Article 7.

Loans and Investments.

§ 54C-121. Loans.

(a) A savings bank may loan funds as follows:

(1) On the security of deposit accounts, but no loan shall exceed the withdrawal value of the pledged deposit account.

(2) On the security of real property:

a. Of a value, determined in accordance with this Chapter and any appraisal rules as the Commissioner of Banks may adopt sufficient to provide good and ample security for the loan;

b. With a fee simple title or a leasehold title of no less duration than 10 years beyond the maturity of the loan;

c. With the title established by any evidence of title as is consistent with sound lending practices; and

d. With the security interest in such real estate evidenced by an appropriate written instrument and the loan evidenced by a note, bond, or similar written instrument. A loan on the security of the whole of the beneficial interest in a land trust satisfies the requirements of this sub-subdivision if the title to the land is held by a corporate trustee and if the real estate held in the land trust meets the other requirements of this subdivision.

(3) For the purpose of repair, improvement, rehabilitation, furnishing, or equipment of real estate.

(4) For the purpose of financing or refinancing an existing ownership interest, in certificates of stock, certificates of beneficial interest, or other evidence of an ownership interest in, and a proprietary lease from, a corporation, trust or partnership formed for the purpose of the cooperative ownership of real estate, secured by the assignment or transfer of the certificates or other evidence of ownership of the borrower.

(5) For the purchase of loans that, at the time of purchase, the savings bank could make in accordance with this Chapter.

(6) For the purchase of installment contracts for the sale of real estate, and title thereto that is subject to the contract, but in each instance only if the savings bank, at the time of purchase, could make a mortgage loan of the same amount and for the same length of time on the security of the real estate.

(7) For the purchase of loans guaranteed or insured, wholly or in part, by the United States or any of its instrumentalities.

(8) For secured or unsecured financing for business, corporate, personal, family, or household purposes, or for secured or unsecured loans for agricultural or commercial purposes, subject to any rules as the Commissioner of Banks may adopt.

(9) For the purpose of mobile home financing.

(10) For loans secured by no more that ninety percent (90%) of the cash surrender value of any life insurance policy.

(11) For loans on any collateral that would be a legal investment if made by the savings bank under this Chapter.

(b) Notwithstanding any provision of this Chapter to the contrary, a savings bank may make any loan that the savings bank could make if it were incorporated and operating as a federal association or as a State or national bank. (1991, c. 680, s. 1; 2001-193, s. 16.)