

## **Chapter 54B.**

### **Savings and Loan Associations.**

#### Article 1.

#### General Provisions.

##### **§ 54B-1. Title.**

This Chapter shall be known and may be cited as "Savings and Loan Associations." (1981, c. 282, s. 3.)

##### **§ 54B-2. Purpose.**

The purpose of this Chapter is:

- (1) To provide for the safe and sound conduct of the business of savings and loan associations, the conservation of their assets and the maintenance of public confidence in savings and loan associations;
- (2) To provide for the protection of the interests of customers and members, and the public interest in the soundness of the savings and loan industry;
- (3) To provide the opportunity for savings and loan associations to remain competitive with each other and with other savings and financial institutions existing under other laws of this and other states and the United States;
- (4) To provide the opportunity for savings and loan associations to serve effectively the convenience and advantage of customers and members, and to improve and expand their services and facilities for such purposes;
- (5) To provide the opportunity for the management of savings and loan associations to exercise prudent business judgment in conducting the affairs of savings and loan associations to the extent compatible with the purposes recited in this section; and
- (6) To provide adequate rulemaking power and administrative discretion so that the regulation and supervision of savings and loan associations are readily responsive to changes in economic conditions and in savings and loan practices. (1981, c. 282, s. 3.)

##### **§ 54B-3. Applicability of Chapter.**

The provisions of this Chapter, unless the context otherwise specifies, shall apply to all State associations. (1981, c. 282, s. 3.)

##### **§ 54B-4. Definitions and application of terms.**

(a) The terms "building and loan association" and "savings and loan association" when used in the General Statutes, shall mean an association and shall be interchangeable. Use of either term shall be construed to include the other unless a different intention is expressly provided.

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

- (1) Repealed by Session Laws 2001-193, s. 3, effective July 1, 2001.
- (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 Commissioner of Banks 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 serves as trustee or in a similar fiduciary capacity, and (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.
  - (5) "Association" includes a State association or a federal association unless limited by use of the words "State" or "federal."
  - (6) "Borrowers" means those who borrow funds from or in any other way become obligated on a loan to an association.
  - (7) "Branch office" means an office of an association other than its principal office which renders savings and loan services.
  - (8) "Capital stock" means securities which represent ownership of a stock association.
  - (9) "Certificate of approval" means a document signed by the Commissioner of Banks informing the North Carolina Secretary of State that the Commission has approved the certificate of incorporation of a proposed association.
  - (10) Repealed by Session Laws 1985, c. 659, s. 1.
  - (11) "Certificate of incorporation or charter" means the document which represents the corporate existence of a State association.
  - (12) "Certified copy" means a copy of an original document or paper which has been signed by the person or persons who certify such document to be an exact copy of the original.
  - (13) "This Chapter" means Chapter 54B of the North Carolina General Statutes.
  - (14) "Commission" means the State Banking Commission of the Department of Commerce.
  - (14a) "Commissioner" means the Commissioner of Banks authorized pursuant to Article 2 of Chapter 53C of the General Statutes.
  - (15) "Conflict of interest" means a matter before the board of directors in which one or more of the directors, officers or employees has a direct or indirect financial interest in its outcome.
  - (16) "Conformed copies" means photocopies or carbon copies or other mechanical reproductions of an original document or paper.
  - (16a) "Control" means the power, directly or indirectly, to direct the management or policies of an association or to vote twenty-five percent (25%) or more of any class of voting securities for an association.
  - (17) "Court of competent jurisdiction" means a court in North Carolina which is qualified to hear the case at hand.

