

Overview of the North Carolina Office of the Commissioner of Banks

Ray Grace, Commissioner of Banks
January 22, 2014



north carolina
COMMISSIONER OF BANKS



History of NCCOB

- 1804 – First NC bank charter authorized by the NCGA.
- 1887 – Supervision transferred from the NCGA to the State Treasurer.
- 1899 – Supervision transferred to Corporations Commission.
- 1921 – Corporations Commission established the banking department.
- 1931 – Oversight of banks was transferred to the newly created State Banking Department. Gurney Pope Hood served as Commissioner from 1931 to 1951.
- 1939 – First State Banking Commission was established with seven members.
- 1961 – Consumer Finance Act became effective, requiring companies to be licensed by NCCOB.
- 1989 – Article 19, Registration of Mortgage Bankers and Brokers, became effective, requiring mortgage companies to be registered.
- 1990 – Refund Anticipation Act became effective, requiring companies to register with NCCOB.
- 1991 – Reverse Mortgage Act became effective, requiring companies to obtain authorization to make reverse mortgage loans in NC.
- 1997 – Check Cashing Act became effective, requiring companies to be licensed by NCCOB.
- 2001 – Money Transmitter Act became effective, requiring companies to be licensed by NCCOB.
- 2001 – Savings and Loans Division was merged into the NCCOB.
- 2002 – Article 19A, Mortgage Lending Act, became effective, requiring companies & individuals to be licensed by NCCOB. Article 19, Registration of Mortgage Bankers and Brokers was repealed.
- 2009 – NC SAFE Act became effective, replacing the Mortgage Lending Act
- 2012 – NC Banking Laws were modernized. It was the most substantial change to the laws since the Great Depression.



NCCOB

State Banking Commission

- Commission has 15 members:
 - State Treasurer, by virtue of the office
 - 12 gubernatorial appointees
 - 3 practical bankers
 - 1 consumer finance licensee
 - 8 public members
 - 2 legislative appointees
 - Both practical bankers
 - Appointees of the Speaker of the House and the President Pro Tempore

Current Commission Members:

<https://www.nccob.org/Online/BRTS/BankCommissionMembers.aspx>

Office of the Commissioner of Banks

- NCCOB has 97 employees:
 - 54 Depository employees
 - 22 Non-Depository employees
 - and 21 administrative personnel



What we do

- Divisions:
 - Banking: NCCOB charters NC banks and works cooperatively with Federal counterparts (FDIC, Federal Reserve) to perform safety and soundness examinations as defined by NCGS § 53C-8-4.
 - Non-Depository: NCCOB licenses and performs compliance examinations of NC licensed entities. In the future, the CFPB will be involved with some examinations.
 - **Mortgage** NCGS § 53-244.115, **Consumer Finance** NCGS § 53-184(a) and 04 NCAC 03E .0401, **Check Cashing** NCGS § 53-282(c) and 04 NCAC 03L .0502(a), **Money Transmitters** NCGS § 53-208.15, and **Refund Anticipation Loans** 04 NCAC 03J .0402



Other NCCOB Responsibilities

The Office of the Commissioner of Banks also:

- Proposes new rules and rule modifications
- Facilitates resolution of consumer complaints against licensed entities
- Investigates violations and administratively enforces banking and financial services laws
- Provides education and financial literacy programs



The State Banking Commission's Responsibilities

General Oversight of the OCOB

- Budget approval
- Other activities

Rule Making

- Involvement with all agency rules

Commission Hearings

- Bank & Trust Company Charters
- Bank & Trust Company Mergers

Appeals

- Control Transactions
- Combinations
- Denial of Applications for Licensure
- Appeals of Enforcement Orders

Public Complaints

- Public Service



Budget

- NCCOB is self-funded through the entities it regulates and does not receive appropriations
- Funded by Division
 - Banking – Assessments, Application Fees
 - Mortgage – Assessments, Licensing Fees
 - Consumer Finance – Assessments, Licensing Fees
 - Money Transmitters – Examinations, Licensing Fees
 - Check Cashers – Examinations, Licensing Fees
 - RALs – Registration Fees
- FY 2013-14 Budget \$13.2 Million



