

2019

**HOUSE
BANKING**

MINUTES



North Carolina General Assembly

House Banking

2019-20 Session

Chairs

Representative Conrad
Representative Grange

Vice Chairs

Representative Hardister
Representative Howard

Committee Clerks

Ginny Taylor

BANKING

House Standing Committee

Chairs



Rep. Conrad



Rep. Grange

Vice Chairs



Rep. Hardister



Rep. Howard

Members



Rep. Butler



Rep. Carney



Rep. Everitt



Rep. Jarvis



Rep. Montgomery

Pursuant to House Rules 26(e) and 26(f), the Chair of the Committee on Rules, Calendar and Operations of the House, the Speaker Pro Tempore, the Majority Leader, and the Deputy Majority Leader are ex officio members of each standing committee and permanent subcommittee with the right to vote. The previous sentence does not apply to the Standing Committee on Ethics. For the purposes of determining a quorum, when serving only as ex officio members, these members shall be counted among the membership of the committee or subcommittee only when present.

2019-2020 HOUSE COMMITTEE ON ELECTIONS AND ETHICS LAW

<u>MEMBER</u>		<u>ASSISTANT</u>	<u>PHONE</u>	<u>OFFICE</u>	<u>SEAT</u>
GRANGE, Holly	Co-Chair	Laura Holt-Kabel	733-5830	526	64
HALL, Destin	Co-Chair	David Cobb	733-5931	530	87
WARREN, Harry	Vice-Chair	Cristy Yates	733-5784	611	16
ADAMS, Jay		Susan Phillips	733-5988	301N	75
BALL, Cynthia		Patty Williams	733-5860	1004	70
BATCH, Sydney		Montravias King	733-2962	1209	117
BLACKWELL, Hugh		Brooke Mason	733-5805	541	102
BROCKMAN, Cecil		Grady O'Brien	733-5825	2119	58
DAHLE, Allison		Anne Evangelista	733-5755	1015	108
DAVIS, Ted		Andrew Bowers	733-5786	417B	15
FAIRCLOTH, John		Rebecca Bauerband	733-5877	613	28
FISHER, Susan		Cindy Garrison	715-2013	504	55
FLOYD, Elmer		Mildred Alston	733-5959	1325	36
HANIG, Bobby		Wes Householder	733-5906	604	111
HARDISTER, Jon		Jayne Nelson	733-5191	638	39
HARRISON, Pricey		Mary Lee	733-5771	1218	56
JACKSON, Darren		Angela McMillan	733-5974	506	43
LEWIS, David		Grace Rogers	715-3015	2301	6
MCNEILL, Allen		Laura Sullivan	715-5925	411	38
RIDDELL, Dennis		Polly Riddell	733-5925	416A	49
RUSSELL, Ray		Anna Meadows	733-7727	602	104
SPECIALE, Michael		Hazel Speciale	733-5853	1106	42
SZOKA, John		Beverly Slagle	733-9892	2207	30
WILLINGHAM, Shelly		Johnna Smith	715-3024	513	46

ATTENDANCE

House Banking

(Name of Committee)

[illegible]

House Committee on Banking
Tuesday, March 19, 2019 at 3:00 PM
Room 423 of the Legislative Office Building

MINUTES

The House Committee on Banking met at 3:00 PM on March 19, 2019 in Room 423 of the Legislative Office Building. Representatives Conrad, Grange, Hardister, Butler, Carney, Everitt, Jarvis, and Montgomery attended.

Representative Holly Grange, Chair, presided. Representative Grange called the meeting to order and introduced the Pages and Sgt. at Arms who assisted with the Committee. Copies of the attendance and visitor registration are attached to these minutes, (Attachment 1 and 2).

The following bills were considered:


SB 162 Loan Origination/Late Payment Charge Changes. (Senators Krawiec, Rabon, Lowe)

Representative Grange stated that SB 162 "SB 162 Loan Origination/Late Payment Charge Changes", was before the Committee and recognized Senator Krawiec to explain the bill. Senate Bill 162 makes technical changes and clarifying changes, adjusts the loan origination fee for banks, and adjusts the late payment charge for certain loans.

Following the explanation, Representative Grange recognized members for questions and comments. Representative Montgomery was recognized for a comment. Representative Hardister was recognized and moved that Senate Bill 162 receive a favorable report. Representative Grange called for a vote and the motion carried.

Representative Grange introduced the next item on the agenda which was a Banking 101 Presentation presented by the office of the North Carolina Commissioner of Banks. Representative Grange recognized Ray Grace, Commissioner of Banks to present. Following the presentation, Representative Montgomery was recognized for a series of questions to which Commissioner, Ray Grace and Deputy Commissioner, Stephanie Rawls replied.

There being no further business before the Committee, Representative Grange adjourned the meeting at 3:43 PM.


Representative Holly Grange, Chair
Presiding


Joanna K. Almquist, Committee Clerk

Updated #2: The Banking Committee plans to hear SB162, Loan Origination/Late Payment Charge Changes, during the committee meeting tomorrow.

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

You are hereby notified that the **House Committee on Banking** will meet as follows:

DAY & DATE: Tuesday, March 19, 2019
TIME: 3:00 PM
LOCATION: 423 LOB
COMMENTS: Rep. Holly Grange presiding.

There will be a Banking 101 presentation provided by NCCOB.

Respectfully,

Representative Debra Conrad, Co-Chair
Representative Holly Grange, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:08 AM on Wednesday, October 02, 2019.

____ Principal Clerk
____ Reading Clerk – House Chamber

Ginny Mott (Committee Assistant)

**House Committee on Banking
Tuesday, March 19, 2019, 3:00 PM
423 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Introduction of Sgt. at Arms

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 162	Loan Origination/Late Payment Charge Changes.	Senator Krawiec Senator Rabon Senator Lowe

Presentations

Banking 101 Presentation, NCCOB

Adjournment

**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

**BANKING COMMITTEE REPORT
Representative Debra Conrad, Co-Chair
Representative Holly Grange, Co-Chair**

FAVORABLE AND RE-REFERRED

SB 162

Loan Origination/Late Payment Charge Changes.

Draft Number: None

Serial Referral: RULES, CALENDAR, AND
OPERATIONS OF THE HOUSE

Recommended Referral: None

Long Title Amended: No

Floor Manager: Conrad

TOTAL REPORTED: 1



* C M R 1 2 3 - V - 1 *

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

S

1

SENATE BILL 162

Short Title: Loan Origination/Late Payment Charge Changes.

(Public)

Sponsors: Senators Krawiec, Rabon, and Lowe (Primary Sponsors).

Referred to: Rules and Operations of the Senate

February 28, 2019

A BILL TO BE ENTITLED

AN ACT TO MODERNIZE THE LOAN ORIGINATION FEE FOR NORTH CAROLINA
BANKS AND TO ADJUST THE LATE PAYMENT CHARGE FOR CERTAIN LOANS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 24-1.1 reads as rewritten:

"§ 24-1.1. Contract rates and fees.

(a) Except as otherwise provided in this Chapter or other applicable law, the parties to a loan, purchase money loan, advance, commitment for a ~~loan~~ loan, or ~~forbearance~~ forbearance, other than a credit card, open-end, or similar ~~loan~~ loan, may contract in writing for the payment of interest not in excess ~~of~~ of the following:

(1) Where the principal amount is twenty-five thousand dollars (\$25,000) or less, the rate set under subsection (c) of this ~~section~~ or section.

(2) Any rate agreed upon by the parties where the principal amount is more than twenty-five thousand dollars (\$25,000).

(b) As used in this section, interest shall not be deemed in excess of the rates provided where interest is computed monthly on the outstanding principal balance and is collected not more than 31 days in advance of its due date. Nothing in this section ~~shall be construed to authorize~~ authorizes the charging of interest on committed funds prior to the disbursement of ~~said~~ the funds.

