4 **of an application.**

5 (a) The Administrator may recommend approval of an application to form a
6 mutual savings bank only when all of the following criteria are met:

7 (1) The proposed savings bank has an operational expense fund, from
8 which to pay organizational and incorporation expenses, in an amount
9 determined by the Administrator to be sufficient for the safe and
10 proper operation of the savings bank, but in no event less than seventy-
11 five thousand dollars (\$75,000). The moneys remaining in the expense
12 fund shall be held by the savings bank for at least one year from its
13 date of licensing. No portion of the fund shall be released to an
14 incorporator or director who contributed to it, nor to any other
15 contributor, nor to any other person, and no dividends shall be accrued
16 or paid on the funds without the prior approval of the Administrator.

17 (2) The proposed savings bank has pledges for deposit accounts in an
18 amount determined by the Administrator to be sufficient for the safe
19 and proper operation of the savings bank, but in no event less than four
20 million dollars (\$4,000,000).

21 (3) All entrance fees for deposit accounts of the proposed savings bank
22 have been made with legal tender of the United States.

23 (4) The name of the proposed savings bank will not mislead the public and
24 is not the same as an existing depository institution or so similar to the
25 name of an existing depository institution as to mislead the public.

26 (5) The character, general fitness, and responsibility of the incorporators
27 and the initial board of directors of the proposed savings bank, a
28 majority of whom shall be residents of North Carolina, will command
29 the confidence of the community in which the proposed savings bank
30 intends to locate.

31 (6) There is a reasonable demand and necessity in the community that will
32 be served by the establishment of the proposed savings bank.

33 (7) The public convenience and advantage will be served by the
34 establishment of the proposed savings bank.

35 (8) The proposed savings bank will have a reasonable probability of
36 sustaining profitable and beneficial operations in the community.

37 (9) The proposed savings bank, if established, will promote healthy and
38 effective competition in the community in the delivery to the public of
39 savings institution services.

40 (b) The Administrator may recommend approval of an application to form a
41 stock savings bank only when all of the following criteria are met:

42 (1) The proposed savings bank has prepared a plan to solicit subscriptions
43 for capital stock in an amount determined by the Administrator to be

1 sufficient for the safe and proper operation of the savings bank, but in
2 no event less than three million dollars (\$3,000,000).

3 (2) The name of the proposed savings bank will not mislead the public and
4 is not the same as an existing depository institution or so similar to the
5 name of an existing depository institution as to mislead the public; and
6 contains the wording 'corporation,' 'incorporated,' 'limited,'
7 'company,' or an abbreviation of one of these words or other words
8 sufficient to distinguish stock savings banks from mutual savings
9 banks.

10 (3) The character, general fitness, and responsibility of the incorporators,
11 initial board of directors, and initial stockholders of the proposed
12 savings bank will command the confidence of the community in which
13 the proposed savings bank intends to locate.

14 (4) All subscriptions for capital stock of the proposed savings bank have
15 been purchased with legal tender of the United States.

16 (5) There is a reasonable demand and necessity in the community that will
17 be served by the establishment of the proposed savings bank.

18 (6) The public convenience and advantage will be served by the
19 establishment of the proposed savings bank.

20 (7) The proposed savings bank will have a reasonable probability of
21 sustaining profitable and beneficial operations in the community.

22 (8) The proposed savings bank, if established, will promote healthy and
23 effective competition in the community in the delivery to the public of
24 savings institution services.

25 (c) The minimum amount of pledges for deposit accounts or subscriptions for
26 capital stock may be adjusted if the Administrator determines that a greater requirement
27 is necessary or that a smaller requirement will provide a sufficient capital base. The
28 Administrator's findings and recommendations to the Commission shall be based upon
29 due consideration of (i) the population of the proposed trade area, (ii) the total deposits
30 of the depository institutions operating in the proposed trade area, (iii) the economic
31 conditions of and projections for the proposed trade area, (iv) the business experience
32 and reputation of the proposed management, (v) the business experience and reputation
33 of the proposed incorporators and directors, and (vi) the projected deposit growth,
34 capitalization, and profitability of the proposed savings bank.

35 **§ 54C-13. Commission to review findings and recommendations of**
36 **Administrator.**

37 (a) If the Administrator does not have the completed application within 120 days
38 of the filing of the preliminary application, the application shall be returned to the
39 applicants.

40 (b) When the Administrator has completed the examination and investigation of
41 the facts relevant to the establishment of the proposed savings bank, the Administrator
42 shall present the findings and recommendations to the Commission at a public hearing.
43 The Commission shall approve or reject an application within 180 days of the
44 submission of the preliminary application.

1 (c) Not less than 45 days before the public hearing held for the consideration of
2 the application to establish a savings bank, the incorporators shall cause to be published
3 a notice in a newspaper of general circulation in the area to be served by the proposed
4 savings bank. The notice shall contain:

- 5 (1) A statement that the application has been filed with the Administrator;
- 6 (2) The name of the community where the principal office of the proposed
7 savings bank intends to locate;
- 8 (3) A statement that a public hearing shall be held to consider the
9 application; and
- 10 (4) A statement that any interested or affected party may file a written
11 statement either favoring or protesting the creation of the proposed
12 savings bank. The statement shall be filed with the Administrator
13 within 30 days of the date of publication.

14 (d) The Commission, at the public hearing, shall consider the findings and
15 recommendations of the Administrator and shall hear oral testimony that the
16 Administrator may wish to give or be called upon to give, and shall also receive
17 information and hear testimony from the original incorporators of the proposed savings
18 bank and from any and all other interested or affected parties. The Commission shall
19 hear only testimony and receive only information that is relevant to the consideration of
20 the application and the operation of the proposed savings bank.

21 **"§ 54C-14. Grounds for approval or denial of application.**

22 (a) After consideration of the findings, recommendations, and any oral testimony
23 of the Administrator, and the consideration of any other information and evidence,
24 either written or oral, as has come before it at the public hearing, the Commission shall
25 approve or disapprove the application within 30 days after the public hearing. The
26 Commission shall approve the application if it finds that the certificate of incorporation
27 is in compliance with G.S. 54C-10 and that there is compliance with all the criteria set
28 out in G.S. 54C-12, the remainder of this Chapter, rules, and the General Statutes.

29 (b) If the Commission approves the application, the Administrator shall notify
30 the Secretary of State with a certificate of approval, accompanied by the original of the
31 certificate of incorporation and the two conformed copies.

32 (c) Upon receipt of the certificate of approval, the original of the certificate of
33 incorporation, and the two conformed copies and upon the payment by the newly
34 chartered savings bank of the appropriate organization tax and fees, the Secretary of
35 State shall file the certificate of incorporation in accordance with G.S. 55-1-20. The
36 Secretary of State shall certify, under official seal, the two conformed copies of the
37 certificate of incorporation, one of which shall be forwarded immediately to the original
38 incorporators or their representatives, the other of which shall be forwarded to the office
39 of the Administrator for filing. Upon the recordation of the certificate of incorporation
40 by the Secretary of State, the savings bank is a body politic and corporate under the
41 name stated in the certificate, and may begin the savings bank business when duly
42 licensed by the Administrator.

43 (d) The certificate of incorporation, or a copy, duly certified by the Secretary of
44 State, by the register of deeds of the county where the savings bank is located, or by the

1 Administrator, under their respective seals, is evidence in all courts and places, and is,
2 in all judicial proceedings, deemed **prima facie** evidence of the complete organization
3 and incorporation of the savings bank purporting thereby to have been established.

4 (e) After approval of the application, the Administrator shall supervise and
5 monitor the organization process. The Administrator shall ensure that sufficient pledges
6 for deposit accounts or subscriptions for capital stock as well as insurance of deposit
7 accounts have been secured by the organizers.

8 **"§ 54C-15. Final decision.**

9 The Commission shall present the Administrator with a final decision that is in
10 accordance with Chapter 150B of the General Statutes.

11 **"§ 54C-16. Appeal.**

12 The final decision of the Commission may be appealed in accordance with Chapter
13 150B of the General Statutes.

14 **"§ 54C-17. Insurance of accounts required.**

15 A State savings bank shall obtain and maintain insurance on all members' and
16 customers' deposit accounts from an insurance corporation created by an act of
17 Congress. Before the licensing of a savings bank, a certificate of incorporation duly
18 recorded under G.S. 54C-14(c), is deemed to be sufficient certification to the insuring
19 corporation that the savings bank is a legal corporate entity. The insurance shall be
20 obtained within the time limit prescribed in G.S. 54C-19. Subject to the rules of the
21 Administrator, a State savings bank may obtain or participate in efforts to obtain
22 insurance of deposits that is in excess of the amount eligible for federal insurance of
23 accounts. This insurance is known as 'excess insurance'.

24 **"§ 54C-18. Status as IRS qualified thrift institution.**

25 A State savings bank shall maintain sixty percent (60%) of its assets in investments
26 that qualify under section 7701(a)(19) of the Internal Revenue Code of 1968, as
27 amended, except that no more than ten percent (10%) of the sixty percent (60%) shall be
28 comprised of investments described in 26 U.S.C. § 7701(a)(19)(C)(i) and 26 U.S.C. §
29 7701(a)(19)(C)(ii).

30 **"§ 54C-19. Time allowed to commence business.**

31 A newly chartered savings bank shall commence business within one year after the
32 date upon which its corporate existence began. A savings bank that does not commence
33 business within this time, shall forfeit its corporate existence, unless the Administrator,
34 before the expiration of the one year period, approves an extension of the time within
35 which the association may commence business, upon a written request stating the
36 reasons for the request. Upon forfeiture, the certificate of incorporation shall expire,
37 and any and all action taken in connection with the incorporation and chartering of the
38 savings bank, with the exception of fees paid to the Division, shall become null and
39 void. The Administrator shall determine if a savings bank has failed to commence
40 business within one year, without extension as provided in this section, and shall notify
41 the Secretary of State and the register of deeds in the county in which the savings bank
42 is located that the certificate of incorporation has expired.

43 **"§ 54C-20. Licensing.**

1 A newly chartered savings bank is entitled to a license to operate upon payment to
2 the Division of the appropriate license fee as prescribed by the Administrator, when it
3 shows to the satisfaction of the Administrator evidence of capable, efficient, and
4 equitable management, that the organization of the savings bank has been conducted
5 lawfully and is complete, and when it passes a final inspection by the Administrator or
6 the Administrator's representative preceding the opening of its doors for business.

7 **"§ 54C-21. Amendments to certificate of incorporation.**

8 (a) An amendment to the certificate of incorporation of a State savings bank shall
9 be made at any annual or special meeting of the savings bank, held in accordance with
10 G.S. 54C-106 and G.S. 54C-107, by a majority of votes or shares cast by members or
11 stockholders present in person or by proxy at the meeting. Any amendment shall be
12 certified by the appropriate corporate official, submitted to the Administrator for
13 approval or rejection, and if approved, then certified by the Administrator and recorded
14 as provided in G.S. 54C-14 for certificates of incorporation.

15 (b) Notwithstanding subsection (a) of this section, a State savings bank may
16 change its registered office or its registered agent, or both, in accordance with G.S. 55-
17 5-02. The savings bank shall file a copy of the statement or certificate certified by the
18 Secretary of State in the office of the Administrator.

19 **"§ 54C-22. List of stockholders to be maintained.**

20 A stock savings bank organized and operated under this Chapter shall, at all times,
21 keep a current list of the names of all its stockholders. Whenever called upon by the
22 Administrator, a stock savings bank shall file in the office of the Administrator a correct
23 list of all its stockholders, the resident address of each, the number of shares of stock
24 held by each, and the dates of issue.

25 **"§ 54C-23. Branch offices.**

26 (a) A State savings bank may apply to the Administrator for permission to
27 establish a branch office. The application shall be in the form prescribed by the
28 Administrator and shall be accompanied by the proper branch application fee. The
29 Administrator shall approve or deny branch applications within 120 days of filing.

30 (b) The Administrator shall approve a branch application when all of the
31 following criteria are met:

- 32 (1) The applicant has gross assets of at least ten million dollars
33 (\$10,000,000).
- 34 (2) The applicant has evidenced financial responsibility.
- 35 (3) The applicant has a net worth equal to or exceeding the amount
36 required by the insurer of deposit accounts.
- 37 (4) The applicant has an acceptable internal control system that includes
38 certain basic internal control requirements essential to the protection of
39 assets and the promotion of operational efficiency regardless of the
40 size of the applicant.

41 (c) Upon receipt of a branch application, the Administrator shall examine or
42 cause to be examined all the relevant facts connected with the establishment of the
43 proposed branch office. If it appears to the satisfaction of the Administrator that the
44 applicant has complied with all the requirements set forth in this section and the

1 regulations for the establishment of a branch office and that the savings bank is
2 otherwise lawfully entitled to establish the branch office, then the Administrator shall
3 approve the branch application.

4 (d) Not more than 10 days following the filing of the branch application with the
5 Administrator, the applicant shall cause a notice to be published in a newspaper of
6 general circulation in the area to be served by the proposed branch office. The notice
7 shall contain:

8 (1) A statement that the branch application has been filed with the
9 Administrator;

10 (2) The proposed address of the branch office, including city or town and
11 street; and

12 (3) A statement that any interested or affected party may file a written
13 statement with the Administrator, within 30 days of the date of the
14 publication of the notice, protesting the establishment of the proposed
15 branch office and requesting a hearing before the Administrator on the
16 application.

17 (e) Any interested or affected party may file a written statement with the
18 Administrator within 30 days of the date of initial publication of the branch application
19 notice, protesting the establishment of the proposed branch office and requesting a
20 hearing before the Administrator on the application. If a hearing is held on the branch
21 application, the Administrator shall receive information and hear testimony only from
22 the applicant and from any interested or affected party that is relevant to the branch
23 application and the operation of the proposed branch office. The Administrator shall
24 issue the final decision on the branch application within 30 days following the hearing.
25 The final decision shall be in accordance with Chapter 150B of the General Statutes.

26 (f) If a hearing is not held on the branch application, the Administrator shall
27 issue the final decision within 120 days of the filing of the application. The final
28 decision shall be in accordance with Chapter 150B of the General Statutes.

29 (g) A party to a branch application may appeal the final decision of the
30 Administrator to the Commission at any time after the final decision, but not later than
31 30 days after a written copy of the final decision is served upon the party and the party's
32 attorney of record by personal service or by certified mail. Failure to file an appeal
33 within the time stated shall operate as a waiver of the right of the party to review by the
34 Commission and by a court of competent jurisdiction in accordance with Chapter 150B
35 of the General Statutes, relating to judicial review.

36 **"§ 54C-24. Request to change location of a branch or principal office.**

37 The board of directors of a State savings bank may change the location of a branch
38 office or the principal office of the savings bank with the prior written approval of the
39 Administrator. The Administrator may request, and the savings bank shall provide, any
40 information that the Administrator determines is necessary to evaluate the request.

41 **"§ 54C-25. Approval revoked; branch office.**

42 The Commission may, for good cause and after a hearing, order the closing of a
43 branch office. The order shall be made in writing to the savings bank and shall fix a
44 reasonable time after which the savings bank shall close the branch office.

