

GENERAL ASSEMBLY OF NORTH CAROLINA
1983 SESSION

CHAPTER 144
SENATE BILL 119

AN ACT TO AMEND CHAPTER 54B OF THE GENERAL STATUTES OF NORTH CAROLINA RELATING TO SAVINGS AND LOAN ASSOCIATIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 54B-4(b)(4), as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by rewriting subpart (iii) therein to read as follows:

"(iii) any relative or spouse who lives in the same house as that person, or any relative of that person's spouse who lives in the same house as that person, or who is a director or officer of the applicant or any of its parents or subsidiaries."

Sec. 2. G.S. 54B-4(b)(33), as the same appears in Volume 2B of the General Statutes of North Carolina, is rewritten to read as follows:

"(33) 'Members' means withdrawable account holders and borrowers in a State mutual association."

Sec. 3. G.S. 54B-10(c), as the same appears in Volume 2B of the General Statutes of North Carolina, is amended in the last line thereof by changing the statutory citation "G.S. 54B-8" to "G.S. 54B-9".

Sec. 4. G.S. 54B-11, as the same appears in Volume 2B of the General Statutes of North Carolina, is rewritten to read as follows:

"§ 54B-11. Administrator to consider application. – Upon receipt of an application to organize and establish a savings and loan association, the Administrator shall examine or cause to be examined all the relevant facts connected with the formation of the proposed association. If it appears to the Administrator that the proposed association has complied with all the requirements set forth in this Chapter and the rules and regulations for the formation of a savings and loan association and is otherwise lawfully entitled to be organized and established as a savings and loan association, the Administrator shall present the application to the Commission for its consideration."

Sec. 5. G.S. 54B-12(b), as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by:

- (a) deleting sections (4), (5), (6) and (7), and
- (b) renumbering sections (8), (9), (10), (11), (12) and (13) as (4), (5), (6), (7), (8) and (9) respectively.

Sec. 6. G.S. 54B-33(c)(6), as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by:

- (a) rewriting subsection "e" to read as follows:

"e. At the time of the conversion, acquisition of shares by any person together with any associate or group of persons acting in concert, and by any officer and director, shall be as provided by rules and regulations promulgated by the Administrator."

- (b) deleting subsection "f"; and
- (c) renumbering subsection "g" as subsection "f".

Sec. 7. G.S. 54B-43, as the same appears in Volume 2B of the General Statutes of North Carolina, is rewritten to read as follows:

"§ 54B-43. Stock dividends. – No dividend on stock shall be paid unless the association has the approval of the Administrator."

Sec. 8. G.S. 54B-261, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by deleting subsection (b) and renumbering subsection (c) as (b).

Sec. 9. G.S. 54B-14(a), as the same appears in Volume 2B of the General Statutes of North Carolina, is amended in the eighth line thereof by inserting after the word "Chapter" and before the word "and" the following words and punctuation ", rules and regulations,".

Sec. 10. G.S. 54B-21, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by rewriting the last sentence thereof to read as follows:

"Whenever called upon by the Administrator, a stock association shall file in the office of the Administrator a correct list of all its stockholders, the resident address of each, the number of shares of stock held by each, and the dates of issue."

Sec. 11. G.S. 54B-23, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by:

- (a) rewriting the last sentence of subsection (b) thereof to read as follows:

"After such examination and investigation, the Administrator shall approve or deny the application."

(b) deleting the word "Commission" in the first line of subsection (c) and substituting in lieu thereof the word "Administrator".

Sec. 12. G.S. 54B-25, as the same appears in Volume 2B of the General Statutes of North Carolina, is rewritten to read as follows:

"§ 54B-25. Branch offices closed. – The board of a State association may discontinue the operation of a branch office upon giving prior written notice to the Administrator, the notice to include the date upon which the branch office shall be closed."

Sec. 13. G.S. 54B-35, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by:

- (a) rewriting the second sentence of subsection (1) thereof to read as follows:

"Such merger agreement must provide the manner and basis of converting or exchanging the withdrawable accounts in the mutual association or associations so merged for withdrawable accounts of the same or a different class of the receiving association, or of converting or exchanging the stock in the stock association or associations so merged into stock or other securities or obligations of the receiving association."

- (b) rewriting subsection (3) to read as follows:

"(3) A special meeting of the members or stockholders of each of the associations shall be held separately upon written notice of not less than 20 days to members or stockholders of each association. The notice shall specify the time, place, and purpose for the calling of the meeting. Notice may be given to members of mutual associations by one or more of the following methods: (i) personal service, (ii) postage prepaid mail to the last address of each member appearing upon the records of the association, or (iii) publication of notice at least once a week for four successive weeks in one or more newspapers published in the county or counties where each association has its principal or a branch office, or in a newspaper published in an adjoining county if none is published in the county. Notice may be given to stockholders by personal service or prepaid mail to the last address of each stockholder appearing upon the records of the association. The Administrator may approve notice to stockholders by publication in the same manner as provided to members of mutual associations. The secretary or other officer of the association shall make proof by affidavit at such meeting of the due service of the notice or call for said meeting."

