

MINUTES

JOINT LEGISLATIVE STUDY COMMISSION

ON

THE MODERNIZATION OF NORTH CAROLINA BANKING LAWS

Thursday, April 26, 2012

The Joint Legislative Study Commission on the Modernization of North Carolina Banking Laws met on Thursday, April 26, 2012 at 10:00 a.m., Room 643 Legislative Office Building, Raleigh, North Carolina.

In attendance were Senator Brown (Chairman) and Representative Brubaker (Chairman); Senators Blake and Blue; Representatives Jordan and McCormick; Mr. Christopher Kukla, Mr. Gray Reed and Mr. Charles Whitehead, Jr. Ryan Blackledge (Bill Drafting Staff), Drupti Chauhan (Research Staff), Karen Cochrane-Brown (Research Staff) and Greg Roney (Research Staff) were present. Committee Assistants Darryl Black and Cindy Coley were present.

Senator Brown, Chairman, called the meeting to order and recognized House Sergeant-At-Arms Reginald (Reggie) Sills, Joe Crook and Martha Parrish and Senate Sergeant-At-Arms Staff Ken Kirby and William (Billy) Fritscher.

Chairman Brown called for the adoption of the minutes from the April 12, 2012 meeting. Chairman Brubaker seconded the motion that was approved unanimously.

Presentation

Chairman Brown asked staff member Ms. Karen Cochrane-Brown to provide a brief review of the draft final report titled Study Commission on the Modernization of NC Banking Laws that was included in member notebooks.

Ms. Cochrane-Brown provided a summary of bill and report. Ms. Cochrane-Brown stated that the draft included meeting summaries, presenters, findings, bill summaries and recommended legislative proposals which included a rewrite of banking law and a change of mortgage regulation funding. She further added that in the beginning of the process, former Banking Commissioner Joseph Smith, Jr. had stated that Article 11 would not change and that in previous bill drafts, it appeared that this article could be repealed. With the most current bill

draft, Article 11 is staying in place. Conforming changes with other sections referenced in repealed sections were also amended.

Chairman Brown stated that this was the first major rewrite of banking legislation since 1931.

Chairman Brown requested that Commissioner Ray Grace make some remarks on the proposed legislation.

Commissioner Ray Grace provided a brief history of banking in North Carolina. He stated that the genesis of state banking law was in 1921 during the Harding administration in which there were 511 state banks and 45 branches with aggregate total assets of \$243 million. For comparison purposes, today there are 78 state banks with aggregate total assets of \$250 billion. For 91 years, with the exception of occasional tweaks, this legislation persevered through a Great Depression, world wars, recessions, and the transition from an agrarian to an information technology-based economy. Commissioner Grace believed it is critical to bring banking laws into the 21st century for state banks to maintain their national leadership status, vitality and strength- so as to most effectively serve their customers. Commissioner Grace thanked former Commissioner Smith, Banking Commission staff, Modernization of NC Banking Laws Commission members, and legislative staff for their support.

Chairman Brown thanked Commissioner Ray Grace and former Commissioner Smith for their assistance and also thanked commission members and staff. Chairman Brubaker added that this effort was the brainchild of former Commissioner Smith and he also thanked those involved for their collaborative efforts in producing such efficient meetings.

Chairman Brown called for the adoption of the final legislative draft report. Chairman Brubaker seconded the motion that was approved unanimously.

Chairman Brown then requested if there was any further discussion

Senator Blake asked how banks felt about draft. Mr. Reed stated that banks were pleased with collaborative effort and Mr. Whitehead added banks appreciate clarity that this bill will bring.

There being no further business, the meeting adjourned at 10:15 a.m.

Sen. Harry Brown, Chairman

Rep. Harold Brubaker, Chairman

ATTEST:

Darryl Black, Committee Assistant