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SESSION 1989

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HOUSE BILL 627
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Short Title: Savings and Loans Tech. Changes.

(Public)

Sponsors: Representatives Brubaker and Warren.

Referred to: Commerce.

March 15, 1989

A BILL TO BE ENTITLED
AN ACT TO MAKE OMNIBUS CHANGES RELATING TO SAVINGS AND LOAN
ASSOCIATIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 54B-4 reads as rewritten:

"(b) As used in this Chapter, unless the context otherwise requires, the term:

(1) 'Administrator' means the Administrator of the Savings
~~and Loan Institutions~~ Division.

(2) 'Aggregate withdrawal value of withdrawable accounts' means the
total value of all withdrawable accounts held by an association.

(3) 'Application' means the completed package of the application to
organize a State association, establish a branch office or conversion
of structure of a savings and loan association which the
Administrator considers in making his recommendation.

(3a) 'Affiliate' means a person or corporation that controls, is controlled
by, or is under common control with an association.

(4) 'Associate' when used to indicate a relationship with any person,
means (i) any corporation or organization (other than the applicant
or a majority-owned subsidiary of the applicant) of which such
person is an officer or partner or is, directly or indirectly, the
beneficial owner of ten percent (10%) or more of any class of
equity securities, (ii) any trust or other estate in which such person
has a substantial beneficial interest or as to which such person

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- 1 serves as trustee or in a similar fiduciary capacity, and (iii) any
2 relative or spouse who lives in the same house as that person, or
3 any relative of that person's spouse who lives in the same house as
4 that person, or who is a director or officer of the applicant or any of
5 its parents or subsidiaries.
- 6 (5) 'Association' includes a State association or a federal association
7 unless limited by use of the words 'State' or 'federal.'
- 8 (6) 'Borrowers' means those who borrow funds from or in any other
9 way become obligated on a loan to an association.
- 10 (7) 'Branch office' means an office of an association other than its
11 principal office which renders savings and loan services.
- 12 (8) 'Capital stock' means securities which represent ownership
13 of a stock association.
- 14 (9) 'Certificate of approval' means a document signed by the
15 Administrator informing the North Carolina Secretary of State that
16 the Commission has approved the certificate of incorporation of a
17 proposed association.
- 18 (10) Repealed by Session Laws 1985, c. 659, s. 1, effective July 9,
19 1985.
- 20 (11) 'Certificate of incorporation or charter' means the document which
21 represents the corporate existence of a State association.
- 22 (12) 'Certified copy' means a copy of an original document or paper
23 which has been signed by the person or persons who certify such
24 document to be an exact copy of the original.
- 25 (13) 'This Chapter' means Chapter 54B of the North Carolina General
26 Statutes.
- 27 (14) 'Commission' means the North Carolina Savings ~~and Loan~~
28 Institutions Commission of the Department of Commerce.
- 29 (15) 'Conflict of interest' means a matter before the board of directors in
30 which one or more of the directors, officers or employees has a
31 direct or indirect financial interest in its outcome.
- 32 (16) 'Conformed copies' means photocopies or carbon copies or other
33 mechanical reproductions of an original document or paper.
- 34 (17) 'Court of competent jurisdiction' means a court in North Carolina
35 which is qualified to hear the case at hand.
- 36 (18) 'Disinterested directors' means those directors who have absolutely
37 no direct or indirect financial interest in the matter before them.
- 38 (19) 'Dividends on stock' means the earnings of an association paid out
39 to holders of capital stock in a stock association.
- 40 (20) 'Dividends on withdrawable accounts' means the consideration
41 paid by an association to a holder of a withdrawable account for the
42 use of his money.
- 43 (21) 'Division' means the Savings ~~and Loan~~ Institutions Division of the
44 North Carolina Department of Commerce.

- 1 (22) 'Entrance fee per withdrawable account' means the amount to be
2 paid by each person, firm or corporation when he or it pledges to a
3 proposed mutual association to deposit funds in a withdrawable
4 account.
- 5 (23) 'Examination and investigation' means a supervisory inspection of
6 an association or proposed association which may include
7 inspection of every relevant piece of information including
8 subsidiary or affiliated businesses.
- 9 (24) 'Federal association' means a corporation or association organized
10 and operated under the provisions of federal law and regulation to
11 conduct a savings and loan business.
- 12 (25) 'Financial institution' means a person, firm or corporation engaged
13 in the business of receiving, soliciting or accepting money or its
14 equivalent on deposit and/or lending money or its equivalent.
- 15 (26) Repealed by Session Laws 1985, c. 659, s. 1, effective July 9,
16 1985.
- 17 (27) 'General reserve' means appropriated or restricted funds in the
18 form of cash or investments to be used solely for the purpose of
19 absorbing losses.
- 20 (28) 'Guaranty association' means a mutual deposit guaranty association
21 which is a corporation organized under this Chapter or its
22 predecessor and operated under the provisions of Article 12 of this
23 Chapter.
- 24 (29) 'Immediate family' means one's spouse, father, mother, children,
25 brothers, sisters, and grandchildren; and the father, mother,
26 brothers, and sisters of one's spouse; and the spouse of one's child,
27 brother or sister.
- 28 (30) 'Initial pledges for withdrawable accounts' means those pledges of
29 funds by persons who promise to a proposed mutual association to
30 deposit such amount if and when such proposed association
31 becomes established.
- 32 (31) 'Insurance of withdrawable accounts' means insurance on an
33 association's withdrawable accounts when the beneficiary is the
34 holder of such insured account.
- 35 (32) 'Liquidity fund' means that portion of the assets of an association
36 which is required to be held in readily marketable form.
- 37 (32a) 'Interim association' means an association formed to facilitate the
38 acquisition of one hundred percent (100%) of the voting shares of
39 an existing stock association by a newly-formed association or an
40 existing savings and loan holding company or to facilitate any
41 other transaction the Administrator may approve.
- 42 (33) 'Members' means withdrawable account holders and borrowers in a
43 State mutual association.

