

NORTH CAROLINA GENERAL ASSEMBLY  
1979 SESSION

CHAPTER 485  
SENATE BILL 416

AN ACT TO REWRITE G.S. 54-19; TO PERMIT OFFICERS OF SAVINGS AND LOAN ASSOCIATIONS TO SERVE ON LOAN COMMITTEES AND TO PERMIT LOANS SUBJECT TO DEEDS OF TRUST BY SAVINGS AND LOAN ASSOCIATIONS.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 54-19 is repealed and a new G.S. 54-19 is substituted for it as follows:

"§ 54-19. **Manner of making loans; security required.** — (a) The bylaws of a savings and loan association organized under the laws of this State shall provide procedures by which loans are to be approved and made by the association.

(b) No real estate loan shall be made by an association unless it has been approved by the board of directors of the association or, in the alternative, unless it has been approved by a loan committee composed of no less than three persons appointed by the board of directors. The persons appointed by the board of directors to be members of the loan committee shall be directors or officers of the association; provided, however, the majority of the loan committee shall be directors. All actions taken by the loan committee shall be reported to the board of directors at the next meeting of the board.

(c) The bylaws of the association shall require meetings of the board of directors or the loan committee to be held no less frequently than once each month for the purpose of considering loan applications and, if appropriate, approving loans.

(d) No loan shall be made to any person who is not a member of the association.

(e) Except as otherwise provided by law, borrowing members shall be required to give security to the association on all loans in one or more of the following forms:

- (i) Mortgage or deed of trust on real estate. Mortgages or deeds of trust received by an association as security for a loan may be subject only to mortgages and deeds of trust to secure commercial loans made by the association or by other savings and loan associations having a place of business in this State; and, if the entire face amount of the loan is distributed to the borrower, to mortgages and deeds of trust to secure residential loans made by the association or by other savings and loan associations having a place of business in this State; and to undue taxes and special assessments.
- (ii) Security interest in shares, deposits, certificates or other accounts in the association. The amount of the security received in this form shall not exceed the withdrawable value of the shares, deposits, certificates or other accounts in which the security interest is granted.
- (iii) Security interest in bonds issued as general obligations of the United States of America or of the State of North Carolina. The amount of the security received in this form shall not exceed ninety percentum (90%) of the face value of the bonds in which the security interest is granted."

**Sec. 2.** The provisions of this act shall apply equally to mutual and stock-owned savings and loan associations, except: persons borrowing money from stock-owned associations shall not be required to be members of said associations; stock in a stock-owned

association shall not be considered to be "shares" as that term is used in this act and shall not be accepted as security for a loan pursuant to G.S. 54-19(e)(ii).

**Sec. 3.** This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 30th day of April, 1979.