(c) On the fifteenth day of each month, the Commissioner of Banks shall announce and publish the maximum rate of interest permitted by subdivision (1) of subsection (a) of this section on that date. ~~Such~~ The rate shall be the latest published noncompetitive rate for U.S. Treasury bills with a six-month maturity as of the fifteenth day of the month plus six percent (6%), rounded upward or downward, as the case may be, to the nearest one-half of one percent (1/2 of 1%) or sixteen percent (16%), whichever is greater. If there is no nearest one-half of one percent (1/2 of 1%), the Commissioner shall round downward to the lower one-half of one percent (1/2 of 1%). The rate so announced shall be the maximum rate permitted for the term of loans made under this section during the following calendar month when the parties to ~~such~~ the loans have agreed that the rate of interest to be charged by the lender and paid by the borrower shall not vary or be adjusted during the term of the loan. The parties to a loan made under this section may agree to a rate of interest ~~which that~~ shall vary or be adjusted during the term of the loan in which case the maximum rate of interest permitted on ~~such~~ the loans during a month during the term of the loan shall be the greater of the rate announced by the Commissioner in (i) the preceding calendar month or (ii) the calendar month preceding that in which the rate is varied or adjusted.

(d) Any bank or savings institution organized under the law of North Carolina or of the United States may charge a party to a loan or extension of credit governed by this section a fee



for the modification, renewal, extension, or amendment of any terms of the loan or extension of credit, such fee not to exceed the greater of one-quarter of one percent (1/4 of 1%) of the balance outstanding at the time of the modification, renewal, extension, or amendment of terms, or fifty dollars (\$50.00).

(e) Any bank or savings institution organized under the law of North Carolina or of the United States may charge a party to a loan or extension of credit not secured by real property governed by this section an origination fee not to exceed the greater of one-quarter of one percent (1/4 of 1%) of the outstanding balance or fifty dollars (\$50.00) as follows:

(1) For a loan or extension of credit with a principal amount of one hundred thousand dollars (\$100,000) or greater, the maximum origination fee is one quarter of one percent (1/4 of 1%) of the principal amount.

(2) For a loan or extension of credit with a principal amount less than one hundred thousand dollars (\$100,000), the origination fee shall not exceed the amounts in the following table:

<u>Principal Amount</u>	<u>Maximum Origination Fee</u>
\$0 to \$1,499.99	\$100.00
\$1,500 to \$19,999.99	\$150.00
\$20,000 to \$29,999.99	\$175.00
\$30,000 to \$49,999.99	\$200.00
\$50,000 to \$99,999.99	\$250.00

(3) If (i) the loan or extension of credit has a principal amount less than five thousand dollars (\$5,000), (ii) the borrower is a natural person, and (iii) the debt is incurred primarily for personal, family, or household purposes, the loan or extension of credit shall not have an annual percentage rate that exceeds thirty-six percent (36%), inclusive of the origination fees permitted by this subsection and the interest permitted by subsection (c) of this section. For purposes of this subsection, "annual percentage rate" shall be calculated in accordance with the federal Consumer Credit Protection Act, Chapter 41 of Title 15 of the United States Code, (Truth in Lending Act) and the regulations adopted under it.

(f) This section shall not be construed to does not limit fees on loans or extensions of credit in excess of three hundred thousand dollars (\$300,000)."

SECTION 2. G.S. 24-10.1 reads as rewritten:

"§ 24-10.1. Late fees.

(a) Subject to the limitations contained in subsection (b) of this section, any lender may charge a party to a loan or extension of credit governed by the provisions of G.S. 24-1.1 or G.S. 24-1.1A a late payment charge as agreed upon by the parties in the loan contract.

(b) No lender may charge a late payment charge. All of the following limitations apply to a late payment charge:

(1) In excess of four percent (4%) of the amount of the payment past due; or A late payment charge shall not exceed any of the following:

a. The amount disclosed with particularity to the borrower pursuant to the federal Consumer Credit Protection Act, Chapter 41 of Title 15 of the United States Code, (Truth in Lending Act) and the regulations adopted under it, if that act applies to the transaction.

b. For a loan or extension of credit that meets all of the following conditions, the greater of thirty-five dollars (\$35.00) or four percent (4%) of the amount of the payment past due:

1. The loan or extension of credit is made by a bank or savings institution organized under the law of North Carolina or of the United States.

- Page 3

(2) One of the following is true:

- a. If the loan is executed on or after July 14, 1993, the lender provides written notice to the borrower within 90 days of the date of execution of the loan documents that the late payment charge with respect to the loan shall be four percent (4%) or ~~less; or less.~~
- b. If the loan was executed prior to July 14, 1993, the lender provides written notice to the borrower within six months of that date that the late payment charge with respect to the loan shall be four percent (4%) or less."

SECTION 3. This act is effective when it becomes law, and applies to contracts entered into, renewed, or modified on or after that date.



SENATE BILL 162: Loan Origination/Late Payment Charge Changes.

2019-2020 General Assembly

Committee:	House Banking. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	March 19, 2019
Introduced by:	Sens. Krawiec, Rabon, Lowe	Prepared by:	Amy Darden
Analysis of:	First Edition		Committee Counsel

OVERVIEW: Senate Bill 162 makes technical and clarifying changes, adjusts the loan origination fee for banks, and adjusts the late payment charge for certain loans.

[As introduced, this bill was identical to H223, as introduced by Reps. Conrad, Jones, Grange, B. Turner, which is currently in House Banking.]

CURRENT LAW and BILL ANALYSIS:

Origination Fee:

Currently, any bank or savings institution may charge an origination fee not to exceed the greater of $\frac{1}{4}$ of 1% or \$50.00, on loans or extensions of credit under \$300,000 and not secured by real property. S162 would adjust the amount of the origination fee allowed by banks of savings institutions as follows:

Principal Amount	Maximum Origination Fee
\$0 to \$1,499.99	\$100.00
\$1,500 to \$19,999.99	\$150.00
\$20,000 to \$29,999.99	\$175.00
\$30,000 to \$49,999.99	\$200.00
\$50,000 to \$99,999.00	\$250.00
\$100,000 - \$300,000	$\frac{1}{4}$ of 1% of loan amount

S162 also limits the annual percentage rate (APR) to 36% or less, inclusive of origination fees and interest, on loans or extensions of credit given by banks or savings institutions, not secured by real property, if:

- The loan or extension of credit has a principal amount less than \$5,000;
- The borrower is a natural person; and
- The debt is incurred primarily for personal, family, or household purposes.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

Senate Bill 162

Page 2

Late Fee:

Currently, Chapter 24 limits late fees to 4% of the amount of the payment past due or less. S162 allows banks or savings institutions to charge the greater of \$35.00 or 4% of the amount of the payment past due as a late fee on a loan or extension of credit, made by a bank or savings institution, not secured by real property, and where the original principal balance is greater than or equal to \$1,500. The late payment must be at least 30 days past due for a loan where interest is paid in advance or at least 15 days past due on any other loan.

EFFECTIVE DATE: The Bill becomes effective when it becomes law, and applies to contracts entered into, renewed, or modified on or after that date.

VISITOR REGISTRATION SHEET

House Committee on Banking
Name of Committee

3-19-19
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Erulson Hawthorne	cell
Leo John	Secy of State
Carter Mahoney	MBAC
KEVIN BRADY	MBAC
Frank Conroy	MBAC
Anteagun	NMRS
Amundson Dorman	KTS
CWS McDani	
Kelly Tornow	OKL
Abney Hammond	NCAJ

VISITOR REGISTRATION SHEET

House Committee on Banking
Name of Committee

3-19-19
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Rowe Campbell	Office of the Commissioner of Banks
Stephanie Ryals	Office of the Commissioner of Banks
RAY GRACE	" " " "
Katie Boken	" " " "
Kristin Rice	" " " "
Ha Nguyen	NCCOB
Nelson Freeman	Kilpatrick Townsend / BB&T
Neil Chestnut	RLNC
Fred Bone	Bone: Asso.
Nathan Batts	NcBA
Sallie James	Governor's office

House Committee on Banking
Tuesday, April 16, 2019 at 3:00 PM
Room 423 of the Legislative Office Building

Minutes

The House Committee on Banking met at 3:00 PM on April 16, 2019 in Room 423 of the Legislative Office Building. Representatives Conrad, Grange, Howard, Butler, Carney, Everitt, Jarvis, Montgomery, Stevens, Bell, and Lewis attended.

Representative Debra Conrad, Chair, Presided.

Rep. Conrad called the meeting to order at 2:00 p.m. She introduced and thanked the Sgt. At Arms and pages.

Rep. Conrad introduced Rep. Grange to explain the PCS on **House Bill 628**.