- 1 (34) 'Minimum amount of consideration' means the amount of money a
2 stock association shall be required to have received on the sale of
3 its stock, before it shall commence business.
- 4 (35) 'Minimum amount on deposit in withdrawable accounts' means the
5 amount of money which a mutual association must have on hand
6 prior to its commencement of business.
- 7 (36) 'Mutual association' means all mutual savings and loan
8 associations owned by members of the association, and organized
9 under the provisions of this Chapter or its predecessor for the
10 primary purpose of promoting thrift and home financing.
- 11 (37) 'Net withdrawal value of withdrawable accounts' means the
12 aggregate of the withdrawal value of an association's withdrawable
13 accounts less the amount of any pledged withdrawable account
14 which serves as security for a loan.
- 15 (38) 'Net worth' means an association's total assets less total liabilities.
- 16 (39) 'Original incorporators' means the organizers of a State association
17 responsible for the business of a proposed association from the
18 filing of the application to the Commission's final decision on such
19 application.
- 20 (40) 'Plan of conversion' means a detailed outline of the procedure of
21 the conversion of an association from one to another regulatory
22 authority or from one to another form of ownership.
- 23 (41) 'Principal office' means the office which houses the headquarters
24 of an association.
- 25 (42) 'Proposed association' means an entity in organizational procedures
26 prior to the Commission's final decision on its charter application.
- 27 (43) 'Registered agent' means the person named in the certificate of
28 incorporation upon whom service of legal process shall be deemed
29 binding upon the association.
- 30 (44) 'Rules and regulations' means those regulatory procedures and
31 guidelines issued by the Administrator and approved by the
32 Commission.
- 33 (44a) 'Savings bank' means an association which has exercised the
34 authority granted in G.S. 54B-26 and adopted a name which
35 includes the words 'savings bank.'
- 36 (45) 'Service corporation' means a corporation operating under the
37 provision of Article 8 of this Chapter which engages in activities
38 determined by the Administrator by rules and regulations to be
39 incidental to the conduct of a savings and loan business as provided
40 in this Chapter or activities which further or facilitate the corporate
41 purposes of an association, or which furnishes services to an
42 association or subsidiaries of an association, the voting stock of
43 which is owned directly or indirectly by one or more associations.

- 1 (46) 'Specific reserve account' means an account held by an association
 2 as a loss reserve for coverage on specific loans and investments.
 3 (47) 'This State' means the State of North Carolina.
 4 (48) 'State association' means a corporation or association organized
 5 under this Chapter or its predecessor and operated under the
 6 provisions of this Chapter to conduct the savings and loan business;
 7 or a corporation organized under the provisions of the predecessors
 8 to this Chapter and operated under the provisions of this Chapter;
 9 or a corporation organized under the provisions of federal law and
 10 so converted as to be operated under the provisions of this Chapter.
 11 (49) 'Stock association' means any corporation or company owned by
 12 holders of capital stock and organized under the provisions of this
 13 Chapter for the primary purpose of promoting thrift and home
 14 financing.
 15 (50) 'Subscriptions' means the promise to purchase capital stock in a
 16 stock association and payment of a portion of the selling price.
 17 (51) 'Total assets' means the aggregate amount of assets of any and
 18 every kind held by an association.
 19 (52) 'Voluntary dissolution' means the dissolution and liquidation of an
 20 association initiated by its ownership.
 21 (53) 'Withdrawable accounts' means accounts in which a customer or
 22 member places funds with an association which may be withdrawn
 23 by the account holder.
 24 (54) ~~'Withdrawable application' means the request in writing by a~~
 25 ~~withdrawable account holder to withdraw part or all of his~~
 26 ~~balance.'~~

27 Sec. 2. G.S. 54B-9 reads as rewritten:

28 **"§ 54B-9. Application to organize a savings and loan association.**

29 (a) It shall be lawful for any ~~10~~five or more natural persons (hereinafter referred
 30 to as the 'incorporators'), who are domiciled in this State, to organize and establish a
 31 savings and loan association in order to promote thrift and home financing, subject to
 32 approval as hereinafter provided in this Chapter. The incorporators shall file with the
 33 Administrator a preliminary application to organize a State association, in the form to be
 34 prescribed by the Administrator, together with the proper nonrefundable application fee.

35 (b) The application to organize a State association shall be received by the
 36 Administrator not less than 60 days prior to the scheduled consideration of the
 37 application by the Commission, and it shall contain:

- 38 (1) The original of the certificate of incorporation, which shall be signed
 39 by the original incorporators, or a majority of them, but not less than
 40 ~~10~~five, and shall be properly acknowledged by a person duly
 41 authorized by this State to take proof or acknowledgment of deeds; and
 42 two conformed copies;
 43 (2) The names and addresses of the incorporators; and the names and
 44 addresses of the initial members of the board of directors;

- 1 (3) Statements of the anticipated receipts, expenditures, earnings and
2 financial condition of the association for its first two years of
3 operation, or such longer period as the Administrator may require;
4 (4) A showing satisfactory to the Commission that:
5 a. The public convenience and advantage will be served by the
6 establishment of the proposed association;
7 b. There is a reasonable demand and necessity in the community
8 which will be served by the establishment of the proposed
9 association;
10 c. The proposed association will have a reasonable probability of
11 sustaining profitable and beneficial operations within a
12 reasonable time in the community in which the proposed
13 association intends to locate;
14 d. The proposed association, if established, will promote healthy
15 and effective competition in the community in the delivery to
16 the public of savings and loan services;
17 (5) The proposed bylaws;
18 (6) Statements, exhibits, maps and other data which may be prescribed or
19 requested by the Administrator, which data shall be sufficiently
20 detailed and comprehensive so as to enable the administrator to pass
21 upon the criteria set forth in this Article.

22 (c) The application shall be signed by the original incorporators or a majority of
23 them but not less than ~~10, five,~~ and shall be properly acknowledged by a person duly
24 authorized by this State to take proof and acknowledgement of deeds."

25 Sec. 3. G.S. 54B-12 reads as rewritten:

26 **"§ 54B-12. Criteria to be met before the Administrator may recommend approval**
27 **of an application.**

28 (a) The Administrator may recommend approval of an application to form a
29 mutual association only when all of the following criteria are met:

- 30 (1) The proposed association has an operational expense fund, from which
31 to pay organizational and incorporation expenses, in an amount
32 determined by the Administrator to be sufficient for the safe and
33 proper operation of the association, but in no event less than seventy-
34 five thousand dollars (\$75,000). The moneys remaining in such
35 expense fund shall be held by the association for at least one year from
36 its date of licensing. No portion of such fund shall be released to an
37 incorporator or director who contributed to it, nor to any other
38 contributor, nor to any other person and no dividends shall be accrued
39 or paid on such funds without the prior approval of the administrator.
40 (2) The proposed association has pledges for withdrawable accounts in an
41 amount determined by the Administrator to be sufficient for the safe
42 and proper operation of the association, but in no event less than ~~three~~
43 ~~hundred fifty thousand dollars (\$350,000).~~ four million dollars
44 (\$4,000,000).

