

## SUBCHAPTER 03C - BANKS

### SECTION .0100 - ORGANIZATION AND CHARTERING

- 04 NCAC 03C .0101      APPLICATION**
- 04 NCAC 03C .0102      EXAMINATION BY COMMISSIONER**
- 04 NCAC 03C .0103      REPORT TO BANKING COMMISSION**
- 04 NCAC 03C .0104      REVIEW BY BANKING COMMISSION**

*History Note:*      Authority G.S. 53C-2-5; 53C-3-1(a); 53C-3-1(b); 53C-3-4; 53C-3-5; 53C-3-6; 53-137; 53-333;  
Eff. February 1, 1976;  
Amended Eff. January 1, 2013; September 1, 2006; September 1, 1990; November 1, 1982; July 24,  
1979; August 1, 1978;  
Repealed Eff. October 1, 2014.

- 04 NCAC 03C .0105      STATEMENT FILED BEFORE BEGINNING BUSINESS**
- 04 NCAC 03C .0106      CERTIFICATION TO THE SECRETARY OF STATE**

*History Note:*      Authority G.S. 53-4; 53-5; 53-7; 53-92; 150A-11(1);  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1985.

- 04 NCAC 03C .0107      BANK CERTIFICATE**

*History Note:*      Authority G.S. 53C-2-5; 53C-3-7;  
Eff. February 1, 1976;  
Amended Eff. January 1, 2013;  
Repealed Eff. October 1, 2014.

- 04 NCAC 03C .0108      JUDICIAL REVIEW**

*History Note:*      Authority G.S. 53-92; 150A-11(1); 150A-43;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1985.

- 04 NCAC 03C .0109      APPLICATION TO ESTABLISH BANK: CONDITIONAL APPROVAL**

*History Note:*      Authority G.S. 53-5; 53-92; 53-104; 150A-11(1);  
Eff. February 1, 1976;  
Repealed Eff. November 1, 1982.

- 04 NCAC 03C .0110      ORGANIZATIONAL EXPENSES**

*History Note:*      Authority G.S. 53-2; 53-92; 53-104;  
Eff. February 1, 1976;  
Amended Eff. July 1, 1991; September 1, 1990;  
Repealed Eff. January 1, 2013.

- 04 NCAC 03C .0111      NATIONAL BANK CONVERSION**

*History Note:*      Authority G.S. 53C-2-5; 53C-7-301;  
Eff. September 26, 1979;  
Amended Eff. January 1, 2013; September 1, 2006; September 1, 1990; August 1, 1988;  
Repealed Eff. October 1, 2014.

**04 NCAC 03C .0112 ELIMINATION OF DIRECTOR LIABILITY**

*History Note:* Authority G.S 53C-2-5; 53C-4-6; 55-2-02(b)(3); 55-8-30;  
Eff. June 1, 1995;  
Amended Eff. January 1, 2013;  
Repealed Eff. October 1, 2014.

**SECTION .0200 - BRANCHES**

**04 NCAC 03C .0201 ESTABLISHMENT OF BRANCHES**

*History Note:* Authority G.S. 53C-2-5; 53C-6-15;  
Eff. February 1, 1976;  
Amended Eff. January 1, 2013; September 1, 2006; June 1, 1995; July 1, 1991; October 1, 1990;  
November 1, 1982;  
Repealed Eff. October 1, 2014.

**04 NCAC 03C .0202 DISCONTINUANCE**

*History Note:* Authority G.S. 53-4; 53-62; 53-92; 53-104;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; June 1, 1995; October 1, 1990; November 1, 1982;  
Repealed Eff. January 1, 2013.

**04 NCAC 03C .0203 DISCONTINUANCE OF A LIMITED SERVICE FACILITY**  
**04 NCAC 03C .0204 CONVERSION OF BRANCH TO LIMITED SERVICE FACILITY**

*History Note:* Authority G.S. 53-62; 53-92; 53-104; 53-122(3);  
Eff. September 1, 1990;  
Amended Eff. September 1, 2006; June 1, 1995;  
Repealed Eff. January 1, 2013.

**SUBCHAPTER 03C - BANKS**

**SECTION .0300 - CHANGE OF LOCATION**

**04 NCAC 03C .0301 CHANGE OF LOCATION OF MAIN OFFICE, BRANCH OR LTD SVC FACILITY**

*History Note:* Authority G.S. 53-62; 53-92; 53-104; 53-122(3);  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; June 1, 1995; September 1, 1990; November 1, 1982; August 1,  
1978;  
Repealed Eff. February 1, 2013.