House Bill 628

Rep. Grange explained the PCS. There was no discussion on the bill. Rep. Carney motioned for unfavorable to the original bill, favorable to the PCS. The PCS passed and was re-referred to Rules.

Rep. Conrad introduced Rep. Szoka to explain **House Bill 327**.

Rep. Szoka explained the bill. Rep. Butler asked a question Rep. Szoka replied. Rep Butler asked a follow-up and Rep. Szoka replied. Rep. Montgomery asked a question. Rep. Szoka replied. Rep. Montgomery asked a follow-up question, Rep. Szoka answered. Rep. Butler asked Kelly Tornow, with NC Policy Responsible Lending, a question, she answered. Rep. Lewis asked Staff a question, staff answered. Rep. Montgomery asked a question, Rep. Szoka answered. Rep. Everitt asked Al Ripley, with NC Justice Center, a question, Ripley answered. They did a voice vote and House Bill 327 passed with a favorable report and was re-referred to Rules. Having no future business before the committee, adjourn at approximately 3:50P.M.



Representative Debra Conrad, Chair Presiding



Virginia Taylor, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

You are hereby notified that the **House Committee on Banking** will meet as follows:

DAY & DATE: Tuesday, April 16, 2019

TIME: 3:00 PM

LOCATION: 423 LOB

COMMENTS: Rep. Conrad presiding

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 327</u>	Fees/Returned Checks/Loan Processing.	Representative Szoka Representative B. Jones Representative Goodman Representative Wray
<u>HB 628</u>	2019 Banking & Mortgage Corrections & Changes.	Representative Grange Representative Hardister Representative Conrad Representative Hunter

Respectfully,

Representative Debra Conrad, Co-Chair
Representative Holly Grange, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:08 AM on Wednesday, October 02, 2019.

____ Principal Clerk
____ Reading Clerk – House Chamber

Ginny Mott (Committee Assistant)

**House Committee on Banking
Tuesday, April 16, 2019, 3:00 PM
423 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 327	Fees/Returned Checks/Loan Processing.	Representative Szoka Representative B. Jones Representative Goodman Representative Wray
HB 628	2019 Banking & Mortgage Corrections & Changes.	Representative Grange Representative Hardister Representative Conrad Representative Hunter

Presentations

Other Business

Adjournment

**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

**BANKING COMMITTEE REPORT
Representative Debra Conrad, Co-Chair
Representative Holly Grange, Co-Chair**

FAVORABLE AND RE-REFERRED

HB 327 Fees/Returned Checks/Loan Processing.
Draft Number: None
**Serial Referral: RULES, CALENDAR, AND
OPERATIONS OF THE HOUSE**
Recommended Referral: None
Long Title Amended: No
Floor Manager: Szoka

FAVORABLE COM SUB , UNFAVORABLE ORIGINAL BILL AND RE-REFERRED

HB 628 2019 Banking & Mortgage Corrections & Changes.
Draft Number: H628-PCS10531-ST-10
**Serial Referral: RULES, CALENDAR, AND
OPERATIONS OF THE HOUSE**
Recommended Referral: None
Long Title Amended: Yes
Floor Manager: Grange

TOTAL REPORTED: 2



* C M R 2 9 0 - V - 1 *

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

1

HOUSE BILL 327

Short Title: Fees/Returned Checks/Loan Processing. (Public)

Sponsors: Representatives Szoka, Jones, Goodman, and Wray (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Banking, if favorable, Rules, Calendar, and Operations of the House

March 12, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE MAXIMUM PROCESSING FEE FOR RETURNED CHECKS
3 AND THE MAXIMUM LOAN PROCESSING FEE FOR LICENSEES UNDER THE
4 CONSUMER FINANCE ACT.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** G.S. 25-3-506 reads as rewritten:

7 **"§ 25-3-506. Collection of processing fee for returned checks.**

8 A person who accepts a check in payment for goods or services or ~~his~~ the person's assignee
9 may charge and collect a processing fee, not to exceed ~~twenty-five dollars (\$25.00), thirty-five~~
10 dollars (\$35.00), for a check on which payment has been refused by the payor bank because of
11 insufficient funds or because the drawer did not have an account at that bank.

12 If a collection agency collects or seeks to collect on behalf of its principal a processing fee as
13 specified in this section in addition to the sum payable of a check, the amount of ~~such~~ the
14 processing fee ~~must~~ shall be separately stated on the collection notice. The collection agency
15 shall not collect or seek to collect from the drawer any sum other than the actual amount of the
16 returned check and the specified processing fee."

17 **SECTION 1.(b)** This section becomes effective October 1, 2019, and applies to
18 checks dated on or after that date.

19 **SECTION 2.(a)** G.S. 53-176(b) reads as rewritten:

20 "(b) In addition to the interest permitted in this section, a licensee may assess at closing a
21 fee for processing the loan as agreed upon by the parties, not to exceed ~~twenty-five dollars~~
22 (\$25.00) fifty dollars (\$50.00) for loans up to ~~two thousand five hundred dollars (\$2,500) five~~
23 thousand dollars (\$5,000) and one percent (1%) of the cash advance for loans above ~~two thousand~~
24 five hundred dollars (\$2,500), ~~not to exceed a total fee of forty dollars (\$40.00), provided that~~
25 such five thousand dollars (\$5,000). These charges ~~may~~ shall not be assessed more than twice in
26 any 12-month period."

27 **SECTION 2.(b)** This section becomes effective October 1, 2019, and applies to
28 contracts entered into, renewed, or modified on or after that date.

29 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
30 law.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

1

HOUSE BILL 628

Short Title: 2019 Banking & Mortgage Corrections & Changes.

(Public)

Sponsors: Representatives Grange, Hardister, Conrad, and Hunter (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Banking, if favorable, Rules, Calendar, and Operations of the House

April 9, 2019

A BILL TO BE ENTITLED

AN ACT TO ELIMINATE AN OUTDATED REQUIREMENT FOR SAVINGS BANKS AND SAVINGS AND LOAN ASSOCIATIONS TO PUBLISH ABSTRACTS OF STATEMENTS OF FINANCIAL CONDITION, TO ALLOW COMMERCIAL BANKS, SAVINGS AND LOAN ASSOCIATIONS, AND SAVINGS BANKS TO OFFER SAVINGS PROMOTION RAFFLES, AND TO ADD TO THE NORTH CAROLINA BANKING COMMISSION A MEMBER WHO IS, OR IS EMPLOYED BY A PERSON THAT IS, LICENSED OR REGISTERED UNDER THE NORTH CAROLINA SECURE AND FAIR ENFORCEMENT (S.A.F.E.) MORTGAGE LICENSING ACT.

The General Assembly of North Carolina enacts:

PART I. ABSTRACT OF STATEMENT OF FINANCIAL CONDITION BY SAVINGS BANKS AND SAVINGS AND LOAN ASSOCIATIONS

SECTION 1.(a) G.S. 54C-62 reads as rewritten:

"§ 54C-62. Statement filed by savings bank; fees, fees and examination.

A State savings bank shall file in the ~~office~~ Office of the Commissioner of Banks, on or before the first day of February in each year, in the form prescribed by the Commissioner of Banks, a statement of the business standing and financial condition of the savings bank on the preceding 31st day of December, signed and sworn to by the secretary or other officer duly authorized by the board of directors of the savings bank before a notary public. The statement shall be accompanied by a filing fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The filing fees shall be used to defray the expenses incurred by the Division in supervising State savings banks. The Commissioner of Banks shall receive and thoroughly examine each annual statement."

SECTION 1.(b) G.S. 54C-63 reads as rewritten:

~~"§ 54C-63. Statement examined, approved, and published.~~

~~It is the duty of the Commissioner of Banks to receive and thoroughly examine each annual statement required by G.S. 54C-62, and if made in compliance with the requirements thereof, each State savings bank shall at its own expense, publish an abstract of the same in a newspaper having general circulation within each market area of the savings bank as selected by the managing officer."~~

SECTION 1.(c) G.S. 54B-75 reads as rewritten:

"§ 54B-75. ~~Statement; fees.~~Statement filed by savings and loan association; fees and examination.