- 1 (3) All entrance fees for withdrawable accounts of the proposed
2 association have been made with legal tender of the United States.
- 3 (4) All initial pledges for withdrawable accounts of the proposed
4 association are made by residents of North Carolina.
- 5 (5) The name of the proposed association will not mislead the public and
6 is not the same as an existing association or so similar to the name of
7 an existing association as to mislead the public.
- 8 (6) The character, general fitness and responsibility of the incorporators
9 and the initial board of directors of the proposed association who shall
10 be residents of North Carolina are such as to command the confidence
11 of the community in which the proposed association intends to locate.
- 12 (7) There is a reasonable demand and necessity in the community which
13 will be served by the establishment of the proposed association.
- 14 (8) The public convenience and advantage will be served by the
15 establishment of the proposed association.
- 16 (9) The proposed association will have a reasonable probability of
17 sustaining profitable and beneficial operations in the community.
- 18 (10) The proposed association, if established, will promote healthy and
19 effective competition in the community in the delivery to the public of
20 savings and loan services.
- 21 (b) The Administrator may recommend approval of an application to form a
22 stock association only when all of the following criteria are met:
- 23 (1) The proposed association has prepared a plan to solicit subscriptions
24 for capital stock in an amount determined by the Administrator to be
25 sufficient for the safe and proper operation of the association, but in no
26 event less than ~~one million five hundred thousand dollars (\$1,500,000).~~
27 three million dollars (\$3,000,000).
- 28 ~~(2) The proposed association has certified that it shall set aside from the~~
29 ~~amount of subscriptions for capital stock required by subdivision (1) of~~
30 ~~this subsection, as a permanent capital reserve, an amount of funds~~
31 ~~determined by the Administrator to be sufficient for the safe and~~
32 ~~proper operation of the association, but in no event less than five~~
33 ~~hundred thousand dollars (\$500,000).~~
- 34 (3) All subscriptions for capital stock of the proposed association have
35 been purchased with legal tender of the United States.
- 36 (4) to (7). Repealed by Session Laws 1983, c. 144, s. 5,
37 effective April 6, 1983.
- 38 (8) The name of the proposed association will not mislead the public and
39 is not the same as an existing association or so similar to the name of
40 an existing association as to mislead the public; and contains the
41 wording 'corporation,' 'incorporated,' 'limited,' or 'company,' an
42 abbreviation of one of such words or other words sufficient to
43 distinguish stock associations from mutual associations.

- 1 (9) The character, general fitness, and trustworthiness of the incorporators,
2 initial board of directors, and initial stockholders of the proposed
3 association are such as to command the confidence of the community
4 in which the proposed association intends to locate.
- 5 (10) There is a reasonable demand and necessity in the community which
6 will be served by the establishment of the proposed association.
- 7 (11) The public convenience and advantage will be served by the
8 establishment of the proposed association.
- 9 (12) The proposed association will have a reasonable probability of
10 sustaining profitable and beneficial operations in the community.
- 11 (13) The proposed association, if established, will promote healthy and
12 effective competition in the community in the delivery to the public of
13 savings and loan services.

14 (c) The minimum amount of pledges for withdrawable accounts or subscriptions
15 for capital stock may be adjusted in the discretion of the Administrator if he determines
16 that a greater requirement is necessary or that a smaller requirement will provide a
17 sufficient capital base. Such a finding and recommendation to the Commission shall be
18 based upon due consideration of (i) the population of the proposed trade area, (ii) the
19 total deposits of the depository financial institutions operating in the proposed trade
20 area, (iii) the economic conditions of and projections for the proposed trade area, (iv)
21 the business experience and reputation of the proposed management, (v) the business
22 experience and reputation of the proposed incorporators and directors, and (vi) the
23 projected deposit growth, capitalization, and profitability of the proposed association."

24 Sec. 4. G.S. 54B-13 reads as rewritten:

25 "**§ 54B-13. Savings and Loan Institutions Commission to review findings and**
26 **recommendations of Administrator.**

27 (a) If the Administrator does not have the completed application within 120 days
28 of the filing of the preliminary application, the application shall be returned to the
29 applicants.

30 (b) When the Administrator has completed his examination and investigation of
31 the facts relevant to the establishment of the proposed association, he shall present his
32 findings and recommendations to the Commission at a public hearing. The Savings and
33 ~~Loan Institutions~~ Commission must approve or reject an application within 180 days of
34 the submission of the preliminary application.

35 (c) Not less than ~~60~~45 days prior to the public hearing held for the consideration
36 of the application to establish a savings and loan association, the incorporators shall
37 cause to be published a notice in a newspaper of general circulation in the area to be
38 served by the proposed association. Such notice shall contain:

- 39 (1) A statement that the application has been filed with the Administrator;
40 (2) The name of the community where the principal office of the proposed
41 association intends to locate;
42 (3) A statement that a public hearing shall be held to consider the
43 application; and

1 (4) A statement that any interested or affected party may file a written
2 statement either favoring or protesting the creation of the proposed
3 association. Such statement must be filed with the Administrator
4 within 30 days of the date of publication.

5 (d) The Commission, at the public hearing, shall consider the findings and
6 recommendation of the Administrator and shall hear such oral testimony as he may wish
7 to give or be called upon to give, and shall also receive information and hear testimony
8 from the incorporators of the proposed association and from any and all other interested
9 or affected parties. The Commission shall hear only testimony and receive only
10 information which is relevant to the consideration of the application and the operation
11 of the proposed association."

12 Sec. 5. G.S. 54B-25 reads as rewritten:

13 **"§ 54B-25. Branch offices closed.**

14 The board of a State association may discontinue the operation of a branch office
15 upon giving at least 30 days' prior written notice to the Administrator, the notice to
16 include the date upon which the branch office shall be closed."

17 Sec. 6. G.S. 54B-30(3) reads as rewritten:

18 "(3) At the meeting of the members or stockholders of such association, such
19 members or stockholders may by affirmative vote of a majority of votes or shares
20 present, in person or by proxy, resolve to convert said association to a federal savings
21 and loan association. A copy of the minutes of the meeting of the members or
22 stockholders certified by an appropriate officer of the association shall be filed in the
23 office of the ~~Administrator within 10 days after such meeting.~~ Administrator. The said
24 certified copy when so filed shall be prima facie evidence of the holding and the action
25 of the meeting."

