

NORTH CAROLINA GENERAL ASSEMBLY
1977 SESSION

CHAPTER 578
SENATE BILL 544

AN ACT TO AMEND ARTICLE 7A OF CHAPTER 54 OF THE GENERAL STATUTES,
RELATING TO MUTUAL DEPOSIT GUARANTY ASSOCIATIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 54-44.8 is amended by adding at the end thereof the following:

"(9) Make or cause to be made examinations or audits of member institutions."

Sec. 2. G.S. 54-44.10 is rewritten in its entirety to read as follows:

"In addition to any and all other powers, duties and functions vested in the administrator under the provisions of this Article, and for the protection of member institutions and the general public, the administrator shall have general control and supervision over all guaranty associations doing business in this State. Guaranty associations shall be subject to the control and supervision of the administrator as to their conduct, organization, management, business practices, reserve requirements and their financial and fiscal matters. Such control and supervision is subject to the provisions of G.S. 54-24.1(c).

The administrator shall have the right, and is hereby empowered, to issue rules and regulations whenever he deems it necessary for the administration of this Article as well as rules and regulations with respect to:

- (1) types of financial records to be maintained by guaranty associations;
- (2) retention periods of various financial records;
- (3) internal control procedures of guaranty associations;
- (4) conduct and management of guaranty associations;
- (5) reports which may be required by the administrator.

It shall be the duty of the board of trustees of the guaranty association to put into effect and to carry out such rules and regulations.

At least once each year the administrator shall make or cause to be made an examination into the affairs of each guaranty association doing business in this State. The Administrator of the Credit Union Division of this State, in his capacity as supervisor of State chartered credit unions, if he deems it necessary, may designate agents to participate in such examination. The expenses of such yearly examination shall be paid by the guaranty association so examined."

Sec. 3. G.S. 54-44.11 is rewritten to read as follows:

"Whenever the administrator deems it necessary, he may make or cause to be made a special examination or audit of any guaranty association doing business in this State in addition to the regular examination provided for by this Article. The expense of a special examination or audit shall be paid by the guaranty association so examined."

Sec. 4. Article 7A of Chapter 54 of the General Statutes is amended by adding at the end thereof a new section as follows:

§ 54-44.14. The administrator shall have the right, and is hereby empowered, to require the board of directors or trustees of any guaranty association to immediately remove from office any officer, director, trustee, or employee of any guaranty association doing business in this State, who shall be found by the administrator to be dishonest, incompetent, or reckless in the management of the affairs of the guaranty association, or in violation of the lawful orders, rules

and regulations issued by the administrator, or who violates any of the laws set forth in Chapter 54 of the General Statutes of North Carolina."

Sec. 5. This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 15th day of June, 1977.