Every State association shall file in the ~~office~~ Office of the Commissioner of Banks, on or before the first day of February in each year, in ~~such the form as prescribed by~~ the Commissioner of Banks ~~shall prescribe, Banks,~~ a statement of the business standing and financial condition of ~~such the~~ association on the preceding 31st day of December. This statement shall be signed and sworn to by the secretary or other officer duly authorized by the board of directors of the association before a notary public. The statement shall be accompanied by a filing fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The filing fees shall be used to defray the expenses incurred by the Division in supervising State associations. The Commissioner of Banks shall receive and thoroughly examine each annual statement."

SECTION 1.(d) G.S. 54B-76 reads as rewritten:

"§ 54B-76. Statement examined, approved, and published.

~~It shall be the duty of the Commissioner of Banks to receive and thoroughly examine each annual statement required by G.S. 54B-75, and if made in compliance with the requirements thereof, each State association shall at its own expense, publish an abstract of the same in a newspaper having general circulation within each market area of the association as selected by the managing officer."~~

SECTION 1.(e) This section is effective when it becomes law.

PART II. PROVIDING COMMERCIAL BANKS, SAVINGS AND LOAN ASSOCIATIONS, AND SAVINGS BANKS PARITY WITH CREDIT UNIONS IN THE ABILITY TO OFFER SAVINGS PROMOTION RAFFLES AS A WAY TO ENCOURAGE PEOPLE TO SAVE MONEY

SECTION 2.(a) G.S. 14-309.15 reads as rewritten:

"§ 14-309.15. Raffles.

(a) It is lawful for any nonprofit organization, candidate, political committee, or any government entity within the State, to conduct raffles in accordance with this section. Each regional or county chapter of a nonprofit organization ~~shall be is~~ eligible to conduct raffles in accordance with this section independently of its parent organization. Any person who conducts a raffle in violation of any provision of this section ~~shall be is~~ guilty of a Class 2 misdemeanor. Upon conviction that person shall not conduct a raffle for a period of one year. It is lawful to participate in a raffle conducted pursuant to this section. ~~It shall not constitute is not a~~ violation of State law to advertise a raffle conducted in accordance with this section. A raffle conducted pursuant to this section is not ~~"gambling". "gambling."~~ For the purpose of this section, "candidate" and "political committee" have the meaning provided by Article 22A of Chapter 163A of the General Statutes, who have filed organization reports under that Article, and who are in good standing with the appropriate board of elections. Receipts and expenditures of a raffle by a candidate or political committee shall be reported in accordance with Article 22A of Chapter 163A of the General Statutes, and ticket purchases are contributions within the meaning of that Article.

(b) For purposes of this section "raffle" means a game in which the prize is won by random drawing of the name or number of one or more persons purchasing chances.

(c) A nonprofit organization may hold no more than four raffles per year.

(d) Except as provided in subsection (g) of this section, the maximum cash prize that may be offered or paid for any one raffle is one hundred twenty-five thousand dollars (\$125,000) and if merchandise is used as a prize, and it is not redeemable for cash, the maximum fair market value of that prize may be one hundred twenty-five thousand dollars (\$125,000). The total cash prizes offered or paid by any nonprofit organization ~~may shall not~~ exceed two hundred fifty thousand dollars (\$250,000) in any calendar year. The total fair market value of all prizes offered by any nonprofit organization, either in cash or in merchandise that is not redeemable for cash, ~~may shall not~~ exceed two hundred fifty thousand dollars (\$250,000) in any calendar year.

(e) Raffles shall not be conducted in conjunction with bingo.

(f) As used in this subsection, "net proceeds of a raffle" means the receipts less the cost of prizes awarded. No less than ninety percent (90%) of the net proceeds of a raffle shall be used by the nonprofit organization for charitable, religious, educational, civic, or other nonprofit purposes. None of the net proceeds of the raffle ~~may~~ shall be used to pay any person to conduct the raffle, or to rent a building where the tickets are received or sold or the drawing is conducted.

(g) Real property may be offered as a prize in a raffle. The maximum appraised value of real property that may be offered for any one raffle is five hundred thousand dollars (\$500,000). The total appraised value of all real estate prizes offered by any nonprofit organization ~~may~~ shall not exceed five hundred thousand dollars (\$500,000) in any calendar year.

(h) Notwithstanding any other subsection of this section, it is lawful for a ~~credit union~~ federally insured depository institution to conduct a savings promotion raffle under G.S. 54-109.64, G.S. 53C-6-20, 54-109.64, 54B-140, or 54C-180."

SECTION 2.(b) Article 6 of Chapter 53C of the General Statutes is amended by adding a new section to read:

"§ 53C-6-20. Savings promotion raffles.

A bank may offer a savings promotion raffle in which the sole consideration required for a chance of winning designated prizes is the deposit of a minimum specified amount of money in a savings account or other savings program offered by the bank. A bank shall maintain records sufficient to facilitate an audit of the savings promotion raffle, shall conduct the savings promotion raffle in a safe and sound manner, and shall fully disclose the terms and conditions of the promotion to account holders and prospective account holders of the bank."

SECTION 2.(c) Article 6 of Chapter 54B of the General Statutes is amended by adding a new section to read:

"§ 54B-140. Savings promotion raffles.

A savings and loan association may offer a savings promotion raffle in which the sole consideration required for a chance of winning designated prizes is the deposit of a minimum specified amount of money in a savings account or other savings program offered by the savings and loan association. A savings and loan association shall maintain records sufficient to facilitate an audit of the savings promotion raffle, shall conduct the savings promotion raffle in a safe and sound manner, and shall fully disclose the terms and conditions of the promotion to account holders and prospective account holders of the savings and loan association."

SECTION 2.(d) Article 8 of Chapter 54C of the General Statutes is amended by adding a new section to read:

"§ 54C-180. Savings promotion raffles.

A savings bank may offer a savings promotion raffle in which the sole consideration required for a chance of winning designated prizes is the deposit of a minimum specified amount of money in a savings account or other savings program offered by the savings bank. A savings bank shall maintain records sufficient to facilitate an audit of the savings promotion raffle, shall conduct the savings promotion raffle in a safe and sound manner, and shall fully disclose the terms and conditions of the promotion to account holders and prospective account holders of the savings bank."

SECTION 2.(e) This section becomes effective December 1, 2019, and applies to raffles conducted on or after that date.

PART III. ADDING A MEMBER TO THE NORTH CAROLINA BANKING COMMISSION

SECTION 3.(a) G.S. 53C-2-1 reads as rewritten:

"§ 53C-2-1. The Commission.

(a) The Commission consists of ~~15~~ 16 members, including the State Treasurer, who shall serve as an ex officio member; ~~12~~ 13 members appointed by the Governor; and two members appointed by the General Assembly under G.S. 120-121, one of whom shall be appointed upon

1 the recommendation of the President Pro Tempore of the Senate and one of whom shall be
2 appointed upon the recommendation of the Speaker of the House of Representatives. The
3 Governor shall appoint to the Commission three practical bankers, one consumer finance
4 licensee, ~~and eight public members to the Commission, members, and one member who is, or is~~
5 ~~employed by a person that is, licensed or registered under Article 19B of Chapter 53 of the~~
6 ~~General Statutes.~~ The member appointed upon the recommendation of the President Pro Tempore
7 of the Senate shall be a practical banker, and the member appointed upon the recommendation
8 of the Speaker of the House shall be a practical banker. Members shall serve terms of four years.
9 No individual shall serve more than two complete consecutive terms on the Commission. Any
10 vacancy occurring in the membership of the Commission shall be filled by the appropriate
11 appointing officer for the unexpired term, except that vacancies among members appointed by
12 the General Assembly shall be filled in accordance with G.S. 120-122. The appointed members
13 of the Commission shall receive subsistence and travel expenses at the rates set forth in
14 G.S. 120-3.1. This compensation shall be paid from the revenues of the OCOB.

15"

16 **SECTION 3.(b)** As enacted by subsection (a) of this section, the initial term of the
17 new member of the North Carolina Banking Commission shall begin on October 1, 2019.

18 **SECTION 3.(c)** This section is effective when it becomes law.
19

20 **PART IV. EFFECTIVE DATE**

21 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes
22 law.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

D

HOUSE BILL 628
PROPOSED COMMITTEE SUBSTITUTE H628-PCS10531-ST-10

Short Title: 2019 Banking & Mortgage Corrections & Changes.