26 Sec. 7. G.S. 54B-31(3) reads as rewritten:

27 "(3) At the meeting of the members or stockholders of such association, such
28 members or stockholders may by affirmative vote of a majority of votes or shares
29 present, in person or by proxy, resolve to convert said association to a State association.
30 A copy of the minutes of the meeting of the members or stockholders, certified by an
31 appropriate officer of the association, shall be filed with the Administrator ~~within 10 days~~
32 ~~after the meeting,~~ accompanied by a conversion fee. The certified copy when so filed
33 shall be prima facie evidence of the holding of and the action taken at the meeting."

34 Sec. 8. G.S. 54B-35(4) reads as rewritten:

35 "(4) At separate meetings of the members or stockholders of the respective
36 associations, the members or stockholders may adopt, by an affirmative vote of a
37 majority of the votes or shares present, in person or by proxy, a resolution to merge into
38 a single association upon the terms of the merger agreement as shall have been agreed
39 upon by the directors of the respective associations and as approved by the
40 Administrator. Upon the adoption of the resolution, a copy of the minutes of the
41 proceedings of the meetings of the members or stockholders of the respective
42 associations, certified by the president or vice-president and secretary or assistant
43 secretary of the merging associations, shall be filed in the office of the ~~Administrator,~~
44 ~~within 10 days after such meetings.~~ Administrator. Within 15 days after the receipt of a

1 certified copy of the minutes of such meetings the Administrator shall either approve or
2 disapprove the proceedings for compliance with this section. If the proceedings are
3 approved by him, he shall issue a certificate of his approval of the merger and send it to
4 each of the associations. The certificate shall be filed and recorded in the office of the
5 Secretary of State. When the certificate is so filed, the merger agreement shall take
6 effect according to its terms and shall be binding upon all the members or stockholders
7 of the associations merging, and it shall be deemed to be the act of merger of such
8 constituent savings and loan associations under the laws of this State, and the certificate
9 or certified copy thereof shall be evidence of the agreement and act of merger of the
10 savings and loan associations and the observance and performance of all acts and
11 conditions necessary to have been observed and performed precedent to such merger.
12 Within 60 days after its receipt from the Secretary of State, the certified copy of the
13 certificate shall be filed with the register of deeds of the county or counties in which the
14 respective associations so merged have recorded their original certificates of
15 incorporation. Failure to so file shall only subject the association to a penalty of one
16 hundred dollars (\$100.00) to be collected by the Secretary of State. The only fees that
17 shall be collected in connection with the merger of the associations shall be filing and
18 recording fees. If the Administrator disapproves the proceedings, he shall mark the
19 certified copies of the meetings in his office as disapproved and notify the associations
20 to that effect. Such disapproval may be appealed by the association to the Commission."

21 Sec. 9. G.S. 54B-43 reads as rewritten:

22 **"§ 54B-43. Stock dividends.**

23 No dividend on stock shall be paid unless the association has the prior written
24 approval of the Administrator."

25 Sec. 10. G.S. 54B-210 reads as rewritten:

26 **"§ 54B-210. Components of liquidity fund.**

27 ~~(a) Every State association shall at all times have on hand and unpledged, cash,~~
28 ~~investments in obligations of the United States government, or the government of the~~
29 ~~State of North Carolina, or stock in the Federal Home Loan Bank, or deposits in any~~
30 ~~mutual deposit guaranty association organized or operated pursuant to Article 12 of this~~
31 ~~Chapter, or investments in the accounts of other associations, or bonds issued by the~~
32 ~~Federal Home Loan Bank, or Government National Mortgage Association pass-through~~
33 ~~certificates, or Federal Home Loan Mortgage Corporation pass-through certificates, or~~
34 ~~funds on deposit in a federal reserve bank or in other bank or banks as may have been~~
35 ~~approved by a majority of the entire board of directors, in an amount set by the~~
36 ~~Commission equal to at least four percent (4%) of the net withdrawal value of the~~
37 ~~association's withdrawable account, or two hundred fifty thousand dollars (\$250,000),~~
38 ~~whichever is greater, as the liquidity fund and held to assure the liquidity of such~~
39 ~~association. Such investments and funds on deposit shall be readily marketable and shall~~
40 ~~not exceed a term of five years. establish and maintain a regulatory capital account in an~~
41 amount and in such funds and investments that comply with the requirements of its
42 federal insurer of withdrawable accounts.

43 ~~(b) In addition to those investments set forth in subsection (a), a State~~
44 ~~association's liquidity fund may also include debt securities which are hedged, subject to~~

1 options, or redeemable, in the manner allowed to members of the Federal Home Loan
2 Bank Board, by the board's regulations, as amended from time to time; provided that,
3 limitations upon State associations as to amounts of investments, investments in, or
4 hedged by, a single source, or other limitations upon the investment authority of State
5 associations, shall be as provided by rules promulgated by the Administrator, and not as
6 provided by rules and regulations of the Federal Home Loan Bank Board. The failure of
7 a State association to maintain the required level and type of regulatory capital may be
8 grounds for supervisory action by the Administrator.

9 (c) The Administrator may adopt rules to implement this section."

10 Sec. 11. G.S. 54B-216 reads as rewritten:

11 "**§ 54B-216. General reserve.**

12 (a) ~~Every State association shall establish and maintain a general reserve for the~~
13 ~~sole purpose of covering losses. The general reserve shall be established and maintained~~
14 ~~separately from any valuation allowances and specific loss reserves established and~~
15 ~~maintained at the election of the association or pursuant to rules and regulations~~
16 ~~prescribed by the Commission. in compliance with the requirements of its federal~~
17 ~~insurer of withdrawable accounts.~~

18 (b) ~~The general reserve shall be maintained at a level set by the Commission~~
19 ~~based on assets. In setting the level for the general reserve, the Commission shall~~
20 ~~evaluate the risk attributable to various types of assets and shall establish percentages~~
21 ~~for each type of asset based on its level of risk. The failure of a State association to~~
22 ~~maintain the required level of general valuation allowances or specific loss reserves may~~
23 ~~be grounds for supervisory action by the Administrator.~~