**04 NCAC 03C .0302 EXAMINATION BY COMMISSIONER**  
**04 NCAC 03C .0303 REPORT**  
**04 NCAC 03C .0304 REVIEW BY BANKING COMMISSION**  
**04 NCAC 03C .0305 FINAL ORDER BY COMMISSIONER**  
**04 NCAC 03C .0306 CERTIFICATE**

*History Note:* Authority G.S. 53-62; 53-92; 150A-11(1);  
Eff. February 1, 1976;  
Amended Eff. March 15, 1978;  
Repealed Eff. November 1, 1982.

## SECTION .0400 - CONSOLIDATION OF BANKS

### 04 NCAC 03C .0401 APPLICATION

*History Note:* Authority G.S. 53-12; 53-92;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; September 1, 1990; July 24, 1979;  
Repealed Eff. February 1, 2013.

### 04 NCAC 03C .0402 PUBLICATION

*History Note:* Authority G.S. 53-12; 53-92; 150B-11(1);  
Eff. February 1, 1976;  
Repealed Eff. August 1, 1988.

### 04 NCAC 03C .0403 INVESTIGATION

### 04 NCAC 03C .0404 ORDER

### 04 NCAC 03C .0405 REVIEW BY THE BANKING COMMISSION

*History Note:* Authority G.S. 53C-2-5; 53C-7-202; 53C-7-203; 53C-7-209;  
Eff. February 1, 1976;  
Amended Eff. January 1, 2013; September 1, 1990;  
Repealed Eff. October 1, 2014.

### 04 NCAC 03C .0406 FILING WITH SECRETARY OF STATE

*History Note:* Authority G.S. 53-13; 53-92;  
Eff. February 1, 1976;  
Amended Eff. September 1, 1990;  
Repealed Eff. February 1, 2013.

### 04 NCAC 03C .0407 WAIVER BY COMMISSIONER

*History Note:* Authority G.S. 53C-2-5; 53C-2-1; 53C-9-101;  
Eff. November 1, 1982;  
Amended Eff. January 1, 2013;  
Repealed Eff. October 1, 2014.

## SECTION .0500 - WORK WEEK

### 04 NCAC 03C .0501 OPERATION OF BANKS ON A FIVE-DAY WEEK BASIS

### 04 NCAC 03C .0502 BANKS REVERTING TO A SIX-DAY WEEK BASIS

*History Note:* Authority G.S. 53-77.1; 53-92; 150B-11(1);  
Eff. February 1, 1976;  
Repealed Eff. July 1, 1990.

### 04 NCAC 03C .0503 DAYS AND HOURS OF REGULAR OPERATION

*History Note:* Authority G.S. 53-77.1A(d); 53-92;  
Eff. July 1, 1990;  
Repealed Eff. January 1, 2013.

## SECTION .0600 - EXAMINATION OF BANKS

**04 NCAC 03C .0601 EXAMINATION**  
**04 NCAC 03C .0602 REPORT**

*History Note:* Authority G.S. 53-92; 53-99; 53-109; 53-117; 53-123; 53-125; 150A-11(1);  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1985.

**SECTION .0700 - REPORTS REQUIRED BY COMMISSIONER OF BANKS**

**04 NCAC 03C .0701 EXAMINING COMMITTEE REPORT**  
**04 NCAC 03C .0702 REPORTS OF CONDITION AND INCOME**  
**04 NCAC 03C .0703 PUBLISHER'S COPY, REPORT OF CONDITION AND INCOME**

*History Note:* Authority G.S. 53-83; 53-92; 53-99; 53-105;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; July 1, 1990; September 26, 1979;  
Repealed Eff. April 1, 2007.

**04 NCAC 03C .0704 CONSOLIDATED REPORT OF INCOME**  
**04 NCAC 03C .0705 REPORT OF MANAGEMENT AND PERSONNEL**

*History Note:* Authority G.S. 53-92; 53-106; 53-107; 150B-11(1);  
Eff. February 1, 1976;  
Amended Eff. September 26, 1979;  
Repealed Eff. July 1, 1990.

**SECTION .0800 - MISCELLANEOUS REPORTS AND APPROVALS**

**04 NCAC 03C .0801 OATH OF DIRECTORS**  
**04 NCAC 03C .0802 DEPOSITORY BANKS**  
**04 NCAC 03C .0803 OTHER REAL ESTATE**  
**04 NCAC 03C .0804 SUSPENSION OF INVESTMENT AND LOAN LIMITATION**

*History Note:* Authority G.S. 53-43(3)c; 53-49; 53-80; 53-81; 53-84; 53-92; 53-99;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; May 1, 1992; September 26, 1979;  
Repealed Eff. January 1, 2013.