1 **"§ 54C-26. Branch offices closed.**

2 The Board of a State savings bank may discontinue the operation of a branch office
3 upon giving at least 30 days prior written notice to the Administrator, the notice to
4 include the date upon which the branch office shall be closed.

5 **"§ 54C-27. Loan production office.**

6 A State savings bank may open or close a loan production office with the prior
7 written approval of the Administrator. The Administrator may request, and the savings
8 bank shall provide, any information that the Administrator determines is necessary to
9 evaluate the request.

10 **"§§ 54C-28 to 54C-29: Reserved for future codification purposes.**

11 **"ARTICLE 3.**

12 **"CORPORATE CHANGES.**

13 **"§ 54C-30. Conversion to savings bank.**

14 (a) An association or State or national bank, upon a majority vote of its board of
15 directors, may apply to the Administrator for permission to convert to a State savings
16 bank and for certification of appropriate amendments to its certificate of incorporation
17 to effect the change. Upon receipt of an application to convert to a State savings bank,
18 the Administrator shall examine all facts connected with the conversion. The depository
19 institution applying for permission to convert shall pay all the expenses and cost of the
20 examination.

21 (b) The converting depository institution shall submit a plan of conversion as a
22 part of the application to the Administrator. The Administrator may approve it with or
23 without amendment. If the Administrator approves the plan, then the plan shall be
24 submitted to the members or stockholders as provided in subsection (c) of this section.
25 If the Administrator refuses to approve the plan, the objections shall be stated in writing
26 and the converting depository institution shall be given an opportunity to amend the
27 plan to obviate the objections or to appeal the Administrator's decision to the
28 Commission.

29 (c) After lawful notice to the members or stockholders of the converting
30 depository institution and full and fair disclosure, the substance of the plan shall be
31 approved by a majority of the total votes that members or stockholders of the institution
32 are eligible and entitled to cast. The vote by the members or stockholders may be in
33 person or by proxy. Following the vote of the members or stockholders, the results of
34 the vote certified by an appropriate officer of the converting depository institution shall
35 be filed with the Administrator. The Administrator shall then either approve or
36 disapprove the requested conversion to a State savings bank. After approval of the
37 conversion, the Administrator shall supervise and monitor the conversion process and
38 shall ensure that the conversion is conducted lawfully and under the approved plan of
39 conversion.

40 **"§ 54C-31. Conversion from State to federal charter.**

41 A State savings bank, stock or mutual, organized and operated under this Chapter,
42 may convert to a federal charter in accordance with the laws and regulations of the
43 United States and with the same force and effect as though originally incorporated
44 under these laws. The procedure to effect this conversion is as follows:

- 1 (1) The savings bank shall submit a plan of conversion to the
2 Administrator, who may approve the plan, with or without
3 amendment, or refuse to approve the plan. If the Administrator
4 approves the plan, then the plan shall be submitted to the members or
5 stockholders as provided in the subdivision (2) of this section. If the
6 Administrator refuses to approve the plan, the objections shall be
7 stated in writing and the converting savings bank shall be given an
8 opportunity to amend the plan to obviate the objections or to appeal
9 the Administrator's decision to the Commission.
- 10 (2) A meeting of the members or stockholders shall be held upon not less
11 than 15 days' notice to each member or stockholder. Notice of the
12 meeting may be mailed to each member or stockholder, postage
13 prepaid, to the last known address, or the board of directors may cause
14 notice of the meeting to be published, once a week for two weeks
15 preceding the meeting, in a newspaper of general circulation in the
16 county where the savings bank has its principal office. It is regarded
17 as sufficient notice of the purpose of the meeting if the notice contains
18 substantially the following statement: 'The purpose of this meeting is
19 to consider the conversion of this State chartered savings bank to a
20 federal charter, under the laws of the United States.' An appropriate
21 officer of the savings bank shall make proof by affidavit at the meeting
22 of due service of the notice or call for the meeting.
- 23 (3) At the meeting of the members or stockholders of the savings bank, the
24 members or stockholders may, by affirmative vote of a majority of
25 votes or shares present, in person or by proxy, resolve to convert the
26 savings bank to a federal charter. A copy of the minutes of the
27 meeting of the members or stockholders certified by an appropriate
28 officer of the savings bank shall be filed in the office of the
29 Administrator. The certified copy when so filed is **prima facie**
30 evidence of the holding and the action of the meeting.
- 31 (4) Within a reasonable time after the receipt of a certified copy of the
32 minutes, the Administrator shall either approve or disapprove the
33 proceedings of the meeting for compliance with the procedure set forth
34 in this section. If the Administrator approves the proceedings, the
35 Administrator shall issue a certificate of approval of the conversion.
36 The savings bank shall record the certificate in the office of the
37 Secretary of State. If the Administrator disapproves the proceedings,
38 the Administrator shall provide a written explanation of the
39 disapproval and notify the savings bank of the disapproval. The
40 savings bank may appeal a disapproval to the Commission.
- 41 (5) The savings bank shall file an application, in the manner prescribed or
42 authorized by the laws and regulations of the United States, to
43 consummate the conversion to a federal charter. A copy of the charter
44 or authorization issued to the savings bank by the appropriate federal

1 regulatory authority shall be filed with the Administrator. Upon filing
2 with the Administrator, the savings bank shall cease to be a State
3 savings bank and shall be a federal depository institution.

4 (6) Whenever any savings bank converts to a federal charter it shall cease
5 to be a savings bank under the laws of this State, except that its
6 corporate existence is deemed to be extended for the purpose of
7 prosecuting or defending suits by or against it and of enabling it to
8 close its business affairs as a State savings bank and to dispose of and
9 convey its property. At the time when the conversion becomes
10 effective all the property of the State savings bank including all its
11 rights, title, and interest in and to all property of whatever kind,
12 whether real, personal or mixed, and things in action, and every right,
13 privilege, interest, and asset of any conceivable value or benefit then
14 existing, belonging or pertaining to it, or which would inure to it, shall
15 immediately by act of law and without any conveyance or transfer, and
16 without any further act or deed, be vested in and become the property
17 of the federal depository institution, which shall have, hold and enjoy
18 the same in its own right as fully and to the same extent as the same
19 was possessed, held, and enjoyed by the savings bank; and the federal
20 depository institution as of the effective time of the conversion shall
21 succeed to all the rights, obligations, and relations of the State savings
22 bank.

23 **§ 54C-32. Simultaneous charter and ownership conversion.**

24 (a) In the event of a State charter to federal charter conversion, when the form of
25 ownership will also simultaneously be changed from stock to mutual, or from mutual to
26 stock, the conversion shall proceed initially as if it involves only a charter conversion,
27 under G.S. 54C-31. After the savings bank becomes a federal depository institution,
28 then the federal regulatory authority shall govern the continuing conversion of the form
29 of ownership of the newly converted depository institution.

30 (b) In the event of a federal charter to State charter conversion, when the form of
31 ownership will also simultaneously be changed from stock to mutual or from mutual to
32 stock, the conversion shall proceed initially as if it involves only a charter conversion
33 under G.S. 54C-30. After the federal depository institution becomes a State savings
34 bank, G.S. 54C-33 or G.S. 54C-34 shall govern the continuing conversion of the form
35 of ownership of the newly converted savings bank.

36 (c) This section shall not apply to any simultaneous charter and ownership
37 conversion accomplished in conjunction with a merger under G.S. 54C-39.

38 **§ 54C-33. Conversion of mutual to stock savings bank.**

39 (a) A mutual savings bank may convert from mutual to the stock form of
40 ownership as provided in this section.

41 (b) A mutual savings bank may apply to the Administrator for permission to
42 convert to a stock savings bank and for certification of appropriate amendments to the
43 savings bank's certificate of incorporation. Upon receipt of an application to convert
44 from mutual to stock form the Administrator shall examine all facts connected with the

1 requested conversion. The savings bank applying for permission to convert shall pay all
2 expenses and cost of the examination, monitoring, and supervision.

3 (c) The savings bank shall submit a plan of conversion as a part of the
4 application to the Administrator. The Administrator may approve it with or without
5 amendment, if it appears that:

6 (1) After conversion the savings bank will be in sound financial condition
7 and will be soundly managed;

8 (2) The conversion will not impair the capital of the savings bank nor
9 adversely affect the savings bank's operations;

10 (3) The conversion will be fair and equitable to the members of the
11 savings bank and no person whether member, employee, or otherwise,
12 will receive any inequitable gain or advantage by reason of the
13 conversion;

14 (4) The savings bank services provided to the public by the savings bank
15 will not be adversely affected by the conversion;

16 (5) The substance of the plan has been approved by a vote of two-thirds of
17 the board of directors of the savings bank;

18 (6) All shares of stock issued in connection with the conversion are
19 offered first to the members of the savings bank;

20 (7) All stock shall be offered to members of the savings bank and others in
21 prescribed amounts and otherwise under a formula and procedure that
22 is fair and equitable and will be fairly disclosed to all interested
23 persons; and

24 (8) The plan provides a statement as to whether stockholders shall have
25 preemptive rights to acquire additional or treasury shares of the
26 savings bank.

27 If the Administrator approves the plan, then the plan shall be submitted to the
28 members as provided in subsection (d) of this section. If the Administrator refuses to
29 approve the plan, the Administrator shall state the objections in writing and give the
30 converting savings bank an opportunity to amend the plan to obviate the objections or to
31 appeal the Administrator's decision to the Commission.

32 (d) After lawful notice to the members of the savings bank and full and fair
33 disclosure, the substance of the plan shall be approved by a majority of the total votes
34 that members of the savings bank are eligible and entitled to cast. The vote by the
35 members may be in person or by proxy. Following the vote of the members, the results
36 of the vote certified by an appropriate officer of the savings bank shall be filed with the
37 Administrator. The Administrator shall then either approve or disapprove the requested
38 conversion. After approval of the conversion, the Administrator shall supervise and
39 monitor the conversion process and shall ensure that the conversion is conducted
40 lawfully and under the savings bank's approved plan of conversion.

41 (e) Any rules that the Administrator may adopt to govern conversions shall equal
42 or exceed the requirements for conversion, if any, imposed by the federal insurer of
43 deposit accounts.

44 **"§ 54C-34. Conversion of stock savings bank to mutual savings bank.**

1 A stock savings bank organized and operating under this Chapter may, subject to the
2 approval of the Administrator, convert to a mutual savings bank under this section. Any
3 rules that the Administrator may adopt governing the conversion of stock savings banks
4 to mutual savings banks shall include requirements that:

- 5 (1) The conversion neither impair the capital of the converting savings
6 bank nor adversely affect its operations;
- 7 (2) The conversion shall be fair and equitable to all stockholders of the
8 converting savings bank;
- 9 (3) The public shall not be adversely affected by the conversion;
- 10 (4) Conversion of a savings bank shall be accomplished only under a plan
11 approved by the Administrator. The plan shall have been approved by
12 an affirmative vote of two-thirds of the members of the board of
13 directors of the converting savings bank, after a full and fair disclosure
14 to the stockholders, by an affirmative vote of a majority of the total
15 votes that stockholders of the savings bank are eligible and entitled to
16 cast; and
- 17 (5) The plan of conversion provides that:
 - 18 a. Deposit accounts be issued in connection with the conversion to
19 the stockholders of the converting savings bank;
 - 20 b. A uniform date be fixed for the determination of the
21 stockholders to whom, and the amount to each stockholder of
22 which, deposit accounts shall be made available; and
 - 23 c. Deposit accounts so made available to stockholders be based
24 upon a fair and equitable formula approved by the
25 Administrator and fully and fairly disclosed to the stockholders
26 of the converting savings bank.

27 **§ 54C-35. Merger of like savings banks.**

28 Any two or more mutual savings banks or any two or more stock savings banks
29 organized and operating, may merge or consolidate into a single savings bank. The
30 procedure to effect the merger is as follows:

- 31 (1) The directors, or a majority of them, of the savings banks that desire to
32 merge may, at separate meetings, enter into a written agreement of
33 merger signed by them and under the corporate seals of the respective
34 savings banks specifying each savings bank to be merged and the
35 savings bank that is to receive into itself the merging savings bank or
36 banks, and prescribing the terms and conditions of the merger and the
37 mode of carrying it into effect. The merger agreement may provide
38 other provisions with respect to the merger as appear necessary or
39 desirable, or as the Administrator may require.
- 40 (2) The merger agreement together with copies of the minutes of the
41 meetings of the respective boards of directors verified by the
42 secretaries of the respective savings banks shall be submitted to the
43 Administrator, who shall cause a careful investigation and examination
44 to be made of the affairs of the savings banks proposing to merge.

1 including a determination of their respective assets and liabilities.
2 Each savings bank that is investigated and examined shall pay the cost
3 and expense for the examination. If, as a result of the investigation,
4 the Administrator concludes that the members or stockholders of each
5 of the savings banks proposing to merge will be benefited by the
6 merger, the Administrator shall, in writing, approve the merger. If the
7 Administrator deems that the proposed merger will not be in the
8 interest of all members or stockholders of the savings banks so
9 merging, the Administrator shall, in writing, disapprove the merger. If
10 the Administrator approves the merger agreement, then it shall be
11 submitted, within 45 days after notice to the savings banks of the
12 approval, to the members or stockholders of each savings bank, as
13 provided in subdivision (3) of this section. The savings bank may
14 appeal the disapproval of the merger to the Commission.

15 (3) A meeting of the members or stockholders of each of the savings
16 banks shall be held separately upon written notice of not less than 15
17 days to members or stockholders of each savings bank. The notice
18 shall specify the time, place, and purpose for the calling of the
19 meeting. Notice shall be made by personal service or postage prepaid
20 mail to the last address of each member or stockholder appearing upon
21 the records of the savings bank and by publication of notice at least
22 once a week for two weeks preceding the meeting in one or more
23 newspapers of general circulation in the county or counties where each
24 savings bank has its principal or a branch office, or in a newspaper of
25 general circulation in an adjoining county if none is available in the
26 county. An appropriate officer of the savings bank shall make proof
27 by affidavit at the meeting of the due service of the notice or call for
28 the meeting.

29 (4) At separate meetings of the members or stockholders of the respective
30 savings banks, the members or stockholders may adopt, by an
31 affirmative vote of a majority of the votes or shares present, in person
32 or by proxy, a resolution to merge into a single savings bank upon the
33 terms of the merger agreement as shall have been agreed upon by the
34 directors of the respective savings banks and as approved by the
35 Administrator. Upon the adoption of the resolution, a copy of the
36 minutes of the proceedings of the meetings of the members or
37 stockholders of the respective savings banks, certified by an
38 appropriate officer of the merging savings banks, shall be filed in the
39 office of the Administrator. Within 15 days after the receipt of a
40 certified copy of the minutes of the meetings, the Administrator shall
41 either approve or disapprove the proceedings for compliance with this
42 section. If the Administrator approves the proceedings, the
43 Administrator shall issue a certificate of approval of the merger. The
44 certificate shall be filed and recorded in the office of the Secretary of

1 State. When the certificate is so filed, the merger agreement shall take
2 effect according to its terms and is binding upon all the members or
3 stockholders of the savings banks merging, and it is deemed to be the
4 act of merger of the constituent savings banks under the laws of this
5 State, and the certificate or certified copy thereof is evidence of the
6 agreement and act of merger of the savings banks and the observance
7 and performance of all acts and conditions necessary to have been
8 observed and performed precedent to the merger. Within 60 days after
9 its receipt from the Secretary of State, the certified copy of the
10 certificate shall be filed with the register of deeds of the county or
11 counties in which the respective savings banks so merged have
12 recorded their original certificates of incorporation. Failure to so file
13 shall subject the savings bank to only a penalty of one hundred dollars
14 (\$100.00) to be collected by the Secretary of State. If the
15 Administrator disapproves the proceedings, the Administrator shall
16 issue a written statement of the reasons for the disapproval and notify
17 the savings banks to that effect. The savings banks may appeal the
18 disapproval to the Commission.