24 (c) ~~In the case of newly chartered stock associations, the permanent capital~~
25 ~~reserve required by G.S. 54B-12(b)(2) shall be deemed a constituent part of and not~~
26 ~~supplementary to the general reserve required by this section. Therefore, a minimum of~~
27 ~~five hundred thousand dollars (\$500,000) shall be the required level of the general~~
28 ~~reserve of a stock association until a greater level is required pursuant to this section and~~
29 ~~rules and regulations promulgated thereto. The Administrator may adopt rules to~~
30 ~~implement this section.~~

31 (d) ~~Notwithstanding the provision of this section, any State association which has~~
32 ~~insurance of withdrawable accounts with the Federal Savings and Loan Insurance~~
33 ~~Corporation and which meets the statutory reserve requirement of the Federal Savings~~
34 ~~and Loan Insurance Corporation need not comply with the general reserve requirement~~
35 ~~of this section.~~

36 (e) ~~The failure of a State association to maintain the required level of general~~
37 ~~reserve set by the Commission or the statutory reserve requirement of the Federal~~
38 ~~Savings and Loan Insurance Corporation may be grounds for supervisory action by the~~
39 ~~Administrator.~~

40 (f) ~~The Commission shall adopt rules and regulations for the implementation of~~
41 ~~this section."~~

42 Sec. 12. G.S. 54B-261 is amended by adding a new subsection to read:

43 "(a2) Notwithstanding any other provision of law, a mutual association may
44 reorganize its ownership to provide for ownership by a savings and loan holding

1 company upon adoption of a plan of reorganization by a favorable vote of not less than
2 two-thirds of the members of the board of directors of the association and approval of
3 the plan of reorganization by a majority of the voting members of the association. The
4 plan of reorganization shall provide that (i) the resulting ownership shall be vested in a
5 North Carolina corporation, (ii) the resulting ownership of one or more subsidiary
6 associations shall be evidenced by stock shares, (iii) the substantial portion of the assets
7 and all of the insured deposits and part or all of the other liabilities shall be transferred
8 to one or more subsidiary associations, (iv) the reorganization shall not be subject to
9 State or federal income taxation, and (v) the plan of reorganization is fair and equitable
10 to all members of the association. The Administrator shall promulgate rules regarding
11 the formation of the subsidiary associations and the holding company, including the
12 rights of members, levels of investment in the holding company subsidiaries, and stock
13 sales."

14 Sec. 13. G.S. 7A-112(a) reads as rewritten:

15 "(a) The clerk of the superior court may in his discretion invest moneys secured
16 by virtue or color of his office or as receiver in any of the following securities:

- 17 (1) Obligations of the United States or obligations fully guaranteed both as
18 to principal and interest by the United States;
- 19 (2) Obligations of the State of North Carolina;
- 20 (3) Obligations of North Carolina cities or counties approved by
21 the Local Government Commission; and
- 22 (4) Shares of any building and loan association organized under the laws
23 of this State, or of any federal savings and loan association having its
24 principal office in this State, and certificates of deposit for time
25 deposits or savings accounts in any bank or trust company authorized
26 to do business in North Carolina, to the extent in each instance that
27 such shares or deposits are insured by the State or federal government
28 or any agency thereof or by any mutual deposit guaranty association
29 authorized by the Administrator of the Savings ~~and Loan~~ Institutions
30 Division of North Carolina to do business in North Carolina pursuant
31 to Article 7A of Chapter 54 of the General Statutes. If the clerk desires
32 to deposit in a bank, saving and loan, or trust company funds entrusted
33 to him by virtue or color of his office, beyond the extent that such
34 deposits are insured by the State or federal government or an agency
35 thereof or by any mutual deposit guaranty association authorized by
36 the Administrator of the Savings ~~and Loan~~ Institutions Division of
37 North Carolina to do business in North Carolina pursuant to Article 7A
38 of Chapter 54 of the General Statutes, the clerk shall require such
39 depository to furnish a corporate surety bond or bonds of the United
40 States government or of the State of North Carolina, or of counties and
41 municipalities of North Carolina whose bonds have been approved by
42 the Local Government Commission."

43 Sec. 14. G.S. 54-48 reads as rewritten:

44 "**§ 54-48. Reserve associations.**

1 Associations to be known as 'reserve land and loan associations' may be chartered
2 and licensed as provided in this Article, when they are organized and the stock therein is
3 held by local land and loan associations, and shall have such powers, rights, and
4 privileges as are accorded to other domestic associations, and they may conform to such
5 laws, rules, and regulations as may be prescribed by the laws of the United States, or of
6 this State, to enable them to receive moneys, bonds, or securities to be used in loans and
7 to secure the same. Such reserve associations shall be under the supervision of the
8 Administrator of the Savings ~~and Loan~~ Institutions Division as are building and loan
9 associations."

10 Sec. 15. G.S. 54B-48.2(2) reads as rewritten:

11 "(2) 'Administrator' means the Administrator of the Savings ~~and Loan~~
12 Institutions Division."

13 Sec. 16. G.S. 54B-52 reads as rewritten:

14 **"§ 54B-52. Administrator of Savings ~~and Loan~~ Institutions Division.**

15 The Administrator of the Savings ~~and Loan~~ Institutions Division of the State is
16 hereby empowered and directed to perform all the duties and exercise all the powers as
17 to savings and loan associations organized or operated under this Chapter, unless herein
18 otherwise provided."

19 Sec. 17. G.S. 54B-53 reads as rewritten:

20 **"§ 54B-53. Savings ~~and Loan~~ Institutions Commission.**

21 (a) The Savings ~~and Loan~~ Institutions Commission, which has heretofore been
22 created, shall continue to exist and the seven members of the Savings ~~and Loan~~
23 Institutions Commission who have heretofore been appointed by the Governor shall
24 continue to serve their full terms and their successors shall be appointed by the
25 Governor as required by this section. The Governor shall on July 1, 1981, appoint three
26 persons to the Commission for four-year terms. On July 1, 1983, he shall appoint two
27 persons to the Commission for three-year terms, and two persons for four-year terms.
28 All appointments to the Commission thereafter shall be for four-year terms. Any
29 vacancy on the Commission shall be filled by the Governor for the unexpired term. A
30 newly appointed commissioner shall assume office at the first regular or special meeting
31 subsequent to his appointment.

32 (b) The members of the Commission shall elect one of their number to serve as
33 chairman of the Commission for such term as set forth in rules adopted by the
34 Commission. A vice-chairman and other officers may be elected as specified by the
35 Commission.