- (18) "Disinterested directors" means those directors who have absolutely no direct or indirect financial interest in the matter before them.
- (19) "Dividends on stock" means the earnings of an association paid out to holders of capital stock in a stock association.
- (20) "Dividends on withdrawable accounts" means the consideration paid by an association to a holder of a withdrawable account for the use of his money.
- (21) "Division" means the Savings Institutions Division of the North Carolina Department of Commerce.
- (22) "Entrance fee per withdrawable account" means the amount to be paid by each person, firm or corporation when he or it pledges to a proposed mutual association to deposit funds in a withdrawable account.
- (23) "Examination and investigation" means a supervisory inspection of an association or proposed association which may include inspection of every relevant piece of information including subsidiary or affiliated businesses.
- (24) "Federal association" means a corporation or association organized and operated under the provisions of federal law and regulation to conduct a savings and loan business.
- (25) "Financial institution" means a person, firm or corporation engaged in the business of receiving, soliciting or accepting money or its equivalent on deposit and/or lending money or its equivalent.
- (26) Repealed by Session Laws 1985, c. 659, s. 1.
- (27) "General reserve" means appropriated or restricted funds in the form of cash or investments to be used solely for the purpose of absorbing losses.
- (28) "Guaranty association" means a mutual deposit guaranty association which is a corporation organized under this Chapter or its predecessor and operated under the provisions of Article 12 of this Chapter.
- (29) "Immediate family" means one's spouse, father, mother, children, brothers, sisters, and grandchildren; and the father, mother, brothers, and sisters of one's spouse; and the spouse of one's child, brother or sister.
- (30) "Initial pledges for withdrawable accounts" means those pledges of funds by persons who promise to a proposed mutual association to deposit such amount if and when such proposed association becomes established.
- (31) "Insurance of withdrawable accounts" means insurance on an association's withdrawable accounts when the beneficiary is the holder of such insured account.
- (32) "Liquidity fund" means that portion of the assets of an association which is required to be held in readily marketable form.
- (32a) "Interim association" means an association formed to facilitate the acquisition of one hundred percent (100%) of the voting shares of an existing stock association by a newly-formed association or an existing savings and loan holding company or to facilitate any other transaction the Commissioner of Banks may approve.
- (33) "Members" means withdrawable account holders and borrowers in a State mutual association.

- (34) "Minimum amount of consideration" means the amount of money a stock association shall be required to have received on the sale of its stock, before it shall commence business.
- (35) "Minimum amount on deposit in withdrawable accounts" means the amount of money which a mutual association must have on hand prior to its commencement of business.
- (36) "Mutual association" means all mutual savings and loan associations owned by members of the association, and organized under the provisions of this Chapter or its predecessor for the primary purpose of promoting thrift and home financing.
- (37) "Net withdrawal value of withdrawable accounts" means the aggregate of the withdrawal value of an association's withdrawable accounts less the amount of any pledged withdrawable account which serves as security for a loan.
- (38) "Net worth" means an association's total assets less total liabilities.
- (39) "Original incorporators" means the organizers of a State association responsible for the business of a proposed association from the filing of the application to the Commission's final decision on such application.
- (40) "Plan of conversion" means a detailed outline of the procedure of the conversion of an association from one to another regulatory authority or from one to another form of ownership.
- (41) "Principal office" means the office which houses the headquarters of an association.
- (42) "Proposed association" means an entity in organizational procedures prior to the Commission's final decision on its charter application.
- (43) "Registered agent" means the person named in the certificate of incorporation upon whom service of legal process shall be deemed binding upon the association.
- (44) "Rules and regulations" means those regulatory procedures and guidelines issued by the Commissioner of Banks and approved by the Commission.
- (44a) Repealed by Session Laws 1991, c. 680, s. 2.
- (45) "Service corporation" means a corporation operating under the provision of Article 8 of this Chapter which engages in activities determined by the Commissioner of Banks by rules and regulations to be incidental to the conduct of a savings and loan business as provided in this Chapter or activities which further or facilitate the corporate purposes of an association, or which furnishes services to an association or subsidiaries of an association, the voting stock of which is owned directly or indirectly by one or more associations.
- (46) "Specific reserve account" means an account held by an association as a loss reserve for coverage on specific loans and investments.
- (47) "This State" means the State of North Carolina.
- (48) "State association" means a corporation or association organized under this Chapter or its predecessor and operated under the provisions of this Chapter to conduct the savings and loan business; or a corporation organized under the provisions of the predecessors to this Chapter and operated under the provisions of this Chapter; or a corporation organized under the provisions of federal law and so converted as to be operated under the provisions of this Chapter.

- (49) "Stock association" means any corporation or company owned by holders of capital stock and organized under the provisions of this Chapter for the primary purpose of promoting thrift and home financing.
- (50) "Subscriptions" means the promise to purchase capital stock in a stock association and payment of a portion of the selling price.
- (51) "Total assets" means the aggregate amount of assets of any and every kind held by an association.
- (52) "Voluntary dissolution" means the dissolution and liquidation of an association initiated by its ownership.
- (53) "Withdrawable accounts" means accounts in which a customer or member places funds with an association which may be withdrawn by the account holder.
- (54) Repealed by Session Laws 1989, c. 76, s. 1. (1981, c. 282, s. 3; 1981 (Reg. Sess., 1982), c. 1238, s. 1; 1983, c. 144, ss. 1, 2; 1985, c. 659, ss. 1, 9(a); c. 677, s. 1; 1989, c. 76, s. 1; c. 751, s. 7(3); 1991, c. 680, s. 2; 1991 (Reg. Sess., 1992), c. 829, s. 1; c. 959, ss. 5, 5.1; 2001-193, ss. 3, 4, 17; 2012-56, s. 36.)