(Public)

Sponsors:

Referred to:

April 9, 2019

A BILL TO BE ENTITLED
AN ACT TO ELIMINATE AN OUTDATED REQUIREMENT FOR SAVINGS BANKS AND SAVINGS AND LOAN ASSOCIATIONS TO PUBLISH ABSTRACTS OF STATEMENTS OF FINANCIAL CONDITION; TO ALLOW COMMERCIAL BANKS, SAVINGS AND LOAN ASSOCIATIONS, AND SAVINGS BANKS TO OFFER SAVINGS PROMOTION RAFFLES; AND TO ADD TO THE NORTH CAROLINA BANKING COMMISSION A MEMBER WHO IS, OR IS EMPLOYED BY A PERSON THAT IS, LICENSED UNDER THE NORTH CAROLINA SECURE AND FAIR ENFORCEMENT (S.A.F.E.) MORTGAGE LICENSING ACT.

The General Assembly of North Carolina enacts:

PART I. ABSTRACT OF STATEMENT OF FINANCIAL CONDITION BY SAVINGS BANKS AND SAVINGS AND LOAN ASSOCIATIONS

SECTION 1.(a) G.S. 54C-62 reads as rewritten:

"§ 54C-62. Statement filed by savings bank; fees, fees and examination.

A State savings bank shall file in the ~~office~~ Office of the Commissioner of Banks, on or before the first day of February in each year, in the form prescribed by the Commissioner of Banks, a statement of the business standing and financial condition of the savings bank on the preceding 31st day of December, signed and sworn to by the secretary or other officer duly authorized by the board of directors of the savings bank before a notary public. The statement shall be accompanied by a filing fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The filing fees shall be used to defray the expenses incurred by the Division in supervising State savings banks. The Commissioner of Banks shall receive and thoroughly examine each annual statement."

SECTION 1.(b) G.S. 54C-63 reads as rewritten:

"§ 54C-63. Statement examined, approved, and published.

~~It is the duty of the Commissioner of Banks to receive and thoroughly examine each annual statement required by G.S. 54C-62, and if made in compliance with the requirements thereof, each State savings bank shall at its own expense, publish an abstract of the same in a newspaper having general circulation within each market area of the savings bank as selected by the managing officer."~~

SECTION 1.(c) G.S. 54B-75 reads as rewritten:

"§ 54B-75. Statement; fees. Statement filed by savings and loan association; fees and examination.

Every State association shall file in the ~~office~~ Office of the Commissioner of Banks, on or before the first day of February in each year, in ~~such the~~ the form as ~~prescribed by~~ the Commissioner



* H 6 2 8 - P C S 1 0 5 3 1 - S T - 1 0 *

of ~~Banks shall prescribe, Banks,~~ a statement of the business standing and financial condition of ~~such the~~ association on the preceding 31st day of December. This statement shall be signed and sworn to by the secretary or other officer duly authorized by the board of directors of the association before a notary public. The statement shall be accompanied by a filing fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The filing fees shall be used to defray the expenses incurred by the Division in supervising State associations. The Commissioner of Banks shall receive and thoroughly examine each annual statement."

SECTION 1.(d) G.S. 54B-76 reads as rewritten:

~~"§ 54B-76. Statement examined, approved, and published.~~

~~It shall be the duty of the Commissioner of Banks to receive and thoroughly examine each annual statement required by G.S. 54B-75, and if made in compliance with the requirements thereof, each State association shall at its own expense, publish an abstract of the same in a newspaper having general circulation within each market area of the association as selected by the managing officer."~~

SECTION 1.(e) This section is effective when it becomes law.

PART II. PROVIDING COMMERCIAL BANKS, SAVINGS AND LOAN ASSOCIATIONS, AND SAVINGS BANKS PARITY WITH CREDIT UNIONS IN THE ABILITY TO OFFER SAVINGS PROMOTION RAFFLES AS A WAY TO ENCOURAGE PEOPLE TO SAVE MONEY

SECTION 2.(a) G.S. 14-309.15 reads as rewritten:

"§ 14-309.15. Raffles.

(a) It is lawful for any nonprofit organization, candidate, political committee, or any government entity within the State, to conduct raffles in accordance with this section. Each regional or county chapter of a nonprofit organization ~~shall be is~~ eligible to conduct raffles in accordance with this section independently of its parent organization. Any person who conducts a raffle in violation of any provision of this section ~~shall be is~~ guilty of a Class 2 misdemeanor. Upon conviction that person shall not conduct a raffle for a period of one year. It is lawful to participate in a raffle conducted pursuant to this section. ~~It shall not constitute is not a~~ violation of State law to advertise a raffle conducted in accordance with this section. A raffle conducted pursuant to this section is not ~~"gambling". "gambling."~~ For the purpose of this section, "candidate" and "political committee" have the meaning provided by Article 22A of Chapter 163A of the General Statutes, who have filed organization reports under that Article, and who are in good standing with the appropriate board of elections. Receipts and expenditures of a raffle by a candidate or political committee shall be reported in accordance with Article 22A of Chapter 163A of the General Statutes, and ticket purchases are contributions within the meaning of that Article.

(b) For purposes of this section "raffle" means a game in which the prize is won by random drawing of the name or number of one or more persons purchasing chances.

(c) A nonprofit organization may hold no more than four raffles per year.

(d) Except as provided in subsection (g) of this section, the maximum cash prize that may be offered or paid for any one raffle is one hundred twenty-five thousand dollars (\$125,000) and if merchandise is used as a prize, and it is not redeemable for cash, the maximum fair market value of that prize may be one hundred twenty-five thousand dollars (\$125,000). The total cash prizes offered or paid by any nonprofit organization ~~may shall~~ not exceed two hundred fifty thousand dollars (\$250,000) in any calendar year. The total fair market value of all prizes offered by any nonprofit organization, either in cash or in merchandise that is not redeemable for cash, ~~may shall~~ not exceed two hundred fifty thousand dollars (\$250,000) in any calendar year.

(e) Raffles shall not be conducted in conjunction with bingo.

(f) As used in this subsection, "net proceeds of a raffle" means the receipts less the cost of prizes awarded. No less than ninety percent (90%) of the net proceeds of a raffle shall be used

1 by the nonprofit organization for charitable, religious, educational, civic, or other nonprofit
2 purposes. None of the net proceeds of the raffle ~~may~~ shall be used to pay any person to conduct
3 the raffle, or to rent a building where the tickets are received or sold or the drawing is conducted.

4 (g) Real property may be offered as a prize in a raffle. The maximum appraised value of
5 real property that may be offered for any one raffle is five hundred thousand dollars (\$500,000).
6 The total appraised value of all real estate prizes offered by any nonprofit organization ~~may~~ shall
7 not exceed five hundred thousand dollars (\$500,000) in any calendar year.

8 (h) Notwithstanding any other subsection of this section, it is lawful for a ~~credit union~~
9 federally insured depository institution to conduct a savings promotion raffle under
10 G.S. 54-109.64, G.S. 53C-6-20, 54-109.64, 54B-140, or 54C-180."

11 **SECTION 2.(b)** Article 6 of Chapter 53C of the General Statutes is amended by
12 adding a new section to read:

13 **"§ 53C-6-20. Savings promotion raffles.**

14 A bank may offer a savings promotion raffle in which the sole consideration required for a
15 chance of winning designated prizes is the deposit of a minimum specified amount of money in
16 a savings account or other savings program offered by the bank. A bank shall maintain records
17 sufficient to facilitate an audit of the savings promotion raffle, shall conduct the savings
18 promotion raffle in a safe and sound manner, and shall fully disclose the terms and conditions of
19 the promotion to account holders and prospective account holders of the bank."

20 **SECTION 2.(c)** Article 6 of Chapter 54B of the General Statutes is amended by
21 adding a new section to read:

22 **"§ 54B-140. Savings promotion raffles.**

23 A savings and loan association may offer a savings promotion raffle in which the sole
24 consideration required for a chance of winning designated prizes is the deposit of a minimum
25 specified amount of money in a savings account or other savings program offered by the savings
26 and loan association. A savings and loan association shall maintain records sufficient to facilitate
27 an audit of the savings promotion raffle, shall conduct the savings promotion raffle in a safe and
28 sound manner, and shall fully disclose the terms and conditions of the promotion to account
29 holders and prospective account holders of the savings and loan association."