36 (c) The term of a commissioner shall be four years, or until his successor is
37 appointed and qualified.

38 (d) At least two members of the Commission shall be persons who are currently
39 serving as managing officers of State associations. Four members of the Commission
40 shall be appointed as representatives of the borrowing public and shall not be employees
41 of or directors of any financial institution or have an interest in any financial institution
42 other than as a result of being a depositor or borrower.

43 (e) Meetings of the Commission shall be held regularly as provided in rules
44 adopted by the Commission but no less than once each calendar quarter. Special

1 meetings shall be held at any time upon the call of the chairman, or upon the call of any
2 three commissioners. The Administrator shall call meetings when consideration by the
3 Commission is required by law for contemplated action of the Administrator. Members
4 of the Commission shall be reimbursed as prescribed by law for expenses incurred in
5 the performance of their duties under this section.

6 (f) The relationship between the Secretary of Commerce and the Savings and
7 ~~Loan-Institutions~~ Commission shall be as defined for a Type II transfer under ~~Article~~
8 Chapter 143A of the General Statutes.

9 (g) The Savings and ~~Loan-Institutions~~ Commission is hereby vested with full
10 power and authority to review, approve, disapprove, or modify any action taken by the
11 Administrator in the exercise of all powers, duties and functions vested in or exercised
12 by the Administrator under the savings and loan laws of this State."

13 Sec. 18. G.S. 54B-54 reads as rewritten:

14 **"§ 54B-54. Deputy administrator of Savings and ~~Loan-Institutions~~ Division.**

15 (a) There shall be a deputy administrator of the Savings and ~~Loan-Institutions~~
16 Division who, in the event of the absence, death, resignation, disability or
17 disqualification of the Administrator, or in case the office of Administrator shall for any
18 reason become vacant, shall have and exercise all the powers and duties vested by law
19 in the Administrator.

20 (b) The deputy administrator is authorized and empowered at any and all times to
21 perform such duties and exercise such powers of the Administrator as the Administrator
22 may direct."

23 Sec. 19. G.S. 54B-55(b) reads as rewritten:

24 "(b) Without limiting the generality of the foregoing paragraph, rules, instructions,
25 and regulations may be promulgated with respect to:

- 26 (1) Reserve requirements;
- 27 (2) Stock ownership and dividends;
- 28 (3) Stock transfers;
- 29 (4) Incorporators, stockholders, directors, officers and employees of an
30 association;
- 31 (5) Bylaws;
- 32 (6) The Savings and ~~Loan-Institutions~~ Commission;
- 33 (7) The structure of the office of the Administrator;
- 34 (8) The operation of associations;
- 35 (9) Withdrawable accounts, bonus plans, and contracts for savings
36 programs;
- 37 (10) Loans and loan expenses;
- 38 (11) Investments;
- 39 (12) Forms and definitions;
- 40 (13) Types of financial records to be maintained by associations;
- 41 (14) Retention periods of various financial records;
- 42 (15) Internal control procedures of associations;
- 43 (16) Conduct and management of associations;
- 44 (17) Chartering and branching;

- 1 (18) Liquidations;
- 2 (19) Mergers;
- 3 (20) Conversions;
- 4 (21) Reports which may be required by the Administrator;
- 5 (22) Conflicts of interest;
- 6 (23) Collection of State savings and loan taxes;
- 7 (24) Service corporations; and
- 8 (25) Savings and loan holding companies."

9 Sec. 20. G.S. 54B-62 reads as rewritten:

10 **"§ 54B-62. Relationship of savings and loan associations with the Savings and Loan**
11 **Institutions Division.**

12 (a) Except as provided by subsection (b) of this section, a savings and loan
13 association or any director, officer, employee, or representative thereof shall not grant
14 or give to the Administrator or to any employee of the Administrator's office, or to their
15 spouses, any loan or gratuity, directly or indirectly.

16 (b) Neither the Administrator nor any person on the staff of the Savings and Loan
17 Institutions Division shall:

- 18 (1) Hold an office or position in any State association or exercise any right
19 to vote on any State association matter by reason of being a member of
20 the association;
- 21 (2) Be interested, directly or indirectly in any savings and loan association
22 organized under the laws of this State; or
- 23 (3) Undertake any indebtedness, as a borrower directly or indirectly or
24 endorser, surety or guarantor, or sell or otherwise dispose of any loan
25 or investment to any savings and loan association organized under the
26 laws of this State.

27 (c) Notwithstanding subsection (b) of this section, the Administrator or any other
28 person employed in or by his office may be a withdrawable account holder and receive
29 earnings on such account.

30 (d) If the Administrator or other person has any prohibited right or interest in a
31 savings and loan association, either directly or indirectly, at the time of his appointment
32 or employment, he shall dispose of it within 60 days after the date of his appointment,
33 or employment. If the Administrator or other such person is indebted as borrower
34 directly or indirectly, or is an endorser, surety or guarantor on a note, at the time of his
35 appointment or employment, he may continue in such capacity until such loan is paid
36 off."

37 Sec. 21. G.S. 54B-63(d) reads as rewritten:

38 "(d) Nothing in this section shall prevent the exchange of information relating to
39 associations and the business thereof with the representatives of the agencies of this
40 State, other states, or of the United States, or with reserve or insuring agencies for
41 associations. The private business and affairs of an individual or company shall not be
42 disclosed by any person employed by the Savings and Loan Institutions Division, any
43 member of the Commission, or by any person with whom information is exchanged
44 under the authority of this subsection."

1 Sec. 22. G.S. 54B-66(b) reads as rewritten:

2 "(b) In addition to any of the other penalties or remedies provided by this Article,
3 the following shall be deemed to be misdemeanors and shall be punishable as provided
4 in Chapter 14 of the North Carolina General Statutes:

5 (1) The willful or knowing violation of the provisions of this Article by
6 any employee of the Savings ~~and Loan~~ Institutions Division.

7 (2) The willful or knowing violation of a cease and desist order which has
8 become final in that no further administrative or judicial appeal is
9 available."