- 19 (5) Upon the merger of any savings bank, as above provided, into another:
20 a. Its corporate existence is merged into that of the receiving
21 savings bank; and all its right, title, interest in and to all
22 property of whatsoever kind, whether real, personal or mixed,
23 and things in action, and every right, privilege, interest or asset
24 of any conceivable value or benefit then existing belonging or
25 pertaining to it, or which would inure to it under an unmerged
26 existence, shall immediately by act of law and without any
27 conveyance or transfer, and without any further act or deed, be
28 vested in and become the property of the receiving savings
29 bank, which shall have, hold, and enjoy the same in its own
30 right as fully and to the same extent as if the same were
31 possessed, held, or enjoyed by the savings banks so merged;
32 and the receiving savings bank shall absorb fully and
33 completely the savings bank or banks so merged.
34 b. Its rights, liabilities, obligations, and relations to any person
35 shall remain unchanged and the savings bank into which it has
36 been merged shall, by the merger, succeed to all the relations,
37 obligations, and liabilities as though it had itself assumed or
38 incurred the same. No obligation or liability of a member,
39 customer, or stockholder in a savings bank that is a party to the
40 merger shall be affected by the merger, but obligations and
41 liabilities shall continue as they existed before the merger,
42 unless otherwise provided in the merger agreement.
43 c. A pending action or other judicial proceeding to which a
44 savings bank that is so merged is a party, is not deemed to have

1 abated or to have discontinued by reason of the merger, but may
2 be prosecuted to final judgment, order, or decree in the same
3 manner as if the merger had not been made; or the receiving
4 savings bank may be substituted as a party to the action or
5 proceeding, and any judgment, order, or decree may be
6 rendered for or against it that might have been rendered for or
7 against the other savings bank if the merger had not occurred.

8 (6) Notwithstanding any other provision of this section, the Administrator
9 may waive any or all of the foregoing requirements upon finding that
10 waiver would be in the best interest of the members or stockholders of
11 the merging savings banks.

12 **"§ 54C-36. Merger of savings banks where ownership is converted.**

13 (a) Any two or more State mutual savings banks may merge to form a single
14 State stock savings bank in separate merger-conversion proceedings or in simultaneous
15 merger-conversion proceedings.

16 (b) Any two or more State stock savings banks may merge to form a single State
17 mutual savings bank in separate merger-conversion proceedings or in simultaneous
18 merger-conversion proceedings.

19 **"§ 54C-37. Merger of mutual and stock savings banks.**

20 Any two or more savings banks, when one or more is mutually owned and one or
21 more is stock owned, may merge to form either a mutual or stock savings bank in
22 separate conversion-merger proceedings or in simultaneous conversion-merger
23 proceedings.

24 **"§ 54C-38. Simultaneous merger and conversion.**

25 Any combination of associations and State savings banks may merge to form either
26 an association or a State savings bank.

27 **"§ 54C-39. Merger of federal charters with State savings banks.**

28 Any two or more depository institutions, when one or more is a State savings bank
29 and one or more is a federal depository institution operating in North Carolina, may
30 merge under either a State savings bank charter or a federal charter.

31 **"§ 54C-40. Merger of savings banks with banks and associations.**

32 (a) A State savings bank, upon a majority vote of its board of directors, may
33 apply to the Administrator for permission to merge with any bank, as defined in G.S.
34 53-1, or any association, as defined in G.S. 54B-4.

35 (b) The State savings bank shall submit a plan of merger as a part of the
36 application to the Administrator. The Administrator may recommend approval of the
37 plan of merger with or without amendment.

38 If the Administrator approves the plan, then the plan shall be submitted to the
39 stockholders or members as provided in subsection (c) of this section. If the
40 Administrator refuses to approve the plan, the Administrator shall state the objections in
41 writing and give the merging savings bank an opportunity to amend the plan to obviate
42 the objections or to appeal the Administrator's decision to the Commission.

43 (c) After lawful notice to the stockholders or members of the savings bank and
44 full and fair disclosure, the substance of the plan shall be approved by a majority of the

1 total votes that stockholders or members of the savings bank are eligible and entitled to
2 cast. The vote by the stockholders or members may be in person or by proxy.
3 Following the vote of the stockholders or members, the results of the vote certified by
4 an appropriate officer of the savings bank shall be filed with the Administrator. The
5 Administrator shall then either approve or disapprove the requested merger.

6 **"§ 54C-41. Voluntary dissolution by directors.**

7 A State savings bank may be voluntarily dissolved by a majority vote of the board of
8 directors when substantially all of the assets have been sold for the purpose of
9 terminating the business of the savings bank or as provided in G.S. 55-14-01 and when
10 a certificate of dissolution is recorded in the manner required by this Chapter for the
11 recording of certificates of incorporation.

12 **"§ 54C-42. Voluntary dissolution by stockholders or members.**

13 At any annual or special meeting called for the purpose of dissolution, a savings
14 bank may, by an affirmative vote, in person or by proxy, of at least two-thirds of the
15 total number of shares or votes that all members or stockholders of the association are
16 entitled to cast, resolve to dissolve and liquidate the savings bank and adopt a plan of
17 voluntary dissolution. Upon adoption of the resolution and plan of voluntary
18 dissolution, the members or stockholders shall proceed to elect not more than three
19 liquidators who shall post bond as required by the Administrator. The liquidators shall
20 have full power to execute the plan; and the procedure thereafter shall be as follows:

21 (1) A copy of the resolution, certified by an appropriate officer of the
22 savings bank, together with the minutes of the meeting of members or
23 stockholders, the plan of liquidation, and an itemized statement of the
24 savings bank's assets and liabilities, sworn to by a majority of its board
25 of directors, shall be filed with the Administrator. The minutes of the
26 meeting of members or stockholders shall be certified by an
27 appropriate officer of the association, and shall set forth the notice
28 given, the time of mailing thereof, the vote on the resolution, the total
29 number of shares or votes that all members of the savings bank were
30 entitled to cast thereon, and the names of the liquidators elected.

31 (2) If the Administrator finds that the proceedings are in accordance with
32 this Chapter, and that the plan of liquidation is not unfair to any person
33 affected, the Administrator shall attach a certificate of approval to the
34 plan and shall forward one copy to the liquidators and one copy to the
35 savings bank's federal deposit account insurance corporation. Once
36 the Administrator has approved the resolution and the plan of
37 liquidation, it shall thereafter be unlawful for the savings bank to
38 accept any additional deposit accounts or additions to deposit accounts
39 or make any additional loans, but all its income and receipts in excess
40 of actual expenses of liquidation of the savings bank shall be applied
41 to the discharge of its liabilities.

42 (3) The liquidating savings bank shall pay a reasonable compensation,
43 subject to the approval of the Administrator, to the appointed
44 liquidator.

1 (4) The plan becomes effective upon the recording of the Administrator's
2 certificate of approval in the manner required by this Chapter for the
3 recording of the certificate of incorporation.

4 (5) The liquidation of the savings bank is subject to the supervision and
5 examination of the Administrator.

6 **"§ 54C-43. Reports of voluntary dissolution.**

7 Upon completion of liquidation, the liquidator shall file with the Administrator a
8 final report and accounting of the liquidation. The Administrator's approval of the
9 report shall operate as a complete and final discharge of the liquidator, the board of
10 directors, and each member or stockholder in connection with the liquidation of the
11 savings bank. Upon approval of the report, the Administrator shall issue a certificate of
12 dissolution of the savings bank and shall record same in the manner required by this
13 Chapter for the recording of certificates of incorporation. The dissolution is effective
14 upon the recording of the certificates of incorporation.

15 **"§ 54C-44. Stock dividends.**

16 No dividend on stock shall be paid unless the savings bank has the prior written
17 approval of the Administrator, except as provided in any rules that the Administrator
18 may adopt.

19 **"§ 54C-45. Supervisory mergers, consolidations, conversions, and combination**
20 **mergers and conversions.**

21 Notwithstanding any other provision of this Chapter, in order to protect the public,
22 including members, depositors, and stockholders of a State savings bank, the
23 Administrator, upon making a finding that a State savings bank is unable to operate in a
24 safe and sound manner, may authorize or require a short form merger, consolidation,
25 conversion, or combination merger and conversion of the State savings bank, or any
26 other transaction, as to which the finding is made.

27 **"§ 54C-46. Interim savings banks.**

28 (a) Article 2 of this Chapter shall not apply to applications for permission to
29 organize an interim State savings bank so long as the application is approved by the
30 Administrator.

31 (b) Preliminary approval of an application for permission to organize an interim
32 State savings bank is conditional upon the Administrator's approval of an application to
33 merge the interim savings bank and an existing stock savings bank or on the
34 Administrator's approval of any other transaction.

35 **"§§ 54C-47 to 54C-51: Reserved for future codification purposes.**

36 **"ARTICLE 4.**

37 **"SUPERVISION.**

38 **"§ 54C-52. Supervision.**

39 (a) The Administrator shall perform the duties and exercise the powers as to
40 savings banks organized or operated under this Chapter, except as otherwise provided
41 herein.

42 (b) The Commission may review, approve, disapprove, or modify any action
43 taken by the Administrator in the exercise of the powers, duties, and functions granted
44 to the Administrator by this Chapter.

1 "§ 54C-53. Power of Administrator to adopt rules and definitions; reproduction of
2 records.

3 (a) The Administrator shall adopt rules, definitions, and forms as may be
4 necessary for the supervision and regulation of savings banks and for the protection of
5 the public investing in savings banks.

6 (b) Without limiting the generality of subsection (a) of this section, the
7 Administrator may adopt rules, definitions, and forms with respect to the following:

8 (1) Reserve requirements;

9 (2) Stock ownership and dividends;

10 (3) Stock transfers;

11 (4) Original incorporators, stockholders, directors, officers, and employees
12 of a savings bank;

13 (5) Bylaws;

14 (6) The operation of savings banks;

15 (7) Deposit accounts, bonus plans, and contracts for savings programs;

16 (8) Loans and loan expenses;

17 (9) Investments and resource management;

18 (10) Forms of proxies, holders of proxies, and proxy solicitations;

19 (11) Types of financial records to be maintained by savings banks;

20 (12) Retention periods of various financial records;

21 (13) Internal control procedures of savings banks;

22 (14) Conduct and management of savings banks;

23 (15) Chartering and branching;

24 (16) Liquidations, dissolutions, and receiverships;

25 (17) Mergers, consolidations, conversions, and combination mergers and
26 conversions;

27 (18) Interim savings banks;

28 (19) Reports that may be required by the Administrator;

29 (20) Conflicts of interest;

30 (21) Service corporations; and

31 (22) Subsidiary savings banks and holding companies, including the rights
32 of members, levels of investment in the subsidiaries, and stock sales.

33 (c) A savings bank may cause any or all of its records to be recorded, copied, or
34 reproduced by any photographic, photostatic, or miniature photographic process that
35 correctly, accurately, permanently copies, reproduces, or forms a medium for copying
36 or reproducing the original record on a film or other durable material.

37 (d) A photographic, photostatic, or miniature photographic copy or reproduction
38 is deemed to be an original record in all courts and administrative agencies for the
39 purpose of its admissibility in evidence. A facsimile, exemplification or certified copy
40 of any photographic copy or reproduction is deemed to be a facsimile, exemplification,
41 or certified copy of the original record for all purposes.

42 (e) This section, with reference to the retention and disposition of records, shall
43 apply to any federal savings bank operating in North Carolina unless in conflict with
44 regulations prescribed by its federal regulatory authority.

1 **"§ 54C-54. Examinations by Administrator; report.**

2 (a) It is the Administrator's duty, if at any time the Administrator deems it
3 prudent, to examine and investigate everything relating to the business of a State
4 savings bank or a holding company thereof, and to appoint a suitable and competent
5 person to make the investigation. The investigator shall file with the Administrator a
6 full report of the findings in the case, including any violation of law or any unauthorized
7 or unsafe practices of the savings bank disclosed by the examination.

8 (b) The Administrator shall furnish a copy of the report to the savings bank
9 examined and may, upon request, furnish a copy of, or excerpts from, the report to the
10 insurer of accounts.

11 (c) No savings bank may willfully delay or willfully obstruct an examination in
12 any fashion. A person failing to comply with this subsection is guilty of a
13 misdemeanor.

14 (d) No person who possesses or controls any books, accounts, or papers of any
15 State savings bank shall refuse to exhibit same to the Administrator or the
16 Administrator's agent on demand, or shall knowingly or willingly make any false
17 statement in regard to the same. A person failing to comply with this subsection is
18 guilty of a misdemeanor.

19 **"§ 54C-55. Supervision and examination fees.**

20 (a) Every State savings bank, including savings banks in process of voluntary
21 liquidation, or a holding company thereof, shall pay into the office of the Administrator
22 each July a supervisory fee. Examination fees shall be paid promptly upon an
23 association's receipt of the examination billing. The Administrator, subject to the
24 advice and consent of the Commission, shall, on or before June 1 of each year:

25 (1) Determine and fix the scale of supervisory and examination fees to be
26 assessed and collected during the next fiscal year; and

27 (2) Determine and fix the amount of the fee and set the fee collection
28 schedule for the fees to be assessed to and collected from applicants to
29 defray the cost of processing their charter, branch, merger, conversion,
30 holding company acquisition, and name change applications.

31 (b) All funds and revenue collected by the Division under this section and all
32 other sections of this Chapter that authorize the collection of fees and other funds shall
33 be deposited with the State Treasurer and expended under the terms of the Executive
34 Budget Act, solely to defray expenses incurred by the office of the Administrator in
35 carrying out its supervisory and auditing functions.

36 (c) Notwithstanding subsections (a) and (b) of this section, whenever the
37 Administrator under G.S. 54C-54 appoints a suitable and competent person, other than a
38 person employed by the Administrator's office, to make an examination and
39 investigation of the business of a State savings bank, the savings bank shall pay all costs
40 and expenses relative to the examination and investigation.

41 **"§ 54C-56. Prolonged audit, examination, or revaluation; payment of costs.**

42 (a) If, in the opinion of the Administrator, an examination conducted under G.S.
43 54C-55 fails to disclose the complete financial condition of a savings bank, the
44 Administrator may in order to ascertain its complete financial condition:

- 1 (1) Make an extended audit or examination of the savings bank or cause
2 an audit or examination to be made by an independent auditor; and
3 (2) Make an extended revaluation of any of the assets or liabilities of the
4 savings bank or cause an independent appraiser to make a revaluation.
5 (b) The Administrator shall collect from the savings bank a reasonable sum for
6 actual or necessary expenses of an audit, examination, or revaluation.