**04 NCAC 03C .0805 STOCKHOLDERS LIST**  
**04 NCAC 03C .0806 CHANGES IN OWNERSHIP AND MANAGEMENT**

*History Note:* Authority G.S. 53-42.1; 53-85; 53-92; 53-108; 150A-11(1);  
Eff. February 1, 1976;  
Amended Eff. September 26, 1979;  
Repealed Eff. January 1, 1985.

**04 NCAC 03C .0807 SUBSIDIARY INVESTMENT APPROVAL**

*History Note:* Authority G.S. 53-47; 53-93; 53-95; 53-104;  
Eff. May 1, 1992;  
Amended Eff. December 1, 2011; June 1, 1995;  
Repealed Eff. January 1, 2013.

**SECTION .0900 – OPERATIONS**

#### **04 NCAC 03C .0901 BOOKS AND RECORDS**

(a) Each bank, each affiliate of the bank, and the bank's parent holding company, shall keep, and make available for examination by the representatives of the Commissioner of Banks, books and records that reflect all the transactions of the bank in its true financial condition. Such records shall be kept so as to permit and facilitate a speedy examination, by the representatives of the Commissioner of Banks. Without implying that these are the only books and records to be kept, the following books and records shall be kept at the bank, or at its parent holding company, unless another storage site is approved by the Commissioner of Banks in writing by letter or other written agreement:

- (1) Alphabetical direct and indirect liability ledgers. Each bank shall keep an alphabetical direct and indirect liability ledger. The alphabetical direct liability ledger shall show a customer's direct obligations owed to the bank by loan name or account number and the balance outstanding under each account. The alphabetical indirect liability ledger shall show a customer's indirect obligations owed to the bank by loan name or account number and the balance outstanding under each account. The alphabetical direct liability ledger shall be kept in balance with the general ledger control. The alphabetical indirect liability ledger shall be updated at least monthly. Where the aggregate total of a customer's direct and indirect obligations to the bank do not exceed twenty thousand dollars (\$20,000), the indirect obligations of that customer may be omitted from the alphabetical indirect liability ledger. In a bank whose automated record system is not able to produce an alphabetical liability ledger, the bank shall produce an alphabetical listing of borrowers showing all of a customer's loan or account numbers and the amount outstanding under each number when called upon by representatives of the Commissioner of Banks. Each bank shall have the ability to produce both the direct and indirect liability ledgers in hard copy form upon request by representatives of the Commissioner of Banks.
- (2) Monthly reconciliation of accounts with correspondent banks. A record shall be kept, showing the monthly reconciliation of each account with correspondent banks. A signed review of such reconciliations shall be made by an officer or employee of the bank other than the person responsible for preparing the reconciliation.
- (3) Purchases and sales of securities. A record shall be kept of purchases and sales of securities. The record shall include the following:
  - (A) dates of purchases and sales;
  - (B) interest rates;
  - (C) maturities;
  - (D) par value;
  - (E) cost value;
  - (F) all write-ups or write-downs;
  - (G) a full description of the security;
  - (H) from whom purchased;
  - (I) to whom sold;
  - (J) purchase price;
  - (K) selling price; and
  - (L) when, where, and why pledged or deposited.

This record shall be maintained in balance with the general ledger control.

- (4) Charge-offs. A record shall be kept of all items charged off and of all recoveries. All charge-offs shall be authorized or approved by the executive committee or by the board of directors and such action recorded in their minutes. The charge-off record shall show the date of the charge-off, a description of the asset, and the amount of the charge-off. The record shall be supported by the actual charged-off items, or the final disposition of any charged-off item. The record of recoveries shall show the date and amount of each recovery.
- (5) Records of real estate. A record shall be kept on all parcels owned, including the banking house. The record shall show when the property was acquired, how the property was acquired, the cost of the property, the book value of the property, and detailed income and expense reports relating to the property. This record shall be supported by appraisals, title certificates showing assessed value, tax receipts, and hazard insurance policies relating to the property.
- (6) Meeting minutes and consent to action. Minutes of all board of directors meetings, board committee meetings, and stockholders meetings (including each consent to action without a meeting), shall be kept showing any action resulting from the meeting. All minutes shall be signed by the chairman and the secretary of such meeting.