10 Sec. 23. G.S. 54B-246(a) reads as rewritten:

11 "(a) In addition to any and all other powers, duties and functions vested in the
12 Secretary of Commerce under the provisions of this Article, and for the protection of
13 member institutions and the general public, the Secretary of Commerce shall have
14 general control and supervision over all mutual deposit guaranty associations doing
15 business in this State. Mutual deposit guaranty associations shall be subject to the
16 control and supervision of the Secretary of Commerce as to their conduct, organization,
17 management, business practices, reserve requirements and their financial and fiscal
18 matters. The grant of general control and supervision over mutual deposit guaranty
19 associations to the Secretary of Commerce by this Article shall in no way be deemed to
20 affect the existing powers, duties and responsibilities of the Credit Union Commission,
21 the Commissioner of Banks, the State Banking Commission or the North Carolina
22 Savings ~~and Loan~~ Institutions Commission except for the removal herein of general
23 control and supervision over mutual deposit guaranty associations from the
24 Administrator of the Savings ~~and Loan~~ Institutions Division to the Secretary of
25 Commerce."

26 Sec. 24. G.S. 105-228.24A reads as rewritten:

27 "**§ 105-228.24A. Income tax credit for supervisory fees.**

28 Every savings and loan association is allowed a credit against the income tax
29 imposed on it under Article 4 of this Chapter for a taxable year equal to the amount of
30 supervisory fees, paid by the association during the taxable year, that were assessed by
31 the Administrator of the Savings ~~and Loan~~ Institutions Division of the Department of
32 Commerce for the State fiscal year beginning on or during that taxable year. This credit
33 may not exceed the amount of income tax payable by the association for the taxable
34 year for which the credit is claimed, reduced by the sum of all income tax credits
35 allowed against the tax, except tax payments made by or on behalf of the association.
36 The supervisory fees shall not be an allowable deduction in determining taxable income
37 for any association claiming the credit allowed under this section."

38 Sec. 25. G.S. 143B-431 reads as rewritten:

39 "**§ 143B-431. Department of Commerce; functions.**

40 The functions of the Department of Commerce, except as otherwise expressly
41 provided by Article 1 of this Chapter or by the Constitution of North Carolina, shall
42 include:

43 (1) All of the executive functions of the State in relation to economic
44 development including by way of enumeration and not of limitation,

1 the expansion and recruitment of environmentally sound industry,
 2 labor force development, the promotion and growth of the travel and
 3 tourism industries, the development of our State's ports, energy
 4 resource management and energy policy development;

5 (2) All functions, powers, duties and obligations heretofore vested in any
 6 agency enumerated in Article 15 of Chapter 143A, to wit:

- 7 a. The State Board of Alcoholic Control,
- 8 b. The North Carolina Utilities Commission,
- 9 c. The Employment Security Commission,
- 10 d. The North Carolina Industrial Commission,
- 11 e. State Banking Commission and the Commissioner of Banks,
- 12 f. Savings and Loan Association Division,
- 13 g. The State Savings ~~and Loan~~ Institutions Commission,
- 14 h. Credit Union Commission,
- 15 i. The North Carolina Milk Commission,
- 16 j. The North Carolina Mutual Burial Association Commission,
- 17 k. The North Carolina Rural Electrification Authority,
- 18 l. The North Carolina State Ports Authority,

19 all of which enumerated agencies are hereby expressly transferred by a
 20 Type II transfer, as defined by G.S. 143A-6, to this recreated and
 21 reconstituted Department of Commerce; and,

22 (3) All other functions, powers, duties and obligations as are conferred by
 23 this Chapter, delegated or assigned by the Governor and conferred by
 24 the Constitution and laws of this State. Any agency transferred to the
 25 Department of Commerce by a Type II transfer, as defined by G.S.
 26 143A-6, shall have the authority to employ, direct and supervise
 27 professional and technical personnel, and such agencies shall not be
 28 accountable to the Secretary of Commerce in their exercise of quasi-
 29 judicial powers authorized by statute, notwithstanding any other
 30 provisions of this Chapter, provided that the authority of the North
 31 Carolina State Ports Authority to employ, direct and supervise
 32 personnel shall be as provided in Part 10 of this Article.

33 The Department of Commerce is authorized to establish and provide
 34 for the operation of North Carolina nonprofit corporations to achieve
 35 the purpose of aiding the development of small businesses and to
 36 achieve the purposes of the United States Small Business
 37 Administration's 504 Certified Development Company Program."

38 Sec. 26. G.S. 143B-433 reads as rewritten:

39 **"§ 143B-433. Department of Commerce – organization.**

40 The Department of Commerce shall be organized to include:

- 41 (1) The North Carolina Alcoholic Beverage Control Commission,
- 42 (2) The North Carolina Utilities Commission,
- 43 (3) The Employment Security Commission,
- 44 (4) The North Carolina Industrial Commission,

- 1 (5) State Banking Commission,
2 (6) Savings and Loan Association Division,
3 (7) The State Savings ~~and Loan~~ Institutions Commission,
4 (8) Credit Union Commission,
5 (9) The North Carolina Milk Commission,
6 (10) The North Carolina Mutual Burial Association Commission,
7 (11) North Carolina Cemetery Commission,
8 (12) The North Carolina Rural Electrification Authority,
9 (13) Repealed by Session Laws 1985, c. 757, s. 179(d), effective July 15,
10 1985.
11 (14) North Carolina Science and Technology Research Center,
12 (15) The North Carolina State Ports Authority,
13 (16) North Carolina National Park, Parkway and Forests Development
14 Council,
15 (17) Economic Development Board,
16 (18) Labor Force Development Council,
17 (19) Energy Policy Council,
18 (20) Energy Division,
19 (21) Navigation and Pilotage Commissions established by Chapter 76 of
20 the General Statutes,
21 (22) The North Carolina Technological Development Authority, and such
22 divisions as may be established pursuant to Article 1 of this Chapter."

23 Sec. 27. G.S. 147-69 reads as rewritten:

24 "**§ 147-69. Deposits of State funds in banks and savings and loan associations**
25 **regulated.**

26 Banks and savings and loan associations having State deposits shall furnish to the
27 Auditor of the State, upon his request, a statement of the moneys which have been
28 received and paid by them on account of the treasury. The Treasurer shall keep in his
29 office a full account of all moneys deposited in and drawn from all banks and savings
30 and loan associations in which he may deposit or cause to be deposited any of the public
31 funds, and such accounts shall be open to the inspection of the Auditor. The Treasurer
32 shall sign all checks, and no depository bank or savings and loan association shall be
33 authorized to pay checks not bearing his official signature. The Treasurer is authorized
34 to use a facsimile signature machine or device in affixing his signature to warrants,
35 checks or any other instrument he is required by law to sign. The Commissioner of
36 Banks and the bank examiners, and the Administrator of the Savings ~~and Loan~~
37 Institutions Division, and savings and loan examiners, when so required by the State
38 Treasurer, shall keep the State Treasurer fully informed at all times as to the condition
39 of all such depository banks and savings and loan associations, so as to fully protect the
40 State from loss. The State Treasurer shall, before making deposits in any bank or
41 savings and loan association, require ample security from the bank or savings and loan
42 association for such deposit."