North Carolina State-Chartered Banks

- 63 state-chartered banks with 2,877 branches*
- 9 state non-depository trust companies*
- Total Deposits: over \$181 billion**
- Total Assets: over \$237 billion**
- Regulated institutions can be found at:
<http://www.nccob.gov/public/FinancialInstitutions/Banks/BanksRI.aspx>

*as of January 10, 2014

**as of November 30, 2013

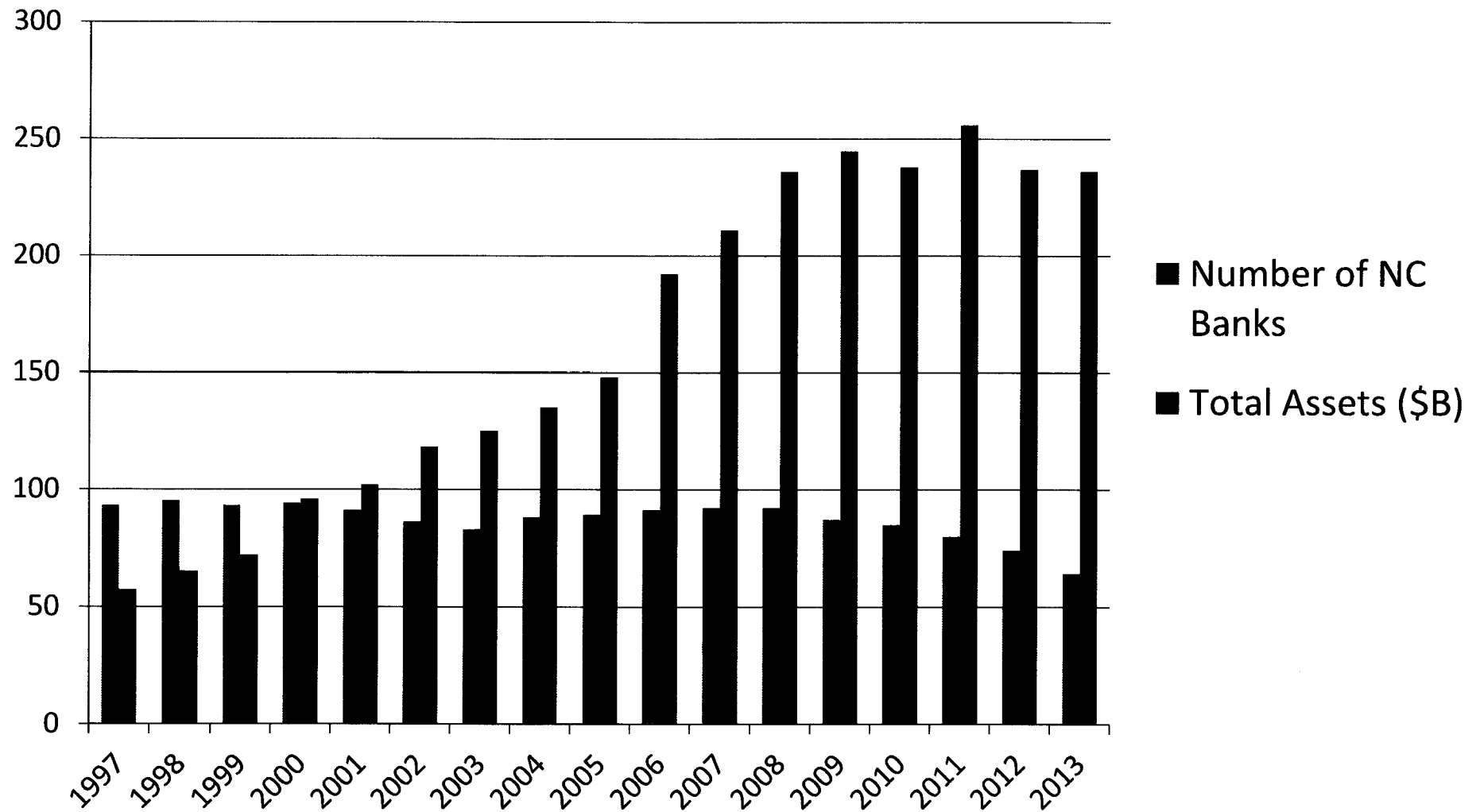


Regulatory Structure

Type of Institution	Primary Regulator	Federal Regulator
National Banks	OCC	OCC
State Banks		
Member	NCCOB	FRB
Nonmember	NCCOB	FDIC
Federal Savings Banks	OCC	OCC
State Savings Banks	NCCOB	FDIC
Federal Credit Unions	NCUA	NCUA
State Credit Unions	NCCUD	NCUA



Number of NC State-Chartered Banks



State-Chartered Bank Failures

- There were two bank failures in North Carolina in 2009, none in 2010, two in 2011, one in 2012, and two in 2013. These were the first failures since 1991. The last bank failure prior to 1991 was in 1943.
- The failures in North Carolina were fairly representative of most bank failures. They grew too fast, funded that growth in large part with brokered deposits, and made bad bets with their loan portfolios, primarily with ADC and CRE lending.



Mortgage Licensees

Number of Licensees – January 10, 2014

- 330 Mortgage Lenders with 674 branches
- 127 Mortgage Brokers with 34 branches
- 91 Exclusive Mortgage Brokers
- 49 Mortgage Servicers
- 33 Reverse Mortgage Lenders
- 7,375 Mortgage Loan Originators
- 827 Exempt Mortgage Companies
- Regulated entities can be found at:
<http://www.nccob.gov/public/FinancialInstitutions/Mortgage/MortgageFind.aspx>