7 **"§ 54C-57. Administrator to have right of access to books and records of the**
8 **savings bank; right to issue subpoenas, administer oaths, examine**
9 **witnesses.**

- 10 (a) The Administrator and the Administrator's agents:
11 (1) Shall have free access to all books and records of a savings bank, or a
12 service corporation or holding company thereof, that relate to its
13 business, and the books and records kept by an officer, agent, or
14 employee relating to or upon which any record is kept;
15 (2) May subpoena witnesses and administer oaths or affirmations in the
16 examination of any director, officer, agent, or employee of a savings
17 bank, or a service corporation or holding company thereof or of any
18 other person in relation to its affairs, transactions, and conditions;
19 (3) May require the production of records, books, papers, contracts, and
20 other documents; and
21 (4) May order that improper entries be corrected on the books and records
22 of a savings bank.

- 23 (b) The Administrator may issue subpoenas **duces tecum.**

- 24 (c) If a person fails to comply with a subpoena so issued or a party or witness
25 refuses to testify on any matters, a court of competent jurisdiction, on the application of
26 the Administrator, shall compel compliance by proceedings for contempt as in the case
27 of disobedience of the requirements of a subpoena issued from the court or a refusal to
28 testify in the court.

29 **"§ 54C-58. Test appraisals of collateral for loans; expense paid.**

- 30 (a) The Administrator may direct the making of test appraisals of real estate and
31 other collateral securing loans made by savings banks doing business in this State,
32 employ competent appraisers, or prescribe a list from which competent appraisers may
33 be selected, for the making of these appraisals by the Administrator, and any and all
34 other acts incident to the making of test appraisals.

- 35 (b) In lieu of causing an appraisal to be made, the Administrator may accept an
36 appraisal caused to be made by the insurer of accounts.

- 37 (c) The expense and cost of test appraisals made under this section shall be
38 defrayed by the savings bank subjected to the test appraisals, and each savings bank
39 doing business in this State shall pay all reasonable costs and expenses of the test
40 appraisals when it is directed.

41 **"§ 54C-59. Relationship of savings banks with the Savings Institution Division.**

- 42 (a) Except as provided by subsection (b) of this section, a savings bank or any
43 director, officer, employee, or representative thereof shall not grant or give to the

1 Administrator or to any employee of the Division or to their spouses, any loan or
2 gratuity, directly or indirectly.

3 (b) Neither the Administrator nor any employee of the Division shall:

4 (1) Hold an office or position in any State savings bank or exercise any
5 right to vote on any State savings bank matter by reason of being a
6 member of the savings bank;

7 (2) Be interested, directly or indirectly, in any savings bank organized
8 under the laws of this State; or

9 (3) Undertake any indebtedness as a borrower, directly or indirectly, or act
10 as endorser, surety, or guarantor, or sell or otherwise dispose of any
11 loan or investment to any savings bank organized under the laws of
12 this State.

13 (c) Notwithstanding subsection (b) of this section, the Administrator or any
14 employee of the Division may be a deposit account holder and receive earnings on a
15 deposit account.

16 (d) The Administrator or any employee of the Division shall dispose of any
17 prohibited right or interest in a savings bank, either directly or indirectly, within 60 days
18 after the date of the Administrator's or employee's appointment or employment. If the
19 Administrator or any employee of the Division is indebted as borrower, directly or
20 indirectly, or is an endorser, surety, or guarantor on a note, at the time of appointment or
21 employment, the Administrator or employee may continue in that capacity until the loan
22 is paid off.

23 (e) If the Administrator or any employee of the Division has a loan or other note
24 acquired by a State savings bank through the secondary market, the Administrator or
25 employee may continue with the debt until the loan or note is paid off.

26 **"§ 54C-60. Confidential information.**

27 (a) The following records or information of the Commission, the Administrator,
28 or the agent of either shall be confidential and shall not be disclosed:

29 (1) Information obtained or compiled in preparation of or anticipation of,
30 or during an examination, audit, or investigation of any association;

31 (2) Information reflecting the specific collateral given by a named
32 borrower, the specific amount of stock owned by a named stockholder,
33 any stockholder list supplied to the Administrator under G.S. 54C-22,
34 or specific deposit accounts held by a named member or customer;

35 (3) Information obtained, prepared, or compiled during or as a result of an
36 examination, audit, or investigation of any savings bank by an agency
37 of the United States, if the records would be confidential under federal
38 law or regulation;

39 (4) Information and reports submitted by savings banks to federal
40 regulatory agencies, if the records or information would be
41 confidential under federal law or regulation;

42 (5) Information and records regarding complaints from the public received
43 by the Division that concern savings banks when the complaint would

1 or could result in an investigation, except to the management of those
2 savings banks; and

3 (6) Any other letters, reports, memoranda, recordings, charts or other
4 documents or records that would disclose any information of which
5 disclosure is prohibited in this subsection.

6 (b) A court of competent jurisdiction may order the disclosure of specific
7 information.

8 (c) The information contained in an application is deemed to be public
9 information. Disclosure shall not extend to the financial statement of the incorporators
10 nor to any further information deemed by the Administrator to be confidential.

11 (d) Nothing in this section shall prevent the exchange of information relating to
12 savings banks and the business thereof with the representatives of the agencies of this
13 State, other states, or of the United States, or with reserve or insuring agencies for
14 savings banks. The private business and affairs of an individual or company shall not
15 be disclosed by any person employed by the Division, any member of the Commission,
16 or by any person with whom information is exchanged under the authority of this
17 subsection.

18 (e) An official or employee of this State violating this section is liable to any
19 person injured by disclosure of the confidential information for all damages sustained
20 thereby. Penalties provided are not exclusive of other penalties.

21 **"§ 54C-61. Annual license fees.**

22 A state savings bank shall pay an annual license fee set by the Administrator, subject
23 to the advice and consent of the Commission. The license fee shall be used to defray
24 the expenses incurred by the Division in supervising State savings banks. The
25 Administrator may license each State savings bank upon receipt of the license fee and
26 filing of an application in the form prescribed by the Administrator.

27 **"§ 54C-62. Statement filed by savings bank; fees.**

28 A State savings bank shall file in the office of the Administrator, on or before the
29 first day of February in each year, in the form prescribed by the Administrator, a
30 statement of the business standing and financial condition of the savings bank on the
31 preceding thirty-first day of December, signed and sworn to by the secretary of the
32 savings bank before a notary public. The statement shall be accompanied by a filing fee
33 set by the Administrator, subject to the advice and consent of the Commission. The
34 filing fees shall be used to defray the expenses incurred by the Division in supervising
35 State savings banks.

36 **"§ 54C-63. Statement examined, approved, and published.**

37 It is the duty of the Administrator to receive and thoroughly examine each annual
38 statement required by G.S. 54C-73, and if made in compliance with the requirements
39 thereof, each State savings bank shall publish an abstract of the same in one of the
40 newspapers of the State, to be selected by the managing officer making the statement,
41 and at the expense of the savings bank.

42 **"§ 54C-64. Prohibited practices.**

1 A person who engages in any of the following acts or practices is guilty of a
2 misdemeanor, and upon conviction thereof shall be fined or imprisoned, or both, in the
3 discretion of the court:

4 (1) Defamation: Making, publishing, disseminating, or circulating,
5 directly or indirectly, or aiding, abetting, or encouraging the making,
6 publishing, disseminating, or circulating of any oral, written, or printed
7 statement that is false regarding the financial condition of any savings
8 bank.

9 (2) False information and advertising: Making, publishing, disseminating,
10 circulating, or otherwise placing before the public in any publication,
11 media, notice, pamphlet, letter, poster, or any other way, an
12 advertisement, announcement, or statement containing any assertion,
13 representation, or statement with respect to the savings bank business
14 or with respect to any person in the conduct of the savings bank
15 business that is untrue, deceptive, or misleading.

16 (3) Misleading advertising: Use of a name or designation by a savings
17 bank in advertisements, announcements, or statements concerning the
18 savings bank that does not include the words 'savings bank' and the
19 designation 'SSB' in type that is equally prominent with the other
20 terms in the name or designation of the savings bank.

21 "§§ 54C-65 to 54C-75: Reserved for future codification purposes.

22 "ARTICLE 5.

23 "ENFORCEMENT.

24 "§ 54C-76. Cease and desist orders.

25 (a) If a person or savings bank is engaging in, or has engaged in, any unsafe or
26 unsound practice or unfair and discriminatory practice in conducting the savings bank's
27 business, or of any other law, rule, order, or condition imposed in writing by the
28 Administrator, the Administrator may issue a notice of charges to the person or
29 association. A notice of charges shall specify the acts alleged to sustain a cease and
30 desist order, and state the time and place at which a hearing shall be held. A hearing
31 before the Commission on the charges shall be held no earlier than seven days, and no
32 later than 15 days after issuance of the notice. The charged institution is entitled to a
33 further extension of seven days upon filing a request with the Administrator. The
34 Administrator may also issue a notice of charges if there are reasonable grounds to
35 believe that a person or savings bank is about to engage in any unsafe or unsound
36 business practice, or any violation of this Chapter, or any other law, rule, or order. If,
37 by a preponderance of the evidence, it is shown that any person or savings bank is
38 engaged in, or has been engaged in, or is about to engage in, any unsafe or unsound
39 business practice, or unfair and discriminatory practice or any violation of this Chapter,
40 or any other law, rule, or order, a cease and desist order shall be issued. The
41 Commission may issue a temporary cease and desist order to be effective for 15 days
42 and which may be extended once for a period of 15 days.

43 (b) If a person or State savings bank is engaging in, has engaged in, or is about to
44 engage in any unsafe or unsound practice in conducting the savings bank's business, or

1 any violation of this Chapter or of any other law, rule, order, or condition imposed in
2 writing by the Administrator, and the Administrator has determined that immediate
3 corrective action is required, the Administrator may issue a temporary cease and desist
4 order. A temporary cease and desist order is effective immediately upon issuance for a
5 period of 15 days, and may be extended once for a period of 15 days. The order shall
6 state its duration on its face and the words, 'Temporary Cease and Desist Order.' A
7 hearing before the Commission shall be held within the time that the order remains
8 effective, at which time a temporary order may be dissolved or made permanent.

9 **"§ 54C-77. Civil penalties; State savings banks.**

10 (a) Except as otherwise provided in this Article, a savings bank that is found to
11 have violated this Article may be ordered to forfeit and pay a civil penalty of up to
12 twenty thousand dollars (\$20,000). A savings bank that is found to have violated or
13 failed to comply with any cease and desist order issued under the authority of this
14 Article may be ordered to forfeit or pay a civil penalty of up to twenty thousand dollars
15 (\$20,000) for each day that the violation or failure to comply continues.

16 (b) To enforce this section, the Administrator may assess the penalty, appear in a
17 court of competent jurisdiction, and move the court to order payment of the penalty.
18 Before the assessment of the penalty, the Administrator shall hold a hearing, which shall
19 comply with Article 3A of Chapter 150B of the General Statutes.

20 (c) If the Administrator determines that, as a result of a violation of this Article
21 or of a failure to comply with any cease and desist order issued under the authority of
22 this Article, a situation exists requiring immediate corrective action, the Administrator
23 may impose the civil penalty in this section on the savings bank without a prior hearing,
24 and the penalty is effective as of the date of notice to the association. Imposition of the
25 penalty may be directly appealed to the Wake County Superior Court.

26 (d) Nothing in this section shall prevent anyone damaged by a State savings bank
27 from bringing a separate cause of action in a court of competent jurisdiction.

28 **"§ 54C-78. Civil penalties; directors, officers, and employees.**

29 (a) A person, whether a director, officer, or employee, who is found to have
30 violated this Article, whether willfully or as a result of gross negligence, gross
31 incompetency, or recklessness, may be ordered to forfeit and pay a civil penalty of up to
32 five thousand dollars (\$5,000) per violation. A person who is found to have violated or
33 failed to comply with any cease and desist order issued under the authority of this
34 Article, may be ordered to forfeit and pay a civil penalty of up to five thousand dollars
35 (\$5,000) per violation for each day that the violation of failure to comply continues.

36 (b) To enforce this section, the Administrator may assess the penalty, appear in a
37 court of competent jurisdiction, and move the court to order payment of the penalty.
38 Before the assessment of the penalty, the Administrator shall hold a hearing, which shall
39 comply with Article 3A of Chapter 150B of the General Statutes.

40 (c) Whenever the Administrator determines that an emergency exists that
41 requires immediate corrective action, the Administrator, either before or after instituting
42 any other action or proceeding authorized by this Article, may request the Attorney
43 General to institute a civil action in a court of competent jurisdiction, in the name of the
44 State upon the relation of the Administrator seeking injunctive relief to restrain or

1 enjoin the violation or threatened violation of this Article and for any other and further
2 relief as the court may deem proper. Instituting an action for injunctive relief shall not
3 relieve any party to the proceedings from any civil or criminal penalty prescribed for
4 violation of this Article.

5 (d) Nothing in this section shall prevent anyone damaged by a director, officer, or
6 employee of a State savings bank from bringing a separate cause of action in a court of
7 competent jurisdiction.

8 **"§ 54C-79. Criminal penalties.**

9 (a) This section shall in no event extend to persons who are found to have acted
10 only with gross negligence, simple negligence, recklessness, or incompetence.

11 (b) In addition to any of the other penalties or remedies provided by this Article,
12 the following are deemed to be misdemeanors and are punishable as provided in
13 Chapter 14 of the General Statutes:

14 (1) The willful or knowing violation of this Article by any employee of
15 the Division.

16 (2) The willful or knowing violation of a cease and desist order that has
17 become final in that no further administrative or judicial appeal is
18 available.

19 (c) In addition to any of the other penalties or remedies provided by this Article,
20 the willful omission, making, or concurrence in making or publishing a written report,
21 exhibit, or entry in a financial statement on the books of the association, which contains
22 a material statement known to be false is deemed to be a misdemeanor and is punishable
23 as provided in Chapter 14 of the General Statutes. For purposes of this section,
24 'material' shall mean 'so substantial and important as to influence a reasonable and
25 prudent businessman or investor.'

26 (d) The Administrator may enforce this section in a court of competent
27 jurisdiction.

28 **"§ 54C-80. Primary jurisdiction.**

29 Whenever an agency of the United States government defers to the Administrator, or
30 notifies the Administrator of pending action against a savings bank chartered by this
31 State, or fails to exercise its authority over any State or federally chartered savings bank
32 doing business in this State, the Administrator may exercise jurisdiction over the
33 savings bank.

34 **"§ 54C-81. Supervisory control.**

35 (a) Whenever the Administrator determines that a savings bank is conducting its
36 business in an unsafe or unsound manner or in any fashion that threatens the financial
37 integrity or sound operation of the savings bank, the Administrator may serve a notice
38 of charges on the savings bank, requiring it to show cause why it should not be placed
39 under supervisory control. The notice of charges shall specify the grounds for
40 supervisory control, and set the time and place for a hearing. A hearing before the
41 Commission shall be held within 15 days after issuance of the notice of charges, and
42 shall comply with Article 3A of Chapter 150B of the General Statutes.