Sec. 14. G.S. 54B-55, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by:

- (a) deleting subsection (c); and
- (b) renumbering the present subsections (d), (e) and (f) to be subsections (c), (d) and (e), respectively.

Sec. 15. G.S. 54B-57(a)(2), as the same appears in Volume 2B of the General Statutes of North Carolina, is amended in the fourth line thereof by inserting after the word "change" and before the word "and" the following words and punctuation ", savings and loan holding company acquisition."

Sec. 16. G.S. 54B-77, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by adding a new subsection (c) to read as follows:

"(c) To such extent as the Administrator may authorize by regulation or advice in writing, a State association may issue notes, bonds, debentures, or other obligations or securities."

Sec. 17. G.S. 54B-101(a), as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by deleting the second sentence and substituting in lieu thereof the following:

"Voting for directors by withdrawable account holders shall be weighted according to the total amount of withdrawable accounts held by such members, subject to any maximum number of votes per member which an association may choose to prescribe in the bylaws of the association."

Sec. 18. G.S. 54B-150(a), as the same appears in Volume 2B of the General Statutes of North Carolina, is rewritten to read as follows:

"(a) The board of directors shall establish procedures by which loans are to be considered, approved, and made by the association."

Sec. 19. G.S. 54B-151(j), as the same appears in Volume 2B of the General Statutes of North Carolina, is amended in line 2 by changing the semicolon to a period, and by rewriting the remainder of the paragraph to read as follows:

"Loans made solely upon security of collateral consisting of stock or equity securities which are not listed on a national stock exchange or regularly quoted and offered for trade on an over-the-counter market, shall be considered loans without security."

Sec. 20. G.S. 54B-154, as the same appears in Volume 2B of the General Statutes of North Carolina, is rewritten to read as follows:

"§ 54B-154. Insider loans. – The Administrator shall promulgate rules and regulations consistent with this section, and as he deems necessary, to govern the making of loans to officers and directors, and their associates, and companies or other business entities controlled by them.

Such loans shall be in the ordinary business of the association, which do not involve more than normal risk of collectibility, or pose other unfavorable features. Such loans shall be made only when approved by a majority of the directors, by resolution upon which no director interested in the loan proceeds may vote, and only upon a full disclosure of the transaction to the board. Full disclosure must include whether the loan is made on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable loans to other persons. Departure from the terms of loans made to others must be justified and approved as a part of the resolution. The Administrator's rules shall clearly state that no officer, director, or their associates, or companies or other business entities controlled by them, shall enjoy an improper advantage with respect to loan transactions beyond those advantages enjoyed by other loan applicants."

Sec. 21. G.S. 54B-195, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by rewriting the first sentence therein to read as follows:

"Subject to such limitations and restrictions as the Administrator may prescribe through rules and regulations, any State association is authorized and permitted to make any loan or investment, or engage in any activity, which may be permitted by the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the United States Congress for federal associations whose principal offices are located within this State."

Sec. 22. G.S. 54B-210, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by:

(a) designating the existing paragraph as subsection (a);
(b) amending new subsection (a) in the fifth line thereof by inserting after the word "Chapter," the following words and punctuation "or investments in the accounts of other associations,";

(c) adding a new subsection (b) to read as follows:

"(b) In addition to those investments set forth in subsection (a), a State association's liquidity fund may also include debt securities which are hedged, subject to options, or redeemable, in the manner allowed to members of the Federal Home Loan Bank Board, by the board's regulations, as amended from time to time; provided that, limitations upon State associations as to amounts of investments, investments in, or hedged by, a single source, or other limitations upon the investment authority of State

associations, shall be as provided by rules promulgated by the Administrator, and not as provided by rules and regulations of the Federal Home Loan Bank Board."

Sec. 23. G.S. 54B-236, as the same appears in Volume 2B of the General Statutes of North Carolina, is amended by changing the period at the end thereof to a comma and adding thereafter the following words and punctuation:

"or any institution that is eligible for insurance by the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation or the National Credit Union Administration."

Sec. 24. G.S. 54B-244(b)(3) is amended by adding a new paragraph 1. after paragraph k. at the end thereof to read as follows:

"1. Stock in banking institutions not licensed to do business in this State provided such investment is made in conjunction with any merger or other fundamental change approved by the Administrator under the provisions of G.S. 54B-44."

Sec. 25. Sections 20 and 22 of this act shall become effective 90 days after ratification. The remainder of this act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 6th day of April, 1983.