30 **SECTION 2.(d)** Article 8 of Chapter 54C of the General Statutes is amended by
31 adding a new section to read:

32 **"§ 54C-180. Savings promotion raffles.**

33 A savings bank may offer a savings promotion raffle in which the sole consideration required
34 for a chance of winning designated prizes is the deposit of a minimum specified amount of money
35 in a savings account or other savings program offered by the savings bank. A savings bank shall
36 maintain records sufficient to facilitate an audit of the savings promotion raffle, shall conduct the
37 savings promotion raffle in a safe and sound manner, and shall fully disclose the terms and
38 conditions of the promotion to account holders and prospective account holders of the savings
39 bank."

40 **SECTION 2.(e)** This section becomes effective December 1, 2019, and applies to
41 raffles conducted on or after that date.

42
43 **PART III. ADDING A MEMBER TO THE NORTH CAROLINA BANKING**
44 **COMMISSION**

45 **SECTION 3.(a)** G.S. 53C-2-1 reads as rewritten:

46 **"§ 53C-2-1. The Commission.**

47 (a) The Commission consists of ~~15-16~~ members, including the State Treasurer, who shall
48 serve as an ex officio member; ~~12-13~~ members appointed by the Governor; and two members
49 appointed by the General Assembly under G.S. 120-121, one of whom shall be appointed upon
50 the recommendation of the President Pro Tempore of the Senate and one of whom shall be
51 appointed upon the recommendation of the Speaker of the House of Representatives. The

1 Governor shall appoint to the Commission three practical bankers, one consumer finance
2 licensee, ~~and eight public members to the Commission. members,~~ and one member who is, or is
3 employed by a person that is, licensed under Article 19B of Chapter 53 of the General Statutes.

4 The member appointed upon the recommendation of the President Pro Tempore of the Senate
5 shall be a practical banker, and the member appointed upon the recommendation of the Speaker
6 of the House shall be a practical banker. Members shall serve terms of four years. No individual
7 shall serve more than two complete consecutive terms on the Commission. Any vacancy
8 occurring in the membership of the Commission shall be filled by the appropriate appointing
9 officer for the unexpired term, except that vacancies among members appointed by the General
10 Assembly shall be filled in accordance with G.S. 120-122. The appointed members of the
11 Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1.
12 This compensation shall be paid from the revenues of the OCOB.

13"

14 **SECTION 3.(b)** As enacted by subsection (a) of this section, the initial term of the
15 new member of the North Carolina Banking Commission shall begin on October 1, 2019.

16 **SECTION 3.(c)** This section is effective when it becomes law.

17
18 **PART IV. EFFECTIVE DATE**

19 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes
20 law.

VISITOR REGISTRATION SHEET

House Committee on Banking

4/16/2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Henry Klyn	NCRMA
Sarah Patterson	WM
Leo John	Secretary of State
Ty Ford	MWC
Kelley Tomow	CRL
Al Ripley	NCTC
Ashley Holmes	NCCOB
Stephanie Ryals	NCCOB
Kristin Rice	NCCOB
Ha Nguyen	NCCOB
Constance Zuber	MVA

VISITOR REGISTRATION SHEET

House Committee on Banking

4/16/2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<i>Gmireagan</i>	<i>NMRS</i>
<i>JD</i>	<i>JD</i>
<i>Int'l Bank</i>	<i>Bank: Assoc.</i>
<i>McNeil Chestnut</i>	<i>McGowan</i>
<i>Kirsten Miller</i>	<i>JSC</i>
<i>JACKSON JAWILL</i>	<i>JSC</i>
<i>JOHN Cooper</i>	<i>CONNECT C</i>
<i>Padraig Gibbons</i>	<i>Connect C</i>
<i>Dick Carter</i>	<i>Law off. of RHE</i>
<i>Sallie James</i>	<i>Governor's office</i>
<i>Nathan Butts</i>	<i>Mc Bankers Assoc.</i>

House Committee on Banking

4/16/2019

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Chris Wall

PL

HOUSE COMMITTEE ON BANKING

4/16/2019

Date _____

NAME

FIRM OR AGENCY AND ADDRESS

[illegible]

VISITOR REGISTRATION SHEET

House Committee on Banking

4/16/2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Starnes

House Finance

Carolyn D. Lawrence

CCU

Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Banking

DATE: April 16, 2019 Room: 423/424 LOB

House Sgt-At Arms:

1. Name: Jonas Cherry
2. Name: Rey Cooke
3. Name: David Linthicum
4. Name: Joe Crook
5. Name: Kim BLACKMAN

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____

House Committee on Banking

Tuesday, April 30, 2019 at 3:00 PM

Room 423 of the Legislative Office Building

The House Committee on Banking met at 3:00 PM on April 30, 2019 in Room 423 of the Legislative Office Building. Representatives Conrad, Grange, Howard, Butler, Carney, Everitt, Jarvis, Montgomery, Stevens, Bell, and Jones attended.

Representative Debra Conrad, Chair, Presided.

Rep. Conrad called the meeting to order at 2:00 p.m. She introduced and thanked the Sgt. At Arms and pages.

Rep. Conrad introduced Rep. Howard to explain the PCS on **House Bill 718**.

House Bill 718

Rep. Butler moved to amend the bill on page 1, lines 27 through 32 by deleting those lines. Rep. Stevens asked Staff a question, Staff answered. Rep. Stevens had a follow-up question, Staff answered. Rep. Bell asked Rep. Butler a question, Rep. Butler responded. Rep. Howard asked Staff a question, Staff answered. Evelyn Hawthorne, with the Credit Unions, spoke on behalf of the amendment. Rep. Butler asked Hawthorne a questions, Hawthorne responded. Butler commented and made a motion to vote on the amendment. By a show of hands, the amendment failed 4-7.

Rep. Howard explained the PCS to House Bill 718. Rep. Jarvis made a motion. Montgomery commented. Rep. Jarvis motioned for unfavorable to the original bill, favorable to the PCS. The PCS passed and was re-referred to Rules. Having no future business before the committee, adjourn at approximately 3:50P.M.



Representative Debra Conrad, Chair Presiding



Virginia Taylor, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

You are hereby notified that the **House Committee on Banking** will meet as follows:

DAY & DATE: Tuesday, April 30, 2019
TIME: 3:00 PM
LOCATION: 423 LOB
COMMENTS: Rep. Grange presiding.

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 718</u>	Fed. Insured Depository Inst./Interest Rates.	Representative Howard Representative Bell Representative Carney Representative Lucas

Respectfully,

Representative Debra Conrad, Co-Chair
Representative Holly Grange, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:09 AM on Wednesday, October 02, 2019.

____ Principal Clerk
____ Reading Clerk – House Chamber

Ginny Mott (Committee Assistant)

**House Committee on Banking
Tuesday, April 30, 2019, 3:00 PM
423 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 718	Fed. Insured Depository Inst./Interest Rates.	Representative Howard Representative Bell Representative Carney Representative Lucas

Presentations

Other Business

Adjournment

**House Committee on Banking
Tuesday, April 30, 2019, 3:00 PM
423 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 718	Fed. Insured Depository Inst./Interest Rates.	Representative Howard Representative Bell Representative Carney Representative Lucas

Adjournment

**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

**BANKING COMMITTEE REPORT
Representative Debra Conrad, Co-Chair
Representative Holly Grange, Co-Chair**

FAVORABLE COM SUB , UNFAVORABLE ORIGINAL BILL AND RE-REFERRED

HB 718

Fed. Insured Depository Inst./Interest Rates.

