

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 459
HOUSE BILL 1258

AN ACT RELATING TO THE AUTHORITY OF BANKS TO MAKE LOANS TO
EXECUTIVE OFFICERS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 53-91 is rewritten to read:

"§ 53-91. When executive officers may borrow.—(a) No executive officer of a bank, nor a firm or partnership of which such executive officer is a member, nor a corporation in which such executive officer owns a controlling interest, shall borrow an amount exceeding twenty-five thousand dollars (\$25,000) from the bank of which he is an executive officer except upon good collateral or other ample security or endorsement. Collateral or other security is not required with respect to a loan or loans made to an executive officer pursuant to this section when the total amount of such loan or loans, in the aggregate, does not exceed twenty-five thousand dollars (\$25,000).

(b) Any loan in excess of twenty-five thousand dollars (\$25,000) made pursuant to this section shall be made only upon the prior approval of the board of directors of the bank. A certified copy of a resolution approving any such loan, duly adopted by a majority of the board of directors and entered upon the minutes, including the names of the directors approving the resolution, shall be maintained in the office in which the indebtedness is housed and shall set forth the amount of the loan and a brief description of the security upon which the loan is made.

A loan made pursuant to this section and not exceeding twenty-five thousand dollars (\$25,000) shall not require the approval of the board of directors.

(c) In no event shall loans the total of which exceeds two hundred fifty thousand dollars (\$250,000) be made by a bank to any executive officer of such bank; provided, however, this limitation shall not apply to loans extended to any officer or employee for the purchase of a primary residence.

(d) This section shall not apply to directors who are not executive officers.

(e) For purposes of the section, the term 'executive officer' shall mean an officer who has authority to participate in major policy-making functions of the bank.

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 23rd of June, 1987.