43 (b) If, after the hearing provided in subsection (a) of this section, the Commission
44 determines that supervisory control of the savings bank is necessary to protect the

1 savings bank's members, customers, stockholders, or creditors, or the general public, the
2 Administrator shall issue an order taking supervisory control of the savings bank. An
3 appeal may be filed in the Wake County Superior Court.

4 (c) If the order taking supervisory control becomes final, the Administrator may
5 appoint an agent to supervise and monitor the operations of the savings bank during the
6 period of supervisory control. During the period of supervisory control, the savings
7 bank shall act in accordance with any instructions and directions as may be given by the
8 Administrator, directly or through a supervisory agent, and shall not act or fail to act
9 except when to do so would violate an outstanding cease and desist order.

10 (d) Within 180 days of the date the order taking supervisory control becomes
11 final, the Administrator shall issue an order approving a plan for the termination of
12 supervisory control. The plan may provide for:

13 (1) The issuance by the savings bank of capital stock;

14 (2) The appointment of one or more officers, one or more directors, or one
15 or more officers and directors;

16 (3) The reorganization, merger, or consolidation of the savings bank; and

17 (4) The dissolution and liquidation of the savings bank.

18 The order approving the plan shall not take effect for 30 days during which time
19 period an appeal may be filed in the Wake County Superior Court.

20 (e) The costs incident to this proceeding shall be paid by the savings bank,
21 provided the costs are found to be reasonable.

22 (f) For the purposes of this section, an order is deemed final if:

23 (1) No appeal is filed within the specific time allowed for the appeal, or

24 (2) After all judicial appeals are exhausted.

25 **"§ 54C-82. Removal of directors, officers, and employees.**

26 (a) If, in the Administrator's opinion, one or more directors, officers, or
27 employees of a savings bank has participated in or consented to any violation of this
28 Chapter, or any other law, rule, or order, or any unsafe or unsound business practice in
29 the operation of any savings bank; or any insider loan not specifically authorized by or
30 under this Chapter; or any repeated violation of or failure to comply with any savings
31 bank's bylaws, the Administrator may serve a written notice of charges upon the
32 director, officer, and employee in question, and the savings bank, stating the
33 Administrator's intent to remove the director, officer, or employee. The notice shall
34 specify the conduct and place for the hearing before the Commission to be held. A
35 hearing shall be held no earlier than 15 days and no later than 30 days after the notice of
36 charges is served, and it shall comply with Article 3A of Chapter 150B of the General
37 Statutes. If, after the hearing, the Commission determines that the charges asserted have
38 been proven by a preponderance of the evidence, the Administrator may issue an order
39 removing the director, officer, or employee in question. The order is effective upon
40 issuance and may include the entire board of directors or all of the officers of the
41 savings bank.

42 (b) If it is determined that a director, officer, or employee of a savings bank has
43 knowingly participated in or consented to any violation of this Chapter, or any other
44 law, rule, or order, or engaged in any unsafe or unsound business practice in the

1 operation of any savings bank, or any repeated violation of or failure to comply with
2 any savings bank's bylaws, and that as a result, a situation exists requiring immediate
3 corrective action, the Administrator may issue an order temporarily removing the person
4 pending a hearing. The order shall state its duration on its face and the words,
5 'Temporary Order of Removal,' and is effective upon issuance, for a period of 15 days,
6 and may be extended once for a period of 15 days. A hearing shall be held within 10
7 days of the expiration of a temporary order, or any extension thereof, at which time a
8 temporary order may be dissolved or converted to a permanent order.

9 (c) Any removal under subsections (a) or (b) of this section is effective in all
10 respects as if the removal had been made by the board of directors and the members or
11 the stockholders of the savings bank in question.

12 (d) Without the prior written approval of the Administrator, no director, officer,
13 or employee permanently removed under this section shall be eligible to be elected,
14 reelected, or appointed to any position as a director, officer, or employee of that savings
15 bank, nor shall that director, officer, or employee be eligible to be elected to or retain a
16 position as a director, officer, or employee of any other State savings bank.

17 **"§ 54C-83. Involuntary liquidation.**

18 (a) The Administrator, with prior approval of the Commission, may take custody
19 of the books, records, and assets of every kind and character of any savings bank
20 organized and operated under this Chapter for any of the purposes enumerated in this
21 section, if it reasonably appears from examinations or from reports made to the
22 Administrator that:

23 (1) The directors, officers, or liquidators have neglected, failed, or refused
24 to take action that the Administrator may deem necessary for the
25 protection of the savings bank or have impeded or obstructed an
26 examination;

27 (2) The net worth of the savings bank is impaired to the extent that the
28 realizable value of its assets is insufficient to pay in full its creditors
29 and holders of deposit accounts;

30 (3) The business of the savings bank is being conducted in a fraudulent,
31 illegal, or unsafe manner, or that the savings bank is in an unsafe or
32 unsound condition to transact business; for purposes of this
33 subdivision, any savings bank that, except as authorized in writing by
34 the Administrator, fails to make full payment of any withdrawal when
35 due is in an unsafe or unsound condition to transact business,
36 notwithstanding the certificate of incorporation or the statutes or
37 regulations with respect to payment of withdrawals in event a savings
38 bank does not pay all withdrawals in full;

39 (4) The officers, directors, or employees have assumed duties or
40 performed acts in excess of those authorized by statute or regulation or
41 charter, or without supplying the required bond;

42 (5) The savings bank has experienced a substantial dissipation of assets or
43 earnings due to any violation or violation of statute or regulation, or
44 due to any unsafe or unsound practice or practices;

1 (6) The savings bank is insolvent, or is in imminent danger of insolvency
2 or has suspended its ordinary business transactions due to insufficient
3 funds; or

4 (7) The savings bank is unable to continue operations.

5 (b) Unless the Administrator finds that an emergency exists that may result in
6 loss to members, deposit account holders, stockholders, or creditors, and that requires
7 that the Administrator take custody immediately, the Administrator shall first give
8 written notice to the directors and officers specifying the conditions criticized and
9 allowing a reasonable time in which corrections may be made before a receiver shall be
10 appointed as outlined in subsection (d) of this section.

11 (c) The purposes for which the Administrator may take custody of a savings bank
12 include examination or further examination, conservation of its assets, restoration of
13 impaired capital, and the making of any reasonable or equitable adjustment deemed
14 necessary by the Administrator under any plan of reorganization.

15 (d) If the Administrator, after taking custody of a savings bank, finds that one or
16 more of the reasons for having taken custody continue to exist through the period of
17 custody, with little or no likelihood of amelioration of the situation, then the
18 Administrator shall appoint as receiver or coreceiver any qualified person, firm, or
19 corporation for the purpose of liquidation of the savings bank, which receiver shall
20 furnish bond in form, amount, and with surety as the Administrator may require. The
21 Administrator may appoint the association's deposit account insurance corporation or its
22 nominee as the receiver, and the insuring corporation shall be permitted to serve without
23 posting bond.

24 (e) In the event the Administrator appoints a receiver for a savings bank, the
25 Administrator shall mail a certified copy of the appointment order by certified mail to
26 the address of the savings bank as it appears on the records of the Division, and to any
27 previous receiver or other legal custodian of the savings bank, and to any court or other
28 authority to which the previous receiver or other legal custodian is subject. Notice of
29 the appointment may be published in a newspaper of general circulation in the county
30 where the savings bank has its principal office.

31 (f) Whenever a receiver for a savings bank is appointed under subsection (d) of
32 this section, the savings bank may within 30 days thereafter bring an action in the
33 Superior Court of Wake County, for an order requiring the Administrator to remove the
34 receiver.

35 (g) The duly appointed and qualified receiver shall take possession promptly of
36 the savings bank for which the receiver has been so appointed, in accordance with the
37 terms of the appointment, by service of a certified copy of the Administrator's
38 appointment order upon the savings bank at its principal office through the officer or
39 employee who is present and appears to be in charge. Immediately upon taking
40 possession of the savings bank, the receiver shall take possession and title to books,
41 records, and assets of every description of the savings bank. The receiver, by operation
42 of law and without any conveyance or other instrument, act or deed, shall succeed to all
43 the rights, titles, powers, and privileges of the savings bank, its members or
44 stockholders, holders of deposit accounts, its officers and directors or any of them; and

1 to the titles to the books, records, and assets of every description of any previous
2 receiver or other legal custodian of the savings bank. The members, stockholders,
3 holders of deposit accounts, officers or directors, or any of them, shall not thereafter,
4 except as expressly provided in this section have or exercise any rights, powers or
5 privileges or act in connection with any assets or property of any nature of the savings
6 bank in receivership. The Administrator, with the approval of the Commission, may at
7 any time, direct the receiver to return the savings bank to its previous or a newly
8 constituted management. The Administrator may provide for a meeting or meetings of
9 the members or stockholders for any purpose, including the election of directors or an
10 increase in the number of directors, or both, or the election of an entire new board of
11 directors; and may provide for a meeting or meetings of the directors for any purpose
12 including the filling of vacancies on the board, the removal of officers and the election
13 of new officers, or for any of these purposes. Any meeting of members or stockholders,
14 or of directors, shall be supervised or conducted by a representative of the
15 Administrator.

16 (h) A duly appointed and qualified receiver may:

- 17 (1) Demand, sue for, collect, receive and take into possession all the goods
18 and chattels, rights and credits, moneys and effects, lands and
19 tenements, books, papers, chooses in action, bills, notes and property
20 of every description of the savings bank;
- 21 (2) Foreclose mortgages, deeds of trust, and other liens executed to the
22 savings bank to the extent the savings bank would have had this right;
- 23 (3) Institute suits for the recovery of any estate, property, damages, or
24 demands existing in favor of the savings bank, and shall, upon the
25 receiver's own application, be substituted as party plaintiff in the place
26 of the savings bank in any suit or proceeding pending at the time of the
27 receiver's appointment;
- 28 (4) Sell, convey, and assign all the property rights and interests owned by
29 the savings bank;
- 30 (5) Appoint agents;
- 31 (6) Examine and investigate papers and persons, and pass on claims as
32 provided in the regulations as prescribed by the Administrator;
- 33 (7) Make and carry out agreements with the insuring corporation or with
34 any other financial institution for the payment or assumption of the
35 savings bank's liabilities, in whole or in part, and to sell, convey,
36 transfer, pledge, or assign assets as security or otherwise and to make
37 guarantees in connection therewith; and
- 38 (8) Perform all other acts that might be done by the employees, officers,
39 and directors.

40 These powers shall be continued in effect until liquidation and dissolution or until
41 return of the savings bank to its prior or newly constituted management.

42 (i) A receiver may, at any time during the receivership and before final
43 liquidation, be removed and a replacement appointed by the Administrator.

1 (j) The Administrator may determine that the liquidation proceedings should be
2 discontinued. The Administrator shall then remove the receiver and restore all the
3 rights, powers, and privileges of its members and stockholders, customers, employees,
4 officers, and directors, or restore these rights, powers, and privileges to its members,
5 stockholders, and customers, and grant these rights, powers, and privileges to a newly
6 constituted management, all as of the time of the restoration of the savings bank to its
7 management unless another time for the restoration is specified by the Administrator.
8 The return of a savings bank to its management or to a newly constituted management
9 from the possession of a receiver shall, by operation of law and without any conveyance
10 or other instrument, act or deed, vest in the savings bank the title to all property held by
11 the receiver in the capacity as receiver for the savings bank.

12 (k) A receiver may also be appointed under the authority of G.S. 1-502. No
13 judge or court, however, shall appoint a receiver for any State savings bank unless five
14 days' advance notice of the motion, petition, or application for appointment of a receiver
15 has been given to the savings bank and to the Administrator.

16 (l) Following the appointment of a receiver, the Administrator may request the
17 Attorney General to institute an action in the name of the Administrator in the superior
18 court against the savings bank for the orderly liquidation and dissolution of the
19 association, and for an injunction to restrain the officers, directors, and employees from
20 continuing the operation of the savings bank.

21 (m) Claims against a State association in receivership shall have the following
22 order of priority for payment:

23 (1) Costs, expenses, and debts of the savings bank incurred on or after the
24 date of the appointment of the receiver, including compensation for the
25 receiver.

26 (2) Claims of holders of special purpose or thrift accounts.

27 (3) Claims of holders of deposit accounts.

28 (4) Claims of general creditors.

29 (5) Claims of stockholders of a stock savings bank.

30 (6) All remaining assets to members and stockholders in an amount
31 proportionate to their holdings as of the date of the appointment of the
32 receiver.

33 (n) All claims of each class described within subsection (m) of this section shall
34 be paid in full so long as sufficient assets remain. Members of the class for which the
35 receiver cannot make payment in full because assets will be depleted during payment to
36 that class shall be paid an amount proportionate to their total claims.

37 (o) The Administrator may direct the payment of claims for which no provision
38 is made in this section, and may direct the payment of claims within a class.

39 (p) When all assets of the savings bank have been fully liquidated, and all claims
40 and expenses have been paid or settled, and the receiver has recommended a final
41 distribution, the dissolution of the savings bank in receivership shall be accomplished in
42 the following manner:

- 1 (1) The receiver shall file with the Administrator a detailed report, in a
2 form to be prescribed by the Administrator, of the receiver's acts and
3 proposed final distribution, and dissolution.
- 4 (2) Upon the Administrator's approval of the final report of the receiver,
5 the receiver shall provide notice and thereafter shall make the final
6 distribution, in any manner as the Administrator may direct.
- 7 (3) When a final distribution has been made except as to any unclaimed
8 funds, the receiver shall deposit the unclaimed funds with the
9 Administrator and shall deliver to the Administrator all books and
10 records of the dissolved association.
- 11 (4) Upon completion of the foregoing procedure, and upon the joint
12 petition of the Administrator and receiver to the superior court, the
13 court may find that the savings bank should be dissolved, and
14 following publication of notice of dissolution as the court may direct,
15 the court may enter a decree of final resolution and the savings bank
16 shall therefore be dissolved.
- 17 (5) Upon final dissolution of the savings bank in receivership or at any
18 time as the receiver shall be otherwise relieved of duties, the
19 Administrator shall cause an audit to be conducted, during which the
20 receiver shall be available to assist. The accounts of the receiver shall
21 then be ruled upon by the Administrator and Commission and if
22 approved, the receiver shall thereupon be given a final and complete
23 discharge and release.

24 **"§ 54C-84. Judicial review.**

25 A person or State savings bank against whom a cease and desist order is issued or a
26 fine is imposed may have the order or fine reviewed by a court of competent
27 jurisdiction. Except as otherwise provided, an appeal may be made only within 30 days
28 of the issuance of the order or the imposition of the fine, whichever is later.

29 **"§ 54C-85. Indemnity.**

30 No person who is fined or penalized for a violation of any criminal provision of this
31 Article shall be reimbursed or indemnified in any fashion by the savings bank for the
32 fine or penalty.