Draft Number: H718-PCS30438-BB-10

**Serial Referral: RULES, CALENDAR, AND
OPERATIONS OF THE HOUSE**

Recommended Referral: None

Long Title Amended: No

Floor Manager: Howard

TOTAL REPORTED: 1



* C M R 3 6 8 - V - 1 *



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 718

AMENDMENT NO. 1

(to be filled in by
Principal Clerk)

Page 1 of 1

H718-ABB-10 [v.2]

Amends Title [NO]
PCS to First Edition

Date 4-30, 2019

Representative Butler

- 1 moves to amend the bill on page 1, lines 27 through 32 by deleting those lines.
2
3

SIGNED

Amendment Sponsor

SIGNED

Committee Chair if Senate Committee Amendment

ADOPTED

FAILED



TABLED



* H 7 1 8 - A B B - 1 0 - V - 2 *

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

1

HOUSE BILL 718

Short Title: Fed. Insured Depository Inst./Interest Rates. (Public)

Sponsors: Representatives Howard, Bell, Carney, and Lucas (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Banking, if favorable, Rules, Calendar, and Operations of the House

April 15, 2019

A BILL TO BE ENTITLED
AN ACT TO AMEND STATUTES ON INTEREST RATES TO USE THE TERM
"FEDERALLY INSURED DEPOSITORY INSTITUTION" AND TO ESTABLISH
EXPRESS AUTHORITY TO ENFORCE THOSE STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 1 of Chapter 24 of the General Statutes is amended by adding
new sections to read:

"§ 24-1.05. "Federally insured depository institution" defined.

In this Chapter, "federally insured depository institution" means an insured depository
institution, as defined in 12 U.S.C. § 1813, or an insured credit union, as defined in 12 U.S.C. §
1752. This term, however, does not include a subsidiary or affiliate of a federally insured
depository institution that is not itself a federally insured depository institution.

"§ 24-1.010. Enforcement authority.

The Attorney General, the Commissioner of Banks, and the Administrator of Credit Unions
may enforce the provisions of this Chapter."

SECTION 2. G.S. 24-1.1 reads as rewritten:

"§ 24-1.1. Contract rates and fees.

(a) Except as otherwise provided in this Chapter or other applicable law, the parties to a
loan, purchase money loan, advance, commitment for a loan or forbearance other than a credit
card, open-end, or similar loan may contract in writing for the payment of interest not in excess
of:

- (1) Where the principal amount is twenty-five thousand dollars (\$25,000) or less,
the rate set under subsection (c) of this section; or
- (2) Any rate agreed upon by the parties where the principal amount is more than
twenty-five thousand dollars (\$25,000).

...
(d) Any ~~bank or savings institution~~ federally insured depository institution organized
under the law of North Carolina or of the United States may charge a party to a loan or extension
of credit governed by this section a fee for the modification, renewal, extension, or amendment
of any terms of the loan or extension of credit, such fee not to exceed the greater of one-quarter
of one percent (1/4 of 1%) of the balance outstanding at the time of the modification, renewal,
extension, or amendment of terms, or fifty dollars (\$50.00).

(e) Any ~~bank or savings institution~~ federally insured depository institution organized
under the law of North Carolina or of the United States may charge a party to a loan or extension
of credit not secured by real property governed by this section an origination fee not to exceed



the greater of one-quarter of one percent (1/4 of 1%) of the outstanding balance or fifty dollars (\$50.00).

...."

SECTION 3. G.S. 24-2.2 reads as rewritten:

"§ 24-2.2. Interest on extensions of credit by ~~banks and savings and loan associations; federally insured depository institutions; exceptions.~~

Notwithstanding any other provision of law, ~~banks and savings and loan associations federally insured depository institutions chartered in North Carolina by the State of North Carolina this State by this State or by the federal government shall each be are each~~ entitled to charge on extensions of credit those interest rates allowed any lender under ~~North Carolina State~~ law. Provided, that any extension of credit pursuant to this authority shall be governed by those restrictions or limitations contained in the authorizing statute. Provided further, the authority ~~granted under this~~ This section shall does not apply to rates provided in Article 15 of Chapter 53, the Consumer Finance Act, nor in Subchapter III of Chapter 54, concerning credit unions. Article 15 of Chapter 53 of the General Statutes or Subchapter III of Chapter 54 of the General Statutes."

SECTION 4. G.S. 24-11 reads as rewritten:

"§ 24-11. Certain revolving credit charges.

(a) On the extension of credit under an open-end credit or similar plan (including revolving credit card ~~plans, plans~~ and revolving charge accounts, but excluding any loan made directly by a lender under a check loan, check ~~credit credit~~, or other such plan) under which no service charge shall be imposed upon the consumer or debtor if the account is paid in full within 25 days from the billing date, but upon which there may be imposed an annual charge not to exceed twenty-four dollars (\$24.00), there may be charged and collected interest, finance ~~charges charges~~, or other fees at a rate in the aggregate not to exceed one and one-half percent (1 1/2%) per month computed on the unpaid portion of the balance of the previous month less payments or credit within the billing cycle or the average daily balance outstanding during the current billing period.

(a1) If the lender chooses not to impose an annual charge under this section, the lender may impose a service charge not to exceed two dollars (\$2.00) per month on the balance of any account ~~which that~~ is not paid in full within 25 days from the billing date.

(a2) No person, ~~firm firm~~, or corporation may charge a discount or fee in excess of six percent (6%) of the principal amount of the accounts acquired from or through any vendors or others providing services who participate in ~~such the~~ plan.

(b) On revolving credit loans (including check loans, check ~~credit credit~~, or other revolving credit plans whereby a ~~bank, banking institution~~ federally insured depository institution or other lending agency makes direct loans to a borrower), if agreed to in writing by the borrower, ~~such the~~ lender may collect interest and service charges by application of a monthly periodic rate computed on the average daily balance outstanding during the billing period, ~~such rate~~ not to exceed one and one-half percent (1 1/2%).

(c) Any extension of credit under an open-end or similar plan under which there is charged a monthly periodic rate greater than one and one-quarter percent (1 1/4%) ~~may shall~~ not be secured by real or personal property or any other thing of value, ~~provided, that this asset. This subsection shall does~~ not apply to consumer credit sales regulated by Chapter 25A, the Retail Installment Sales Act; ~~provided further, that in Chapter 25A of the General Statutes. In any action initiated for the possession of property in which a security interest has been taken, a judgment for the possession thereof of the property shall be restricted to commercial units (as defined in G.S. 25-2-105(6)) units, as defined in G.S. 25-2-105(6), for which the cash price was one hundred dollars (\$100.00) or more.~~

(d) ~~The In this section, the term "billing date" shall mean means~~ any date selected by the creditor and the bill for the balance of the account must be mailed to the customer at least 14

1 days prior to the date specified in the statement as being the date by which payment of the new
2 balance must be made in order to avoid the imposition of any finance charge.

3 (d1) A lender may charge a party to a loan or extension of credit governed by this section
4 a late payment charge not to exceed five dollars (\$5.00) on accounts having an outstanding
5 balance of less than one hundred dollars (\$100.00) and ten dollars (\$10.00) on accounts having
6 an outstanding balance of one hundred dollars (\$100.00) or more, for any payment past due for
7 30 days or ~~more; provided, in more.~~ In no case shall the late charge exceed the outstanding
8 principal balance. If a late payment charge has been once imposed with respect to a late payment,
9 no late charge shall be imposed with respect to any future payment ~~which-that~~ would have been
10 timely and sufficient but for the previous default.

11 (e) An annual or service charge pursuant to this section upon an existing credit card
12 account upon which the charge has not previously been imposed ~~may shall~~ not be imposed unless
13 the lender has given the cardholder at least 30 days notice of the proposed ~~charge, charge~~ and has
14 advised the cardholder of ~~his-the cardholder's~~ right not to accept the new charge. This notice shall
15 be bold and ~~conspicuous, conspicuous~~ and shall be on the face of the periodic billing statement
16 or on a separate statement ~~which-that~~ is clearly noted on the face of the periodic billing statement
17 provided to the cardholder. If the cardholder does not accept the new charge upon an existing
18 credit card account, the lender may require that the cardholder make no further use of the account
19 beyond the 30-day period in order to avoid paying the annual charge, but the cardholder shall be
20 entitled to pay off any remaining balance according to the terms of the credit agreement. Nothing
21 in this subsection ~~shall limit limits~~ the lender from decreasing any rates or fees to the ~~cardholder~~
22 ~~forthwith, cardholder~~. Should any cardholder within 12 months of the initial imposition of an
23 annual charge rescind ~~his-the cardholder's~~ credit card contract and surrender all cards issued under
24 the contract to the lender, ~~he-the cardholder~~ shall be entitled to a prorated refund of the annual
25 fee previously charged, credited to the cardholder's credit card account."

26 **SECTION 5.** This act becomes effective October 1, 2019, and applies to contracts
27 entered into, renewed, or modified on or after that date.