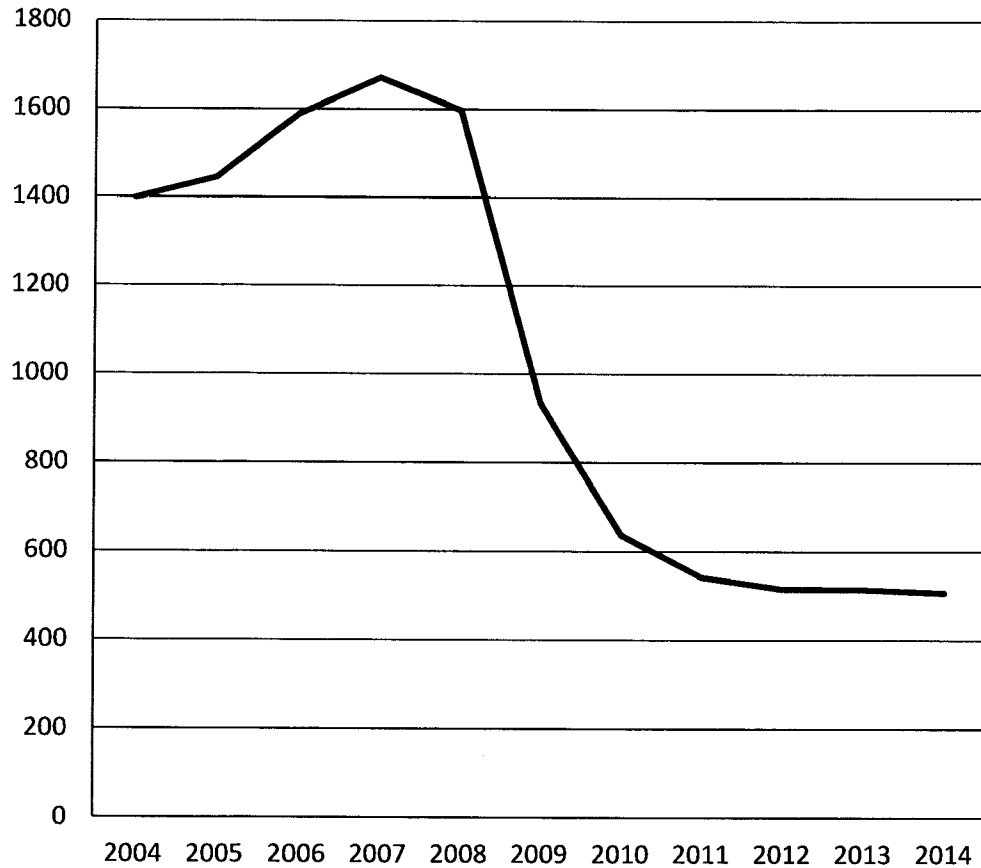
NC Mortgage Regulation

- 1989 – Article 19, Registration of Mortgage Bankers and Brokers, became effective, requiring mortgage companies to be registered in NC.
- 1991 – Reverse Mortgage Act became effective, requiring companies to obtain authorization to make reverse mortgage loans in NC.
- 2002 – Mortgage Lending Act became effective, requiring companies & individuals to be licensed by NCCOB. Article 19, Registration of Mortgage Bankers and Brokers was repealed.
- 2009 – NC SAFE Act became effective. Due to the mortgage crisis, Congress passed the federal SAFE Act in 2009, requiring all states to enforce the Act. The 2002 Mortgage Lending Act was replaced with the 2009 NC SAFE Mortgage Licensing Act. The new laws provided for oversight of mortgage originators and servicers as well as safeguards to prevent another mortgage crisis.