33 **"§ 54C-86. Cumulative penalties.**

34 All penalties, fines, and remedies provided by this Article are cumulative.

35 **"§ 54C-87. Emergency limitations.**

36 The Administrator, with the approval of the Governor, may impose a limitation upon
37 the amounts withdrawable or payable from deposit accounts of savings banks during
38 any specifically defined period when the limitation is in the public interest and welfare.

39 **"§§ 54C-88 to 54C-99: Reserved for future codification purposes.**

40 **"ARTICLE 6.**

41 **"CORPORATE ADMINISTRATION.**

42 **"§ 54C-100. Membership of a mutual association.**

43 The membership of a mutual State savings bank shall consist of:

- 44 (1) Those who hold deposit accounts in a savings bank, and

1 (2) Those who borrow funds and those who become obligated on a loan
2 from the savings bank, for as long as the loan remains unpaid and the
3 borrower remains liable to the savings bank for the payment of the
4 loan.

5 A person, as a matter of right or in a trust or other fiduciary capacity, or any
6 partnership, association, corporation, political subdivision, or public or governmental
7 unit or entity may become a member of a mutual savings bank. Members shall be
8 possessed of voting rights and any other rights as are provided by a savings bank's
9 certificate of incorporation and bylaws as approved by the Administrator. Members are
10 the owners of a mutual savings bank.

11 **"§ 54C-101. Directors.**

12 (a) The directors of a mutual savings bank shall be elected by the members at an
13 annual meeting, held under G.S. 54C-106, for any terms as the bylaws of the savings
14 bank may provide. Director's terms may be classified in the certificate of incorporation.
15 Voting for directors by deposit account holders shall be weighted according to the total
16 amount of deposit accounts held by the members, subject to any maximum number of
17 votes per member which a savings bank may choose to prescribe in its bylaws. Voting
18 rights for borrowers shall be fully prescribed in a detailed manner in the bylaws of the
19 savings bank.

20 (b) The directors of a stock savings bank shall be elected by the stockholders at
21 an annual meeting, held under G.S. 54C-106, for any terms as the bylaws of the savings
22 bank may provide. Director's terms may be classified in the certificate of incorporation.

23 (c) A director of a State savings bank shall have a significant ownership interest
24 in the State savings bank.

25 (d) A State savings bank shall have no less than five directors.

26 **"§ 54C-102. Bylaws.**

27 The bylaws and any amendments shall be certified by the appropriate corporate
28 official and submitted to the Administrator for approval before they may become
29 effective.

30 **"§ 54C-103. Duties and liabilities of officers and directors to their associations.**

31 Officers and directors of a State savings bank shall act in a fiduciary capacity
32 towards the savings bank and its members or stockholders. They shall discharge duties
33 of their respective positions in good faith, and with that diligence and care which
34 ordinarily prudent persons would exercise under similar circumstances in like positions.

35 **"§ 54C-104. Conflicts of interest.**

36 Each director, officer, and employee of a State savings bank has a fundamental duty
37 to avoid placing himself in a position which creates, or which leads to or could lead to a
38 conflict of interest or appearance of a conflict of interest having adverse effects on the
39 interests of members, customers, or stockholders of the savings bank, soundness of the
40 savings bank, and the purposes of this Chapter.

41 **"§ 54C-105. Voting rights.**

42 Voting rights in the affairs of a State savings bank may be exercised by members
43 and stockholders by voting either in person or by proxy.

44 **"§ 54C-106. Annual meetings notice required.**

1 (a) A savings bank shall hold an annual meeting of its members or stockholders.
2 The annual meeting shall be held at a time and place as shall be provided in the bylaws
3 or determined by the board of directors.

4 (b) The board of directors of a mutual savings bank shall cause to be published
5 once a week for two weeks preceding such meeting, in a newspaper of general
6 circulation in the county where such savings bank has its principal office, a notice of the
7 meeting, signed by the savings bank's secretary, and stating the time and place where it
8 is to be held. In addition to the foregoing notice, a savings bank shall disseminate
9 additional notice of any annual meeting by notice made available to all members
10 entering the premises of any office or branch of the savings bank in the regular course
11 of business by posting therein, in full view of the public and its members, one or more
12 conspicuous signs or placards announcing the pending meeting, the time, date, and
13 place of the meeting and the availability of additional information. Printed matter shall
14 be freely available to the members containing any information as may be prescribed in
15 rules issued by the Administrator. The additional notice shall be given at any time
16 within the period of 60 days before and 14 days before the meeting and shall continue
17 through the time of the meeting.

18 (c) The board of directors of a stock savings bank shall cause a written or printed
19 notice, signed by the savings bank's secretary and stating the time and place of the
20 annual meeting, to be delivered not less than 10 days nor more than 50 days before the
21 date of the meeting, either personally or by mail to each stockholder of record entitled to
22 vote at the meeting. If mailed, the notice is deemed to be delivered when deposited in
23 the United States postal service addressed to the stockholder at the address as it appears
24 on the records of the corporation, with postage thereon prepaid.

25 **"§ 54C-107. Special meetings; notice required.**

26 (a) Special meetings of members or stockholders of a savings bank may be called
27 by the president or the board of directors or by any other officers or persons as may be
28 provided for in the charter or bylaws of the savings bank.

29 (b) Notice of any special meeting of members or stockholders shall be given in
30 the same manner as provided for annual meetings under G.S. 54C-106.

31 **"§ 54C-108. Quorum.**

32 Unless otherwise provided in the savings bank's charter or bylaws, 50 holders of
33 deposit accounts in a mutual savings bank or 50 stockholders or a majority of shares
34 eligible to vote in a stock savings bank, present in person or represented by proxy, shall
35 constitute a quorum at any annual or special meeting.

36 **"§ 54C-109. Bonding.**

37 (a) A savings bank shall maintain a blanket indemnity bond of at least a
38 minimum amount as prescribed by the Administrator.

39 (b) A savings bank that employs collection agents, who for any reason are not
40 covered by the bond required in this section, shall provide for the bonding of each agent
41 in an amount equal to at least twice the average monthly collections of the agent. The
42 agents shall be required to make settlement with the association at least once monthly.
43 No coverage by bond will be required of any agent that is a bank or an association
44 insured by the Federal Deposit Insurance Corporation. The amount and form of the

1 bonds and the sufficiency of the surety thereon shall be approved by the board of
2 directors and the Administrator before it is valid. A bond shall provide that its
3 cancellation, either by the surety or by the insured, shall not become effective unless
4 and until 30 days' notice in writing shall have been given to the Administrator.

5 "§§ 54C-110 to 54C-120: Reserved for future codification purposes.

6 "ARTICLE 7.

7 "LOANS AND INVESTMENTS.

8 "§ 54C-121. Loans.

9 (a) A savings bank may loan funds as follows:

10 (1) On the security of deposit accounts, but no loan shall exceed the
11 withdrawal value of the pledged deposit account.

12 (2) On the security of real property:

13 a. Of a value, determined in accordance with this Chapter and any
14 appraisal rules as the Administrator may adopt sufficient to
15 provide good and ample security for the loan;

16 b. With a fee simple title or a leasehold title of no less duration
17 than 10 years beyond the maturity of the loan;

18 c. With the title established by any evidence of title as is
19 consistent with sound lending practices; and

20 d. With the security interest in such real estate evidenced by an
21 appropriate written instrument and the loan evidenced by a
22 note, bond, or similar written instrument. A loan on the
23 security of the whole of the beneficial interest in a land trust
24 satisfies the requirements of this sub-subdivision if the title to
25 the land is held by a corporate trustee and if the real estate held
26 in the land trust meets the other requirements of this
27 subdivision.

28 (3) For the purpose of repair, improvement, rehabilitation, furnishing, or
29 equipment of real estate.

30 (4) For the purpose of financing or refinancing an existing ownership
31 interest, in certificates of stock, certificates of beneficial interest, or
32 other evidence of an ownership interest in, and a proprietary lease
33 from, a corporation, trust or partnership formed for the purpose of the
34 cooperative ownership of real estate, secured by the assignment or
35 transfer of the certificates or other evidence of ownership of the
36 borrower.

37 (5) For the purchase of loans that, at the time of purchase, the savings
38 bank could make in accordance with this Chapter.

39 (6) For the purchase of installment contracts for the sale of real estate, and
40 title thereto that is subject to the contract, but in each instance only if
41 the savings bank, at the time of purchase, could make a mortgage loan
42 of the same amount and for the same length of time on the security of
43 the real estate.

1 (7) For the purchase of loans guaranteed or insured, wholly or in part, by
2 the United States or any of its instrumentalities.

3 (8) For secured or unsecured financing for business, corporate, personal,
4 family, or household purposes, or for secured or unsecured loans for
5 agricultural or commercial purposes, subject to any rules as the
6 Administrator may adopt.

7 (9) For the purpose of mobile home financing.

8 (10) For loans secured by no more than ninety percent (90%) of the cash
9 surrender value of any life insurance policy.

10 (11) For loans on any collateral that would be a legal investment if made by
11 the savings bank under this Chapter.

12 (b) Notwithstanding any provision of this Chapter to the contrary, a savings bank
13 may make any loan that the savings bank could make if it were incorporated and
14 operating as a federal association or as a State or national bank.

15 **"§ 54C-122. Lending procedures.**

16 (a) The board of directors shall establish procedures by which loans are to be
17 considered, approved, and made by the savings bank.

18 (b) All actions on loan applications to the savings bank shall be reported to the
19 board of directors at its next meeting.

20 (c) Subject to any rules as the Administrator deems appropriate, a savings bank
21 may lend funds on any collateral deemed sufficient by the board of directors to properly
22 secure loans. Loans made solely upon security of collateral consisting of stock or
23 equity securities that are not listed on a national stock exchange or regularly quoted and
24 offered for trade on an over-the-counter market are considered loans without security.

25 (d) A savings bank may lend funds without requiring security. No unsecured
26 loan shall exceed the maximum amount authorized by rules of the Administrator.

27 (e) A savings bank may make insured or guaranteed loans in accordance with
28 G.S. 53-45.

29 (f) A savings bank may invest any funds on hand in the purchase of loans of a
30 type that the savings bank could make in accordance with this Chapter.

31 (g) A savings bank may invest in a participating interest in loans of a type that
32 the savings bank could make in accordance with this Chapter.

33 (h) A savings bank may sell any loan, including any participating interest in a
34 loan.

35 **"§ 54C-123. Prohibited security.**

36 No savings bank may accept its own capital stock or its own mutual capital
37 certificates as security for any loan made by the savings bank.

38 **"§ 54C-124. Loans conditioned on certain transactions prohibited.**

39 (a) No savings bank or service corporation thereof shall require, as a condition of
40 making a loan, that the borrower contract with any specific person or organization for
41 particular services.

42 (b) A savings bank or service corporation thereof shall notify borrowers before
43 the loan commitment of their right to select the attorney or law firm rendering legal
44 services in connection with the loan, and the person or organization rendering insurance

1 services in connection with the loan. These persons or organizations shall be approved
2 by the savings bank's board of directors, under any rules as the Administrator may
3 prescribe.

4 (c) A savings bank or service corporation thereof may require borrowers to
5 reimburse the savings bank for legal services rendered to it by its own attorney only
6 when the fee is limited to legal services required by the making of the loan.

7 **"§ 54C-125. Loan expenses and fees.**

8 (a) Subject to Chapter 24 of the General Statutes, a savings bank may require
9 borrowers to pay all reasonable expenses incurred by the savings bank in connection
10 with making, closing, disbursing, extending, adjusting, or renewing loans. The charges
11 may be collected by the savings bank from the borrower and paid to any persons,
12 including any director, officer, or employee of the savings bank who may render
13 services in connection with the loan, or the charges may be paid directly by the
14 borrower.

15 (b) A savings bank may require a borrower to pay a reasonable charge for late
16 payments made during the course of repayment of a loan. Subject to G.S. 24-10.1, the
17 payments may be levied only upon the terms and conditions that are fixed by the
18 savings bank's board of directors and agreed to by the borrower in the loan contract.

19 (c) Nothing in this Article shall be construed to modify Chapter 24 of the
20 General Statutes, or other applicable law, or to allow fees, charges, or interest beyond
21 that permitted by Chapter 24 of the General Statutes or other applicable law.

22 **"§ 54C-126. Methods of loan repayment.**

23 Subject to any rules as the Administrator may prescribe, a savings bank shall agree
24 in writing with borrowers as to the method or plan by which an indebtedness shall be
25 repaid.

26 **"§ 54C-127. Insider loans.**

27 The Administrator may adopt rules no less stringent than the requirements of the
28 appropriate federal regulatory authority to govern the making of loans to officers and
29 directors, and their associates, and companies or other business entities controlled by
30 them.

31 **"§ 54C-128. Rulemaking power of Administrator.**

32 Any rule that the Administrator may adopt in respect to loans permitted to be made
33 by State savings banks as may be reasonably necessary to assure that the loans are in
34 keeping with sound lending practices and to promote the purposes of this Chapter shall
35 not prohibit a savings bank from making any loan that is a permitted loan for federal
36 savings banks under federal regulatory authority.

37 **"§ 54C-129. Nonconforming loans and investments.**

38 Unless otherwise provided, every loan or other investment made in violation of this
39 Chapter is due and payable according to its terms and the obligation thereof is not
40 impaired; provided, that the violation consists only of the lending of an excessive sum
41 on authorized security or of investing in an unauthorized investment.

42 **"§ 54C-130. Limitation on loans to one borrower.**

43 (a) The total loans and extensions of credit, both direct and indirect, by a savings
44 bank to any person, other than a municipal corporation for money borrowed,

1 outstanding at one time and not fully secured, as determined in a manner consistent with
2 subsection (b) of this section, by collateral having a market value at least equal to the
3 amount of the loan or extension of credit shall not exceed fifteen percent (15%) of the
4 net worth of the savings bank. The total liabilities of a firm shall include the liabilities
5 of the members of the firm.

6 (b) The total loans and extensions of credit, both direct and indirect, by a savings
7 bank to any person outstanding at one time and fully secured by readily marketable
8 collateral having a market value, as determined by reliable and continuously available
9 price quotations, at least equal to the amount of the funds outstanding shall not exceed
10 ten percent (10%) of the net worth of the savings bank. This limitation shall be separate
11 from and in addition to the limitation contained in subsection (a) of this section.

12 (c) For purposes of this section, the term 'person' is deemed to include an
13 individual or a corporation, partnership, trust, association, joint venture, pool, syndicate,
14 sole proprietorship, unincorporated organization, or any other form of entity not
15 specifically listed in this subsection. Loans or extensions of credit to one person include
16 loans made to other persons when the proceeds of the loans or extensions of credit are to
17 be used for the direct benefit of the first person or when the persons are engaged in a
18 common enterprise.

19 (d) The limitations of this section shall not apply to loans or obligations to the
20 extent that they are secured or covered by guarantees or by commitments or agreements
21 to take over or purchase the same, made by any federal reserve bank or by the United
22 States or any instrumentality of the United States, including any corporation wholly
23 owned directly or indirectly by the United States.

