Article 4.

Supervision.

§ 54C-52. Supervision.

(a) The Commissioner of Banks shall perform the duties and exercise the powers as to savings banks organized or operated under this Chapter, except as otherwise provided herein.

(b) The Commission may review, approve, disapprove, or modify any action taken by the Commissioner of Banks in the exercise of the powers, duties, and functions granted to the Commissioner of Banks by this Chapter. (1991, c. 680, s. 1; 2001-193, s. 16.)

§ 54C-53. Power of Commissioner of Banks to adopt rules and definitions; reproduction of records.

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

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

(1) Reserve requirements;
(2) Stock ownership and dividends;
(3) Stock transfers;
(4) Original incorporators, stockholders, directors, officers, and employees of a savings bank;
(5) Bylaws;
(6) The operation of savings banks;
(7) Deposit accounts, bonus plans, and contracts for savings programs;
(8) Loans and loan expenses;
(9) Investments and resource management;
(10) Forms of proxies, holders of proxies, and proxy solicitations;
(11) Types of financial records to be maintained by savings banks;
(12) Retention periods of various financial records;
(13) Internal control procedures of savings banks;
(14) Conduct and management of savings banks;
(15) Chartering and branching;
(16) Liquidations, dissolutions, and receiverships;
(17) Mergers, consolidations, conversions, and combination mergers and conversions;
(18) Interim savings banks;
(19) Reports that may be required by the Commissioner of Banks;
(20) Conflicts of interest;
(21) Service corporations; and
(22) Subsidiary savings banks and holding companies, including the rights of members, levels of investment in the subsidiaries, and stock sales.

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

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

(e) This section, with reference to the retention and disposition of records, shall apply to any federal savings bank operating in North Carolina unless in conflict with regulations prescribed by its federal regulatory authority. (1991, c. 680, s. 1; 2001-193, s. 16.)

§ 54C-54. Examinations by Commissioner of Banks; report.

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

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

(c) No savings bank may willfully delay or willfully obstruct an examination in any fashion. A person failing to comply with this subsection is guilty of a Class 1 misdemeanor.

(d) No person who possesses or controls any books, accounts, or papers of any State savings bank shall refuse to exhibit same to the Commissioner of Banks or the Commissioner of Banks' agent on demand, or shall knowingly or willingly make any false statement in regard to the same. A person failing to comply with this subsection is guilty of a Class 1 misdemeanor. (1991, c. 680, s. 1; 1993, c. 539, ss. 435, 436; 1994, Ex. Sess., c. 24, s. 14(c); 2001-193, s. 16.)

§ 54C-55. Supervision and examination fees authorized; use of funds collected under Chapter.

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

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

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

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

(c) Notwithstanding subsections (a) and (b) of this section, whenever the Commissioner of Banks under G.S. 54C-54 appoints a suitable and competent person, other than a person employed by the Commissioner of Banks' office, to make an examination and investigation of the business of a State savings bank, the savings bank shall pay all costs and expenses relative to the examination and investigation. (1991, c. 680, s. 1; 1998-215, s. 38(b); 2001-193, s. 16.)

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

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

(1) Make an extended audit or examination of the savings bank or cause an audit or examination to be made by an independent auditor; and

(2) Make an extended revaluation of any of the assets or liabilities of the savings bank or cause an independent appraiser to make a revaluation.

(b) The Commissioner of Banks shall collect from the savings bank a reasonable sum for actual or necessary expenses of an audit, examination, or revaluation. (1991, c. 680, s. 1; 2001-193, s. 16.)

§ 54C-57. Commissioner of Banks to have right of access to books and records of the savings bank; right to issue subpoenas, administer oaths, examine witnesses.

(a) The Commissioner of Banks and the Commissioner of Banks' agents:

(1) Shall have free access to all books and records of a savings bank, or a service corporation or holding company thereof, that relate to its business, and the books and records kept by an officer, agent, or employee relating to or upon which any record is kept;

(2) May subpoena witnesses and administer oaths or affirmations in the examination of any director, officer, agent, or employee of a savings bank, or a service corporation or holding company thereof or of any other person in relation to its affairs, transactions, and conditions;

(3) May require the production of records, books, papers, contracts, and other documents; and

(4) May order that improper entries be corrected on the books and records of a savings bank.

(b) The Commissioner of Banks may issue subpoenas duces tecum.

(c) If a person fails to comply with a subpoena so issued or a party or witness refuses to testify on any matters, a court of competent jurisdiction, on the application of the Commissioner of Banks, shall compel compliance by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from the court or a refusal to testify in the court. (1991, c. 680, s. 1; 2001-193, s. 16.)

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

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

(b) In lieu of causing an appraisal to be made, the Commissioner of Banks may accept an appraisal caused to be made by the insurer of accounts.

(c) The expense and cost of test appraisals made under this section shall be defrayed by the savings bank subjected to the test appraisals, and each savings bank doing business in this State shall pay all reasonable costs and expenses of the test appraisals when it is directed. (1991, c. 680, s. 1; 2001-193, s. 16.)