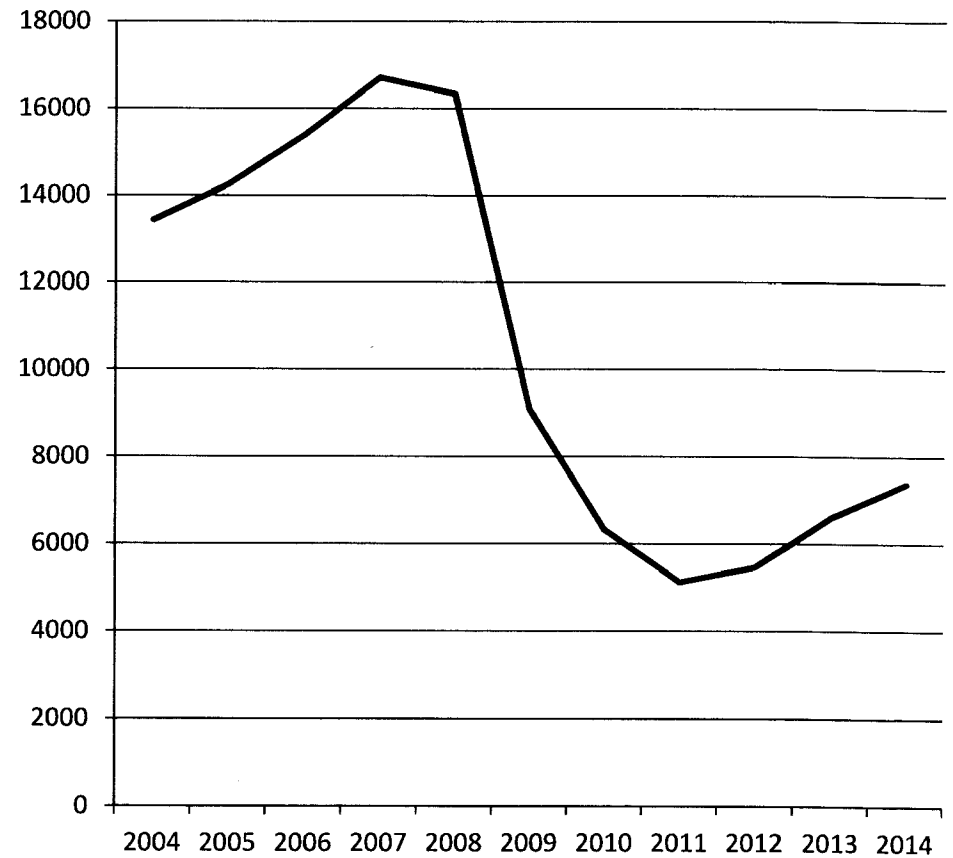


N.C. Mortgage Licensure Trends

Companies

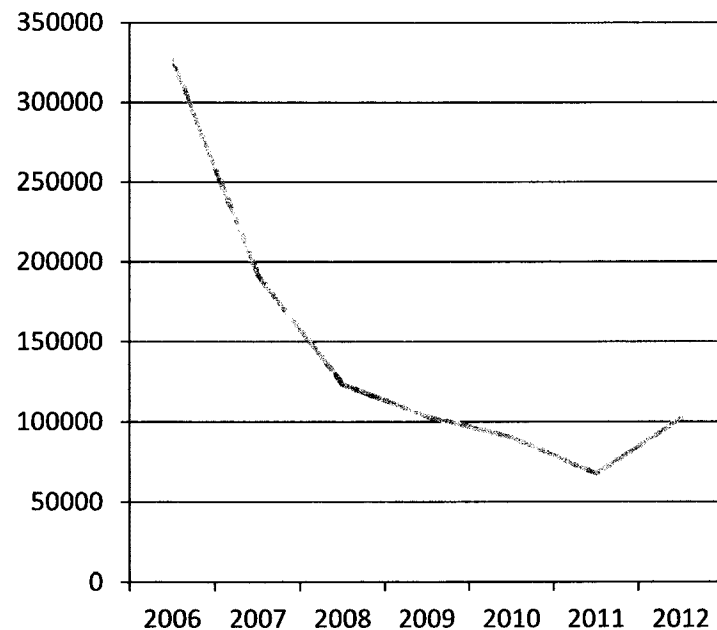


Originators

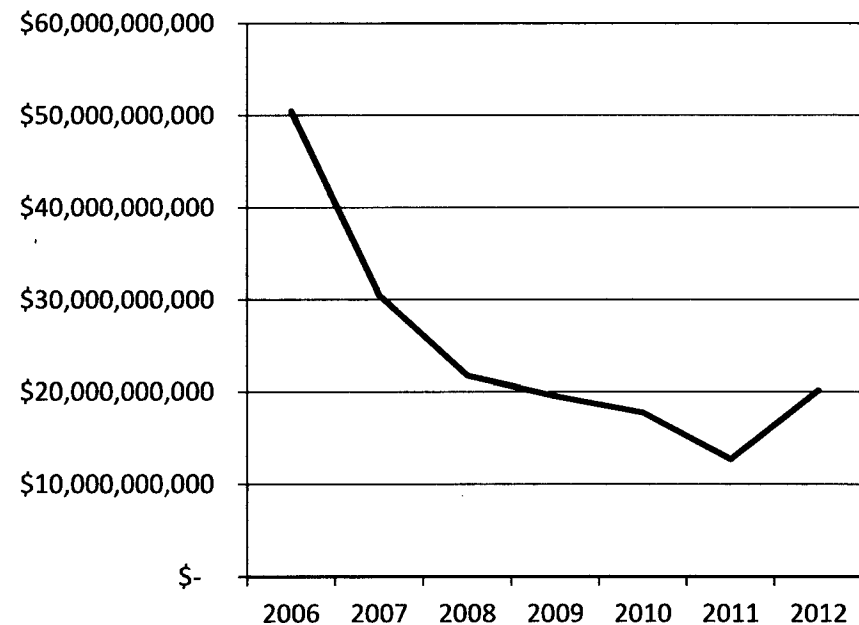


Reported Mortgage Origination Loan Volume in N.C.

Number of Loans (#)



Volume of Loans (\$)



Consumer Industries Licensees and Registrants

Consumer Industries - January 10, 2014

- 279 check cashing companies with 1,432 branches
- 83 consumer finance companies with 397 branches
- 89 money transmitters
- 8 refund anticipation loan facilitators with 16 branches
- Regulated entities can be found at:
<http://www.nccob.gov/public/ConsumerInformation/WhoWeRegulate/CIWhoWeRegulate.aspx>



Questions?



Contact Information

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