24 (e) The limitations of this section shall not apply to loans or obligations made for
25 the following:

- 26 (1) For any purpose otherwise permitted by this Chapter, not to exceed
27 five hundred thousand dollars (\$500,000);
- 28 (2) To develop domestic residential housing units, not to exceed the lesser
29 of thirty million dollars (\$30,000,000) or thirty percent (30%) of the
30 savings bank's net worth if the purchase price of each single family
31 dwelling unit which is financed under this provision does not exceed
32 five hundred thousand dollars (\$500,000) and the loans or obligations
33 made under this provision do not, in the aggregate, exceed one
34 hundred fifty percent (150%) of the savings bank's net worth; or
- 35 (3) Loans to one borrower to finance the sale of real property acquired in
36 satisfaction of debts previously contracted in good faith, not to exceed
37 fifty percent (50%) of the savings bank's net worth.

38 **"§ 54C-131. Investment in banking premises.**

39 A savings bank may invest in real property and equipment and in leasehold
40 improvements to rented facilities necessary for the conduct of its business and in real
41 property to be held for its future use. A savings bank may invest in office buildings and
42 appurtenances for the purpose of the transaction of the savings bank's business. This
43 investment may not be made without the prior written approval of the Administrator if
44 the total amount of these investments exceeds fifty percent (50%) of the savings bank's

1 net worth. Facilities, furniture, and fixtures leased for the purpose set forth in this
2 section are not included in this limitation.

3 **"§ 54C-132. United States obligations.**

4 A savings bank may invest in any obligation issued and fully guaranteed in principal
5 and interest by the United States government or any instrumentality of the United
6 States.

7 **"§ 54C-133. North Carolina obligations.**

8 A savings bank may invest in any obligation issued and fully guaranteed in principal
9 and interest by the State or any instrumentality of the State.

10 **"§ 54C-134. Federal Home Loan Bank obligations.**

11 A savings bank may invest in the stock of the Federal Home Loan Bank of which the
12 association is a member, and in bonds or other evidences of indebtedness or obligation
13 of any Federal Home Loan Bank.

14 **"§ 54C-135. Deposits in depository institutions.**

15 A savings bank may invest in certificates of deposit, time-insured deposits, savings
16 accounts, demand deposits, or withdrawable accounts of any banks, associations, or
17 savings banks as are approved by the board of directors of the savings bank.

18 **"§ 54C-136. Federal government-sponsored enterprise obligations.**

19 A savings bank may invest in stock or other evidences of indebtedness or obligations
20 of the Federal National Mortgage Association, the Federal Home Loan Mortgage
21 Corporation, or any other federal government sponsored enterprise, or any successor
22 thereto.

23 **"§ 54C-137. Municipal and county obligations.**

24 A savings bank may invest in bonds or other evidences of indebtedness that are
25 direct general obligations of any county, city, town, village, school district, sanitation,
26 or park district, or other political subdivision or municipal corporation of this State; or
27 in bonds or other evidences of indebtedness that are payable from revenues or earnings
28 specifically pledged therefor, which are issued by a county or a political subdivision or
29 municipal corporation of a county in this State.

30 **"§ 54C-138. Stock in education agency.**

31 A savings bank may invest in stock or obligations of any corporation doing business
32 in this State, or of any agency of this State or of the United States, where the principal
33 business of the corporation or agency is to make loans for the financing of a college or
34 university education, or education at an industrial education center, technical institute,
35 or community college.

36 **"§ 54C-139. Industrial development corporation stock.**

37 A savings bank may invest in stock or other evidence of indebtedness or obligations
38 of business or industrial development corporations chartered by this State or by the
39 United States.

40 **"§ 54C-140. Urban renewal investment corporation stock.**

41 A savings bank may invest in stock or other evidence of indebtedness or obligations
42 of an urban renewal investment corporation chartered under the laws of this State or of
43 the United States.

44 **"§ 54C-141. Limitations on investment in stocks and securities.**

1 (a) No savings bank shall make an investment in the capital stock of any other
2 State or federal depository institution that represents more than five percent (5%) of the
3 capital stock of that depository institution.

4 (b) No savings bank shall invest in stock of other than investment grade. No
5 savings bank shall invest in the aggregate more than fifty percent (50%) of its net worth
6 in the stocks of other corporations, firms, partnerships, or companies, unless the stock is
7 purchased to protect the savings bank from loss. Of this amount, no more than two and
8 one-half percent (2 1/2%) of the savings bank's net worth may be invested in the stocks
9 or securities of any one issuer. This limitation shall not apply to stock or ownership
10 interests in corporations, firms, partnerships, or companies that are subsidiaries of the
11 savings bank. The term 'invest' is deemed to include operating a business entity
12 acquired by the savings bank, provided, however, that no savings bank shall make any
13 investment resulting in operations that are not closely related to the savings bank
14 business without the prior written approval of the Administrator. Any stocks owned or
15 hereafter acquired in excess of the limitations imposed in this section shall be disposed
16 of at public or private sale within six months after the date of acquiring the same, and if
17 not so disposed of they shall be charged to the profit and loss account, and no longer
18 carried on the books as an asset. The limit of time in which the stocks are disposed of
19 or charged off the books of the savings bank may be extended by the Administrator if
20 the Administrator determines it is in the best interest of the savings bank that the
21 extension be granted.

22 (c) This limitation shall not apply with respect to obligations of the government
23 of the United States or its agencies, or to other obligations guaranteed by the United
24 States, North Carolina, or any other state, or of a city, town, township, county, school
25 district, or other political subdivision of this State.

26 **"§ 54C-142. Suspension of investment and loan limitation.**

27 The board of directors of any savings bank may, by resolution duly passed at a
28 meeting of the board, request the Administrator to suspend temporarily the limitations
29 on loans and investments as they may apply to any particular loan or investment in
30 excess of the limitations of G.S. 54C-130 and G.S. 54C-141 that the savings bank
31 desires to make. Upon receipt of a duly certified copy of the resolution, the
32 Administrator may suspend the limitations on loans and investments insofar as they
33 would apply to the loan or investment that the savings bank desires to make, as long as
34 every loan or investment is amply secured and is for a period not longer than 36 months.

35 **"§ 54C-143. Commercial lending.**

36 Subject to any rules that the Administrator deems appropriate, a savings bank may
37 lend and invest no more than fifteen percent (15%) of its total assets in commercial
38 loans. A commercial loan is for business, commercial, corporate, and agricultural
39 purposes.

40 **"§ 54C-144. Service corporations.**

41 (a) A savings bank or group of savings banks or associations may establish
42 service corporations under Chapter 55 of the General Statutes, provided that the
43 Administrator receives copies of the proposed articles of incorporation and bylaws for
44 approval, before filing them with the Secretary of State. A savings bank may also

1 invest in the capital stock, obligations, or other securities of existing service
2 corporations.

3 (b) No savings bank may make any investment in service corporations if its
4 aggregate investment would exceed ten percent (10%) of its total assets.

5 (c) A service corporation is subject to audit and examination by the
6 Administrator, and the service corporation shall pay the cost of examination.

7 (d) The permitted activities of a service corporation shall be described in the
8 rules adopted by the Administrator.

9 (e) The location of the principal and branch offices of a service corporation shall
10 be approved by the Administrator.

11 **"§ 54C-145. Parity in loans or investments.**

12 Subject to any limitations and restrictions as the Administrator may prescribe
13 through rules, a savings bank may make any loan or investment, or engage in any
14 activity, which may be permitted under State law for banks or under the laws of the
15 United States for federal associations or national banks whose principal offices are
16 located within this State.

17 **"§ 54C-146. Certain powers granted to State savings banks.**

18 (a) In addition to the powers granted under this Chapter, but subject to any rules
19 that the Administrator may prescribe, a savings bank incorporated or operated under this
20 Chapter may:

21 (1) Establish off the premises of any principal office or branch a customer
22 communications terminal, point of sale terminal, automated teller
23 machine, automated or other direct or remote information processing
24 device or machine, whether manned or unmanned, through or by
25 means of which funds or information relating to any financial service
26 or transaction rendered to the public is stored and transmitted,
27 instantaneously or otherwise to or from a savings bank terminal or
28 terminals controlled or used by or with other parties. The
29 establishment and use of a device or machine is not deemed to
30 constitute a branch office, and the capital requirements and standards
31 for approval of a branch office as set forth in the statutes and
32 regulations are not applicable to the establishment of any off-premises
33 terminal, device or machine. Savings banks may, through mutual
34 consent, share on-premises, unmanned, automated teller machines and
35 cash dispensers.

36 (2) Issue credit cards, extend credit in connection therewith, and otherwise
37 engage in or participate in credit card operations.

38 (3) Act as a trustee, executor, administrator, guardian, or in any other
39 fiduciary capacity.

40 (4) Become a member of a clearing house association and pledge assets
41 required for its qualification.

42 (5) a. Mutual capital certificates may be issued by State-chartered
43 savings banks and sold directly to subscribers or through underwriters,
44 and the certificates shall constitute part of the general reserve and net

worth of the issuing savings bank. The Administrator, in the rules relating to the issuance and sale of mutual capital certificates, shall provide that the certificates:

1. Are subordinate to all savings accounts, savings certificates, and debt obligations;
 2. Constitute a claim in liquidation on the general reserves, surplus and undivided profits of the savings bank remaining after the payment of all savings accounts, savings certificates, and debt obligations;
 3. Are entitled to the payment of dividends; and
 4. May have a fixed or variable dividend rate.
- b. The Administrator shall provide in the rules for charging losses to the mutual capital, reserves, and other net worth accounts.

(b) To the extent that the Administrator may authorize by rules, a savings bank may issue notes, bonds, debentures, or other obligations or securities.

"§§ 54C-147 to 54C-160: Reserved for future codification purposes.

"ARTICLE 8.

"OPERATIONS.

"§ 54C-161. Generally accepted accounting principles.

A savings bank shall maintain its books and records in accordance with generally accepted accounting principles.

"§ 54C-162. Liquidity.

A savings bank shall maintain cash and readily marketable investments in an amount that may be established in the rules of the Administrator, but the requirement shall not be less than ten percent (10%) of the assets of the savings bank. Upon receipt of a duly certified copy of a resolution by the board of directors of any savings bank requesting a temporary suspension, the Administrator may suspend the liquidity requirement for a period not longer than six months.

"§ 54C-163. Net worth requirement.

A savings bank shall maintain net worth in an amount that may be established in the rules of the Administrator, but the requirement shall not be less than five percent (5%) of the assets of the savings bank. Upon receipt of a duly certified copy of a resolution by the board of directors of any savings bank requesting a temporary suspension, the Administrator may suspend the net worth requirement for a period not longer than six months.

"§ 54C-164. Deposit accounts.

(a) A savings bank may raise capital through the solicitation of deposits from any person, natural or corporate, except as restricted or limited by law, or by any rules that the Administrator may prescribe.

(b) A savings bank may receive deposits of funds upon any terms as the contract of deposit shall provide subject to withdrawals or to be paid upon checks of the depositor.

"§ 54C-165. Joint accounts.

1 (a) Any two or more persons may open or hold a withdrawable account or
 2 accounts. The withdrawable account and any balance of the account is held by them as
 3 joint tenants, with or without right of survivorship, as the contract shall provide. The
 4 account may also be held under G.S. 41-2.1 and have incidents set forth in that section,
 5 but if the account is held under G.S. 41-2.1, the contract shall set forth that fact as well.
 6 Unless the persons establishing the account have agreed with the savings bank that
 7 withdrawals require more than one signature, payment by the savings bank to, or on the
 8 order of, any persons holding an account authorized by this section is a total discharge
 9 of the savings bank's obligation as to the amount so paid. Funds in a joint account
 10 established with the right of survivorship shall belong to the surviving joint tenant or
 11 tenants upon the death of a joint tenant, and the funds are subject only to the personal
 12 representative's right of collection as set forth in G.S. 28A-15-10(a)(3), or as provided
 13 in G.S. 41-2.1 if the account is established under that section. Payment by the savings
 14 bank of funds in the joint account to a surviving joint tenant or tenants shall terminate
 15 the personal representative's authority under G.S. 28A-15-10(a)(3) to collect against the
 16 savings bank for the funds so paid, but the personal representative's authority to collect
 17 the funds from the surviving joint tenant or tenants is not terminated. A pledge of the
 18 account by a holder shall, unless otherwise specifically agreed upon, be a valid pledge
 19 and transfer of the account, or of the amount so pledged, and shall not operate to sever
 20 or terminate the joint ownership of all or any part of the account. Persons establishing
 21 an account under this section shall sign a statement showing their election of the right of
 22 survivorship in the account, and containing language set forth in a conspicuous manner
 23 and substantially similar to the following:

24 **'SAVINGS BANK (OR NAME OF INSTITUTION) JOINT ACCOUNT**
 25 **WITH RIGHT OF SURVIVORSHIP**
 26 **G.S. 54C-165**

27 We understand that by establishing a joint account under G.S. 54C-165 that:

- 28 1. The savings bank (or name of institution) may pay the money in the
 29 account to, or on the order of, any person named in the account unless
 30 we have agreed with the savings bank that withdrawals require more
 31 than one signature; and
- 32 2. Upon the death of one joint owner the money remaining in the account
 33 will belong to the surviving joint owners and will not pass by
 34 inheritance to the heirs of the deceased joint owner or be controlled by
 35 the deceased joint owner's will.

36 We DO elect to create the right of survivorship in this account.

37
 38'

39 (a1) This section is not deemed exclusive. Deposit accounts not conforming to
 40 this section are governed by other applicable law as appropriate.

41 (b) Nothing in this section is construed to repeal or modify any provision of G.S.
 42 105-24 relating to the administration of the estate tax laws of this State or any other law
 43 relating to estate taxes. This section shall regulate, govern, and protect the savings bank
 44 in its relationships with the joint owners of deposit accounts.

1 (c) No addition to the account nor any withdrawal or payment shall affect the
2 nature of the account as a joint account or affect the right of any tenant to terminate the
3 account.

4 **"§ 54C-166. Trust accounts.**

5 (a) If a person establishing a withdrawable account executes a written agreement
6 with the savings bank containing a statement that it is executed under this subsection
7 and providing for the account to be held in the name of the person as trustee for not
8 more than one person designated as beneficiary, the account and any balance of the
9 account is held as a trust account with the following incidents:

- 10 (1) The trustee during the trustee's lifetime may change the designated
11 beneficiary by a written direction to the savings bank.
- 12 (2) The trustee may withdraw funds by writing checks or otherwise, as set
13 forth in the account contract, and receive payment in cash or check
14 payable to the trustee's personal order. The payment or withdrawal
15 shall constitute a revocation of the trust agreement as to the amount
16 withdrawn.
- 17 (3) If the beneficiary is living and of legal age at the death of the trustee,
18 the beneficiary is the holder of the account, and payment by the
19 savings bank to the holder is a total discharge of the savings bank's
20 obligation as to the amount paid.
- 21 (4) If the beneficiary predeceases the trustee, the account shall become an
22 individual account of the trustee and shall have the legal incidents of
23 an individual account.
- 24 (5) If the named beneficiary is not of legal age at the death of the trustee,
25 the savings bank shall transfer the funds in the account to the general
26 guardian or guardian of the estate, if any, of the minor beneficiary. If
27 no guardian of the minor beneficiary has been appointed, the savings
28 bank shall hold the funds in a similar interest-bearing account in the
29 name of the minor until the minor reaches the age of majority or until a
30 duly appointed guardian withdraws the funds.
- 31 (6) Funds in a trust account established under this subsection shall belong
32 to the beneficiary upon the death of the trustee and the funds shall be
33 subject only to the personal representative's right of collection as set
34 forth in G.S. 28A-15-10(a)(1). Payment by the savings bank of funds
35 in the trust account to the beneficiary shall terminate the personal
36 representative's authority under G.S. 28A-15-10(a)(1) to collect
37 against the savings bank for the funds so paid, but the personal
38 representative's authority to collect the funds from the beneficiary is
39 not terminated.