§ 54C-59. Relationship of savings banks with the Savings Institutions Division.

(a) Except as provided by subsection (b) of this section, a savings bank or any director, officer, employee, or representative thereof shall not grant or give to any employee of the Savings Institutions Division or to their spouses, any loan or gratuity, directly or indirectly.

(b) No employee of the Savings Institutions Division shall:

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

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

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

(c) Notwithstanding subsection (b) of this section, any employee of the Savings Institutions Division may be a deposit account holder and receive earnings on a deposit account.

(d) Any employee of the Savings Institutions Division shall dispose of any right or interest in a savings bank, held either directly or indirectly, that is prohibited under subsection (b) of this section, within 60 days after the date of the employee's appointment or employment. If any employee of the Division is indebted as borrower, directly or indirectly, or is an endorser, surety, or guarantor on a note, at the time of appointment or employment, the employee may continue in that capacity until the loan is paid off.

(e) If any employee of the Savings Institutions Division has a loan or other note acquired by a State savings bank through the secondary market, the employee may continue with the debt until the loan or note is paid off. (1991, c. 680, s. 1; 2001-193, s. 9.)

§ 54C-60. Confidential information.

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

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

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

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

(4) Information and reports submitted by savings banks to federal regulatory agencies, if the records or information would be confidential under federal law or regulation;
(5) Information and records regarding complaints from the public received by the Division that concern savings banks when the complaint would or could result in an investigation, except to the management of those savings banks; and
(6) Any other letters, reports, memoranda, recordings, charts or other documents or records that would disclose any information of which disclosure is prohibited in this subsection.

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

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

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

(e) An official or employee of this State violating this section is liable to any person injured by disclosure of the confidential information for all damages sustained thereby. Penalties provided are not exclusive of other penalties. (1991, c. 680, s. 1; 2001-193, s. 16.)

§ 54C-60.1. Confidential records.

(a) As used in this section:
(1) "Compliance review committee" means:
a. An audit, loan review, or compliance committee appointed by the board of directors of a savings bank or any other person to the extent the person acts at the direction of or reports to a compliance review committee; and
b. Whose functions are to audit, evaluate, report, or determine compliance with any of the following:
1. Loan underwriting standards;
2. Asset quality;
3. Financial reporting to federal or State regulatory agencies;
4. Adherence to the savings bank's investment, lending, accounting, ethical, and financial standards; or
5. Compliance with federal or State statutory requirements.
(2) "Compliance review documents" means documents prepared for or created by a compliance review committee.
(3) "Loan review committee" means a person or group of persons who, on behalf of a savings bank, reviews assets, including loans held by the savings bank, for the purpose of assessing the credit quality of the loans or the loan application process, compliance with the savings bank's investment and loan policies, and compliance with applicable laws and regulations.

(4) "Person" means an individual, group of individuals, board, committee, partnership, firm, association, corporation, or other entity.

(b) Savings banks chartered under the laws of North Carolina or of the United States shall maintain complete records of compliance review documents, and the documents shall be available for examination by any federal or State savings bank regulatory agency having supervisory jurisdiction. Notwithstanding Chapter 132 of the General Statutes, compliance review documents in the custody of a savings bank or regulatory agency are confidential, are not open for public inspection, and are not discoverable or admissible in evidence in a civil action against a savings bank, its directors, officers, or employees, unless the court finds that the interests of justice require that the documents be discoverable or admissible in evidence. (1995, c. 408, s. 3.)

§ 54C-61. Annual license fees.

A state savings bank shall pay an annual license fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The license fee shall be used to defray the expenses incurred by the Division in supervising State savings banks. The Commissioner of Banks may license each State savings bank upon receipt of the license fee and filing of an application in the form prescribed by the Commissioner of Banks. (1991, c. 680, s. 1; 2001-193, s. 16.)

§ 54C-62. Statement filed by savings bank; fees and examination.

A State savings bank shall file in the Office of the Commissioner of Banks, on or before the first day of February in each year, in the form prescribed by the Commissioner of Banks, a statement of the business standing and financial condition of the savings bank on the preceding 31st day of December, signed and sworn to by the secretary or other officer duly authorized by the board of directors of the savings bank before a notary public. The statement shall be accompanied by a filing fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The filing fees shall be used to defray the expenses incurred by the Division in supervising State savings banks. The Commissioner of Banks shall receive and thoroughly examine each annual statement. (1991, c. 680, s. 1; 1993, c. 163, s. 3; 2001-193, s. 16; 2019-173, s. 1(a).)

§ 54C-63. Repealed by Session Laws 2019-173, s. 1(b), effective July 26, 2019.

§ 54C-64. Prohibited practices.

A person who engages in any of the following acts or practices is guilty of a Class 1 misdemeanor:

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

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

(3) Repealed by Session Laws 1997-241, s. 2. (1991, c. 680, s. 1; 1993, c. 539, s. 437; 1994, Ex. Sess., c. 24, s. 14(c); 1993 (Reg. Sess., 1994), c. 767, s. 22; 1997-241, s. 2.)

§§ 54C-65 through 54C-75. Reserved for future codification purposes.