VISITOR REGISTRATION SHEET

House Committee on Banking

30 April 2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Lisa Stiller	CRL
Kelby Tomow	CRL
Al Rippling	NCTC
Rana Badwan	NCCUD
Rose Connor	NCCUD
Ha Nguyen	NCCOB
Katherine Bohen	NCCOB
Nathan Batts	NCCA

VISITOR REGISTRATION SHEET

House Committee on Banking

30 April 2019

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Sallie James

Governor's Office

Leo John

serv of state

Chandler Spaulding

SA

Colyn Hawkins

Sam

Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Banking.

DATE: April 30, 2019

Room: 423/424

House Sgt-At Arms:

1. Name: Jonas Cherry
2. Name: Rey Cooke
3. Name: Barry Moore
4. Name: William Moore
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____

**House Committee on Banking
Tuesday, June 11, 2019 at 3:00 PM
Room 423 of the Legislative Office Building**

MINUTES

The House Committee on Banking met at 3:00 PM on June 11, 2019 in Room 423 of the Legislative Office Building. Representatives Conrad, Grange, Hardister, Butler, and Everitt attended.

Representative Holly Grange, Chair, presided. Representative Grange called the meeting to order and introduced the Pages and Sgt. at Arms who assisted with the Committee. Copies of the attendance and visitor registration are attached to these minutes, (Attachment 1 and 2).

The following bills were considered:

SB 529 Fees/Returned Checks. (Senators Gunn, D. Davis)

Representative Grange recognized Senator Gunn to present the bill. Sen. Gun stated Senate Bill 529 would increase the maximum fee that a merchant can charge when a customer's check is returned from \$25 to \$35.

Following the explanation, Rep. Grange recognized members for questions and comments. Rep. Butler was recognized for a comment. Rep. Butler expressed her support for the bill.

Representative Hardister was recognized and moved that Senate Bill 529 receive a favorable report with a serial referral to the Committee on Rules, Calendar, and Operations of the House. Representative Grange called for a vote and the motion carried.

There being no further business before the Committee, Representative Grange adjourned the meeting at 3:03 PM.


Representative Holly Grange, Chair
Presiding


Joanna K. Almquist, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

You are hereby notified that the **House Committee on Banking** will meet as follows:

DAY & DATE: Tuesday, June 11, 2019
TIME: 3:00 PM
LOCATION: 423 LOB
COMMENTS: Rep. Grange will preside.

The following bills will be considered:

BILL NO.	SHORT TITLE
<u>SB 529</u>	Fees/Returned Checks.

SPONSOR
Senator Gunn
Senator D. Davis

Respectfully,

Representative Debra Conrad, Co-Chair
Representative Holly Grange, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:09 AM on Wednesday, October 02, 2019.

____ Principal Clerk
____ Reading Clerk – House Chamber

Ginny Mott (Committee Assistant)

**House Committee on Banking
Tuesday, June 11, 2019, 3:00 PM
423 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 529	Fees/Returned Checks.	Senator Gunn Senator D. Davis

Adjournment

**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

**BANKING COMMITTEE REPORT
Representative Debra Conrad, Co-Chair
Representative Holly Grange, Co-Chair**

FAVORABLE AND RE-REFERRED

SB 529 (CS#1)

Fees/Returned Checks.

Draft Number: None

Serial Referral: **RULES, CALENDAR, AND
OPERATIONS OF THE HOUSE**

Recommended Referral: None

Long Title Amended: No

Floor Manager: Szoka

TOTAL REPORTED: 1



* C M R 5 4 4 - V - 1 *

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

S

2

SENATE BILL 529*
Commerce and Insurance Committee Substitute Adopted 5/2/19

Short Title: Fees/Returned Checks.

(Public)

Sponsors:

Referred to:

April 3, 2019

- 1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE MAXIMUM PROCESSING FEE FOR RETURNED CHECKS.
3 The General Assembly of North Carolina enacts:
4 SECTION 1.(a) G.S. 25-3-506 reads as rewritten:
5 "§ 25-3-506. Collection of processing fee for returned checks.
6 A person who accepts a check in payment for goods or services or ~~his~~ the person's assignee
7 may charge and collect a processing fee, not to exceed ~~twenty-five dollars (\$25.00)~~, thirty-five
8 dollars (\$35.00), for a check on which payment has been refused by the payor bank because of
9 insufficient funds or because the drawer did not have an account at that bank.
10 If a collection agency collects or seeks to collect on behalf of its principal a processing fee as
11 specified in this section in addition to the sum payable of a check, the amount of ~~such~~ the
12 processing fee ~~must~~ shall be separately stated on the collection notice. The collection agency
13 shall not collect or seek to collect from the drawer any sum other than the actual amount of the
14 returned check and the specified processing fee."
15 SECTION 1.(b) This act becomes effective October 1, 2019, and applies to checks
16 dated on or after that date.



* S 5 2 9 - V - 2 *

VISITOR REGISTRATION SHEET

House Committee on Banking

June 11th 2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Henry McLanaster	LCA/ NCJC
Al Ripling	NCJC
Lisa Stiller	CEL
Kong Kujir	NCMA
Elizabeth Polunin	NCMA
Andy Elmer	NCMA
Sarah Patterson	WM
Fred Bann	Bann: 4450.

VISITOR REGISTRATION SHEET

House Committee on Banking

June 11th 2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Kirsten Miller	JSC
Dick Carlson	Law off of RHC PLLC
JOHN COOPER	Connect C
Fred Flintson	Bedrock CONSULTING
Leo John	Security of State
Ha Nguyen	NCCOB
McNeil Chakmit	Attly at Law
Sallie James	Governor's office
Chris Hayden	Intern
Tyler Ford	MWC
Marissa Turner	TSS

VISITOR REGISTRATION SHEET

House Committee on Banking

June 11th 2019

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Brad Daws

Sen Davis

Monica Fuller

Sen Davu

**House Pages
Assignments
Tuesday, June 11, 2019
Session: 10:00 AM**

Committee	Room	Time	Staff	Comments	Member
Banking	422	3:00 PM	Micah Hill		Rep. Donna McDowell White
		3:00 PM	Charles Hoffman Robert Mangum	Grayson	Rep. Marcia Morey Speaker Tim Moore
			Hayden Peacock		Rep. Jeffrey Elmore
Homeland Security, Military, and Veterans Affairs	1228/1327	3:00 PM	Samuel Capps		Rep. David R. Lewis
			Everson Moran		Rep. William D. Brisson
			Samuel Quick		Rep. Pricey Harrison
			Carson Tart		Speaker Tim Moore

Adjourned @ 3:53 PM

**House Sgt-At-Arms
Assignments
Tuesday, June 11, 2019
Session: 4:45 PM**

Committee	Room	Time	Staff	Comments
Education - Community Colleges	421	11:00 AM	Bill Bass	Holder Deborah - 919-733-5865 Rep. Hurley Chair - 13 House Members
			Joe Crook	
			Thomas Terry	
			Glen Wall	
Education - Universities	421	11:30 AM	Bill Bass	Copeland Jan - 919-733-5741 Rep. Fraley Chair - 17 House Members
			Joe Crook	
			Thomas Terry	
			Glen Wall	
Banking	423/424	3:00 PM	Kim Blackman	Almquist Joanna - 919-733-5830 Rep. Grange Chair - 9 House Members
			Jonas Cherry	
			David Linthicum	
			Dean Marshbourne	
Homeland Security, Military, and Veterans Affairs	1228/1327	3:00 PM	Rex Foster	Speciale Hazel - 919-733-5853 Rep. Speciale Chair - 20 House Members
			Kenneth Gilbert	
			David Leighton	
			Russell Salisbury	

Reply ASAP to sender via phone or email, to confirm. Please clearly state your ability to accept it. Send copies of emailed responses to Garland.shepherd@ncleg.net & lawrence.elliott@ncleg.net. After hours phones to Garland @ 252-908-0017 or Larry @ 919-500-0613

Friday, June 07, 2019 1:55 PM



North Carolina General Assembly

House Committee on Banking

2020 Short Session

Chair(s)

Representative Debra Conrad

Representative Holly Grange

Committee Clerk(s)

**Ginny Mott
Joanna Almquist**

The Committee did not meet during the 2020 short session.

Signed Committee Chairman

Rep. Debra Conrad

Signed Committee Chairman

Holly Grange