40 The person establishing an account under this subsection shall sign a statement
41 containing language set forth in a conspicuous manner and substantially similar to the
42 following:

43 **'SAVINGS BANK (OR NAME OF INSTITUTION) TRUST ACCOUNT**

44 **G.S. 54C-166(A)**

1 I understand that by establishing a trust account under G.S. 54C-166(a) that:

- 2 1. During my lifetime I may withdraw the money in the account; and
- 3 2. By written direction to the savings bank (or name of institution) I may
- 4 change the beneficiary; and
- 5 3. Upon my death the money remaining in the account will belong to the
- 6 beneficiary, and the money will not be inherited by my heirs or be
- 7 controlled by my will.

8'
9 (a1) This section is not deemed exclusive. Deposit accounts not conforming to
10 this section are governed by other applicable law, as appropriate.

11 (b) Whenever the beneficiary of a trust account does not survive the trustee, then
12 the account and any balance of the account that exists is held by the trustee in the
13 trustee's own right and for the trustee's own use and benefit.

14 (c) No addition to the accounts, nor any withdrawal, payment, or change of
15 beneficiary shall affect the nature of the accounts as trust accounts, or affect the right of
16 a trustee to terminate the account.

17 (d) Nothing in this section is construed to repeal or modify any provision of G.S.
18 105-24 relating to the administration of estate tax laws of this State or any other law
19 relating to estate taxes.

20 **"§ 54C-167. Personal agency accounts.**

21 (a) A person may open a personal agency account by written contract containing
22 a statement that it is executed under this section. A personal agency account may be a
23 checking account, savings account, time deposit, or any other type of withdrawable
24 account or certificate. The written contract shall name an agent who shall have
25 authority to act on behalf of the depositor in regard to the account as set out in this
26 subsection. The agent shall have the authority to:

- 27 (1) Make, sign, or execute checks drawn on the account or otherwise make
- 28 withdrawals from the account;
- 29 (2) Endorse checks made payable to the principal for deposit only into the
- 30 account; and
- 31 (3) Deposit cash or negotiable instruments, including instruments
- 32 endorsed by the principal, into the account.

33 A person establishing an account under this section shall sign a statement containing
34 language substantially similar to the following in a conspicuous manner:

35 **'SAVINGS BANK (OR NAME OF INSTITUTION) PERSONAL AGENCY**
36 **ACCOUNT**
37 **G.S. 54C-167**

38 I understand that, by establishing a personal agency account under G.S. 54C-167, the
39 agent named in the account may:

- 40 1. Sign checks drawn on the account; and
- 41 2. Make deposits into the account.

42 I also understand that upon my death the money remaining in the account will be
43 controlled by my will or inherited by my heirs.

44'

1 **(b)** An account created under this section grants no ownership right or interest in
2 the agent. Upon the death of the principal there is no right of survivorship to the
3 account and the authority set out in subsection (a) of this section terminates.

4 **(c)** The written contract referred to in subsection (a) of this section shall provide
5 that the principal may elect to extend the authority of the agent to act on behalf of the
6 principal in regard to the account notwithstanding the subsequent incapacity or mental
7 incompetence of the principal. If the principal so elects to extend the authority of the
8 agent, then upon the subsequent incapacity or mental incompetence of the principal, the
9 agent may continue to exercise the authority, without the requirement of bond or of
10 accounting to any court, until the agent receives actual knowledge that the authority has
11 been terminated by a duly qualified guardian of the estate of the incapacitated or
12 incompetent principal, or by the duly appointed attorney-in-fact for the incapacitated or
13 incompetent principal, acting under a durable power of attorney, as defined in G.S.
14 32A-8, which grants to the attorney-in-fact that authority in regard to the account which
15 is granted to the agent by the written contract executed under this section, at which time
16 the agent shall account to the guardian or attorney-in-fact for all actions of the agent in
17 regard to the account during the incapacity or incompetence of the principal. If the
18 principal does not so elect to extend the authority of the agent, then upon the subsequent
19 incapacity or mental incompetence of the principal, the authority of the agent
20 terminates.

21 **(d)** When an account under this section has been established, all or part of the
22 account or any interest or dividend thereon may be paid by the savings bank on a check
23 made, signed, or executed by the agent. In the absence of actual knowledge that the
24 principal has died or that the agency created by the account has been terminated, the
25 payment is a valid and sufficient discharge to the savings bank for payment so made.

26 **"§ 54C-168. Collection of processing fee for returned checks.**

27 Notwithstanding any other law, a savings bank may charge and collect a processing
28 fee for checks on which payment has been refused by the payor depository institution.
29 A savings bank may also collect a processing fee for checks drawn on that savings bank
30 with respect to an account with insufficient funds.

31 **"§ 54C-169. Right of setoff on deposit accounts.**

32 **(a)** A savings bank shall have a right of setoff, without further agreement or
33 pledge, upon all deposit accounts owned by any member or customer to whom or upon
34 whose behalf the savings bank has made an unsecured advance of money by loan.
35 Upon default in the repayment or satisfaction thereof, the savings bank may cancel on
36 its books all or any part of the deposit accounts owned by the member or customer, and
37 apply the value of the accounts in payment of the obligation.

38 **(b)** A savings bank that exercises the right of setoff provided in this section shall
39 first give 30 days' notice to the member or customer that the right will be exercised.
40 The accounts may be held or frozen, with no withdrawals permitted, during the 30-day
41 notice period. The accounts may not be canceled and the value of the accounts may not
42 be applied to pay the obligation until the 30-day period has expired without the member
43 or customer having cured the default on the obligation. The amount of any member's or

1 customer's interest in a joint account or other account held in the names of more than
2 one person is subject to the right of setoff provided in this section.

3 (c) This section is not exclusive, but shall be in addition to contract, common
4 law, and other rights of setoff. Any other rights are not governed in any fashion by this
5 section.

6 **"§ 54C-170. Minors as deposit account holders.**

7 (a) A savings bank may issue a deposit account to a minor as the sole and
8 absolute owner and receive payments, pay withdrawals, accept pledges and act, or as a
9 joint owner, in any other manner with respect to the account on the order of the minor
10 with like effect as if the minor were of full age and legal capacity. Any payment to a
11 minor is a discharge of the savings bank to the extent thereof. The account shall be held
12 for the exclusive right and benefit of the minor, and any joint owners, free from the
13 control of all persons, except creditors.

14 (b) A savings bank may lease a safe deposit box to a minor and, with respect to
15 the lease, may deal with the minor in all regards as if the minor were of full age and
16 legal capacity. A minor entering a lease agreement with a savings bank under this
17 subsection is bound by the terms of the agreement to the same extent as if the minor
18 were of full age and legal capacity.

19 **"§ 54C-171. Deposit accounts as deposit of securities.**

20 Notwithstanding any restrictions or limitations contained in any law of this State, the
21 deposit accounts of any State savings bank may be accepted by any agency, department,
22 or official of this State in any case wherein the agency, department, or official acting in
23 its official capacity requires that securities be deposited with the agency, department, or
24 official.

25 **"§ 54C-172. New account books.**

26 A new account book or certificate or other evidence of ownership of a deposit
27 account may be issued in the name of the holder of record at any time, when requested
28 by the holder or the holder's legal representative, upon proof satisfactory to the savings
29 bank that the original account book or certificate has been lost or destroyed. The new
30 account book or certificate shall expressly state that it is issued in lieu of the one lost or
31 destroyed and that the savings bank shall in no way be liable thereafter on account of
32 the original book or certificate. The savings bank may, in its bylaws, require
33 indemnification against any loss that might result from the issuance of the new account
34 book or certified certificate.

35 **"§ 54C-173. Transfer of deposit accounts.**

36 The owner of a deposit account may transfer the owner's rights therein absolutely or
37 conditionally to any other person eligible to hold the same, but the transfer may be made
38 on the books of the savings bank only upon presentation of evidence of transfer
39 satisfactory to the savings bank, and accompanied by the proper application for transfer
40 by the transferor and transferee, who shall accept the account subject to the terms and
41 conditions of the account contract, the bylaws of the savings bank, the certificate of
42 incorporation of the savings bank, and all rules of the Administrator. Notwithstanding
43 the effectiveness of a transfer between the parties, the savings bank may treat the holder
44 of record of a deposit account as the owner of the deposit account for all purposes.

1 including payment and voting, in the case of a mutual savings bank, until the savings
2 bank records the transfer and assignment.

3 **"§ 54C-174. Authority of power of attorney.**

4 A savings bank may continue to recognize the authority of an individual holding a
5 power of attorney in writing to manage or to make withdrawals, either in whole or in
6 part, from the deposit account of a customer or member until the savings bank receives
7 written or actual notice of death or of adjudication of incompetency of the member or
8 revocation of the authority of the individual holding the power of attorney. Payment by
9 the savings bank to an individual holding a power of attorney before receipt of the
10 notice is a total discharge of the savings bank's obligation as to the amount so paid.

11 **"§ 54C-175. Holidays.**

12 (a) Each State and federal savings bank, including every branch or office thereof,
13 domiciled in North Carolina shall observe the following as legal holidays and shall not
14 open for the transaction of business with the public on those days:

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

32 (b) A savings bank may, in addition to the holidays listed in subsection (a) of this
33 section, observe as a holiday any other day designated as a holiday by the savings
34 bank's board of directors.

35 **"§ 54C-176. Power to borrow money.**

36 A savings bank, in its certificate of incorporation or in its bylaws, may authorize the
37 board of directors to borrow money, and the board of directors may, by resolution
38 adopted by a vote of at least two-thirds of the entire board duly recorded in the minutes,
39 authorize the officers of the savings bank to borrow money for the savings bank on any
40 terms and conditions as the board may deem proper.

41 **"§ 54C-177. Authority to join federal reserve bank.**

42 A State savings bank may subscribe to the capital stock and become a member of a
43 federal reserve bank. A savings bank shall continue to be subject to the supervision and
44 examination required by the laws of this State, except that the Federal Reserve Board

1 shall have the right, if it deems necessary, to make examinations; and the Administrator
2 may disclose to the Federal Reserve Board, or to the examiners duly appointed by it, all
3 information in reference to the affairs of a savings bank that has become, or desires to
4 become, a member of a federal reserve bank.

5 **"§ 54C-178. Regional reciprocal acquisitions.**

6 State savings banks and holding companies thereof shall have the same powers to
7 acquire and be acquired as State associations and their savings and loan holding
8 companies under Article 3A of Chapter 54B of the General Statutes. For this purpose,
9 the term 'association' as used in Article 3A of Chapter 54B of the General Statutes shall
10 include a State savings bank chartered under this Chapter, and the term 'savings and
11 loan holding company' shall include holding companies of State savings banks chartered
12 under this Chapter.

13 **"§§ 54C-179 to 54C-194: Reserved for further codification purposes.**

14 **"ARTICLE 9.**

15 **"HOLDING COMPANIES.**

16 **"§ 54C-195. Holding companies.**

17 (a) Notwithstanding any other law, a stock savings bank may, simultaneously
18 with its incorporation or conversion to a stock savings bank, provide for its ownership
19 by a holding company. In the case of a conversion, members of the converting savings
20 bank shall have the right to purchase capital stock of the holding company in lieu of
21 capital stock of the converted savings bank in accordance with G.S. 54C-33(c)(6).

22 (b) Notwithstanding any other law, a stock savings bank may reorganize its
23 ownership, to provide for ownership by a holding company, upon adoption of a plan of
24 reorganization by a favorable vote of not less than two-thirds of the members of the
25 board of directors of the savings bank and approval of the plan of reorganization by the
26 holders of not less than a majority of the issued and outstanding shares of stock of the
27 savings bank. The plan of reorganization shall provide that (i) the resulting ownership is
28 vested in a North Carolina corporation, (ii) all stockholders of the stock savings bank
29 have the right to exchange shares, (iii) the exchange of stock is not subject to State or
30 federal income taxation, (iv) stockholders not wishing to exchange shares are entitled to
31 dissenters' rights as provided under G.S. 55-113, and (v) the plan of reorganization is
32 fair and equitable to all stockholders.

33 (c) Notwithstanding any other law, a mutual savings bank may reorganize its
34 ownership to provide for ownership by a holding company upon adoption of a plan of
35 reorganization by favorable vote of not less than two-thirds of the members of the board
36 of directors of the savings bank and approval of the plan of reorganization by a majority
37 of the voting members of the savings bank. The plan of reorganization shall provide
38 that (i) the resulting ownership is vested in a North Carolina corporation, (ii) the
39 resulting ownership of one or more subsidiary savings banks is evidenced by stock
40 shares, (iii) the substantial portion of the assets and all of the insured deposits and part
41 or all of the other liabilities are transferred to one or more subsidiary savings banks, (iv)
42 the reorganization is not subject to State or federal income taxation, and (v) the plan of
43 reorganization is fair and equitable to all members of the savings bank.

1 (d) A holding company may invest in any investment authorized by its board of
2 directors, except as limited by regulations adopted by the Administrator under this
3 Article.

4 (e) An entity that controls a stock savings bank, or acquires control of a stock
5 savings bank, is a holding company.

6 **"§ 54C-196. Supervision of holding companies.**

7 Holding companies are under the supervision of the Administrator. The
8 Administrator shall exercise all powers and responsibilities with respect to holding
9 companies which the Administrator exercises with respect to savings banks.

10 **"§§ 54C-197 to 54C-210: Reserved for future codification purposes."**

11 Sec. 2. G.S. 54B-4(b)(44a) is repealed.

12 Sec. 3. G.S. 54B-26 is repealed.

13 Sec. 4. G.S. 53-127(a) reads as rewritten:

14 "(a) Definitions. The following definitions apply in this section.

15 (1) Banking. The business of receiving or soliciting money on deposit.

16 (2) Banking entity. A person, partnership, corporation, or other entity that
17 is engaged in the banking or trust business in North Carolina and is (i)
18 subject to the supervision of the Commissioner of Banks under this
19 Chapter, (ii) subject to supervision by the Administrator of Savings
20 Institutions under Chapter 54B or Chapter 54C, or (iii) a banking or
21 savings institution authorized to transact a banking or trust business in
22 this State under federal law.

23 (3) Nonbanking entity. A person, partnership, corporation, or other entity
24 that is not a banking entity."

25 Sec. 5. This act becomes effective October 1, 1991.