43 Sec. 28. G.S. 147-69.1(c)(5) reads as rewritten:

- 1 "(5) a. Savings certificates issued by any savings and loan association
2 organized under the laws of the State of North Carolina or by any
3 federal savings and loan association having its principal office in
4 North Carolina; provided that any principal amount of such certificate
5 in excess of the amount insured by the federal government or any
6 agency thereof, or by a mutual deposit guaranty association authorized
7 by the Administrator of the Savings ~~and Loan~~ Institutions Division of
8 the Department of Commerce of the State of North Carolina, be fully
9 collateralized;
- 10 b. Certificates of deposit issued by banks organized under the laws
11 of the State of North Carolina, or by any national bank having
12 its principal office in North Carolina; provided that any
13 principal amount of such certificate in excess of the amount
14 insured by the federal government or any agency thereof, be
15 fully collateralized;
- 16 c. With respect to savings certificates and certificates of deposit,
17 the rate of return or investment yield may not be less than that
18 available in the market on United States government or agency
19 obligations of comparable maturity;
- 20 d. Shares of or deposits in any savings and loan association
21 organized under the laws of the State of North Carolina, or any
22 federal savings and loan association having its principal office
23 in North Carolina; provided that any moneys invested in such
24 shares or deposits in excess of the amount insured by the federal
25 government or any agency thereof, or by a mutual deposit
26 guaranty association authorized by the Administrator of the
27 Savings ~~and Loan~~ Institutions Division of the Department of
28 Commerce of the State of North Carolina, be fully secured by
29 surety bonds, or be fully collateralized.
- 30 e. Prime quality commercial paper bearing the highest rating of at
31 least one nationally recognized rating service and not bearing a
32 rating below the highest by any nationally recognized rating
33 service which rates the particular obligation.
- 34 f. Bills of exchange or time drafts drawn on and accepted by a
35 commercial bank and eligible for use as collateral by member
36 banks in borrowing from a federal reserve bank, provided that
37 the accepting bank or its holding company is either (i)
38 incorporated in the State of North Carolina or (ii) has
39 outstanding publicly held obligations bearing the highest rating
40 of at least one nationally recognized rating service and not
41 bearing a rating below the highest by any nationally recognized
42 rating service which rates the particular obligations.
- 43 g. Asset-backed securities (whether considered debt or equity)
44 provided they bear the highest rating of at least one nationally

1 recognized rating service and do not bear a rating below the
2 highest rating by any nationally recognized rating service which
3 rates the particular securities.

- 4 h. Corporate bonds and notes provided they bear the highest rating
5 of at least one nationally recognized rating service and do not
6 bear a rating below the highest by any nationally recognized
7 rating service which rates the particular obligation."

8 Sec. 29. G.S. 150B-1(d) reads as rewritten:

9 "(d) The following are specifically exempted from the provisions of this Chapter:
10 the Administrative Rules Review Commission, the Employment Security Commission,
11 the Industrial Commission, the Occupational Safety and Health Review Board in all
12 actions that do not involve agricultural employers, and the Utilities Commission.

13 The North Carolina National Guard is exempt from the provisions of this Chapter in
14 exercising its court-martial jurisdiction.

15 The Department of Human Resources is exempt from this Chapter in exercising its
16 authority over the Camp Butner reservation granted in Article 6 of Chapter 122C of the
17 General Statutes.

18 The Department of Correction is exempt from the provisions of this Chapter, except
19 for Article 5 of this Chapter and G.S. 150B-13 which shall apply.

20 Articles 2 and 3 of this Chapter shall not apply to the Department of Revenue.
21 Except as provided in Chapter 136 of the General Statutes, Articles 2 and 3 of this
22 Chapter do not apply to the Department of Transportation.

23 Article 4 of this Chapter, governing judicial review of final administrative decisions,
24 shall apply to The University of North Carolina and its constituent or affiliated boards,
25 agencies, and institutions, but The University of North Carolina and its constituent or
26 affiliated boards, agencies, and institutions are specifically exempted from the
27 remaining provisions of this Chapter. Article 4 of this Chapter shall not apply to the
28 State Banking Commission, the Commissioner of Banks, the Savings ~~and Loan~~
29 Institutions Division of the Department of Commerce, and the Credit Union Division of
30 the Department of Commerce.

31 Article 3 of this Chapter shall not apply to agencies governed by the provisions of
32 Article 3A of this Chapter, as set out in G.S. 150B-38(a).

33 Articles 3 and 3A of this Chapter shall not apply to the Governor's Waste
34 Management Board in administering the provisions of G.S. 104E-6.2.

35 Article 2 of this Chapter shall not apply to the North Carolina Low-Level
36 Radioactive Waste Management Authority in administering the provisions of G.S.
37 104G-10 and G.S. 104G-11. Articles 3 and 3A of this Chapter shall not apply to the
38 North Carolina Low-Level Radioactive Waste Management Authority in administering
39 the provisions of G.S. 104G-9, 104G-10, and 104G-11."

40 Sec. 30. G.S. 150B-38(a) reads as rewritten:

41 "(a) The provisions of this Article shall apply to the following agencies:

42 (1) Occupational licensing agencies;

43 (2) The State Banking Commission, the Commissioner of Banks, the
44 Savings ~~and Loan~~ Institutions Division of the Department of

1 Commerce, and the Credit Union Division of the Department of
2 Commerce; and
3 (3) The Department of Insurance and the Commissioner of
4 Insurance."

5 Sec. 31. G.S. 159-30(c)(5) reads as rewritten:

6 "(5) Savings certificates issued by any savings and loan association organized
7 under the laws of the State of North Carolina or by any federal savings and loan
8 association having its principal office in North Carolina; provided that any principal
9 amount of such certificate in excess of the amount insured by the federal government or
10 any agency thereof, or by a mutual deposit guaranty association authorized by the
11 Administrator of the Savings ~~and Loan~~ Institutions Division of the Department of
12 Commerce of the State of North Carolina, be fully collateralized."

13 Sec. 32. This act is effective upon ratification.