- (7) Cash items held over. A daily record shall be kept of all cash items held over from the day's business, including all checks that would cause an overdraft if handled in the regular way. This record shall be kept in balance with the general ledger control and shall identify the account on which the item is drawn or is obligated for payment, the reason the item is being held, the date the item was placed in the cash items account, and the amount of the item.
- (8) Record of income and expenses. A detailed record of income and expenses shall be kept and balanced monthly. A report of this record shall be made to the executive committee or board of directors, and the receipt of same noted in their minutes.
- (9) Industrial bank reports of condition. Each industrial bank, when preparing a report of condition and income, shall include and make a part of its report a list of those whose aggregate direct and indirect obligations to the bank, including paper purchased by the bank, are in excess of ten percent of the industrial bank's capital, surplus, and undivided profits. In lieu of this list, the industrial bank may maintain a direct and indirect liability ledger in accordance with Subparagraph (a)(1) of this Rule.

(b) Unless another storage site is approved by the Commissioner of Banks in writing by letter or other written agreement, a bank's books and records and the books and records of the bank's parent holding company shall be kept at the bank or at the bank's parent holding company; and the books and records of an affiliate of the bank shall be kept at the affiliate, the bank, or the bank's parent holding company.

(c) Based upon the condition of a bank as determined by examination or otherwise, the Commissioner of Banks may require a bank to prepare or maintain different or additional books, records, and reports.

*History Note: Authority G.S. 53C-8-6; Eff. February 1, 1976; Amended Eff. October 1, 2014; June 1, 1995; May 1, 1992; October 1, 1990; September 1, 1983; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.*

**04 NCAC 03C .0902 REQUIRED ACCOUNTS**

To ensure that the books and records of the bank properly reflect all of its liabilities, the following reserve accounts shall be set up and maintained by all banks:

- (1) Reserve for Interest Due Depositors. This reserve shall be set up and proper entries made at least once each month. As interest is paid to depositors, payments shall be charged to this account. Each month, as credits are made to this reserve, the amount shall be charged to interest paid to depositors' accounts.
- (2) Reserve for Unearned Interest on Loans. All interest collected on notes shall be credited to this account on the day it is collected. At least once each month, earned interest shall be computed, charged to this account, and credited to earned interest account. This Subparagraph shall not apply to loans where interest is accounted for through an income-earned-not-collected account.
- (3) Bond Income Earned; Not Collected. At least once each month, the income on bonds earned during the month shall be charged to this account and credited to the bond income account. As coupons are collected, they shall be credited to this account.

*History Note: Authority G.S. 53C-8-1; 53C-8-6; Eff. February 1, 1976; Amended Eff. October 1, 2014; September 1, 1990; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.*

**04 NCAC 03C .0903 RETENTION: REPRODUCTION AND DISPOSITION OF BANK RECORDS**

(a) Each bank, at a location with secured access, shall keep and retain books, ledgers, records, and documents set forth for the periods specified.

Bank Records to be Retained	Minimum <u>Retention Period</u>
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ACCOUNTING

- 1. Daily Reserve Calculation and Averages 3 years

2.	Difference Records (Over/Short)	2 years
3.	Paid Bills and Invoices	3 years
4.	Quarterly Report of Condition and Income and Supporting Work Papers	5 years

#### ADMINISTRATIVE

1.	Documentation of Charged-off Assets	10 years
2.	Escheat Reports and Records	10 years
3.	Minutes of Meetings of Stockholders, Directors, and Board Committees	Permanent

#### AUDIT

1.	Audit Reports (Internal and External)	3 years
2.	Audit Work Papers (Internal)	3 years

#### BANK PROPERTIES

1.	Fixed Assets-Evidence of Ownership (After Acquisition)	5 years
2.	Fixed Assets-Leases (After Termination)	5 years
3.	Real Estate-Construction Records	5 years
4.	Real Estate-Deeds	Until conveyed
5.	Real Estate-Leases (After Termination)	5 years

#### CAPITAL

1.	Capital Stock Certificate Books, Stubs, or Interleaves	Permanent
2.	Capital Stock Ledger	Permanent
3.	Capital Stock Transfer Register	Permanent
4.	Proxies	3 years

#### COLLECTIONS

1.	Collection Registers (Incoming and Outgoing)	3 years after item paid or returned
2.	Receipts and Advices (After Closed)	1 year

#### CREDIT CARDS

1.	Borrowing Authority Resolutions (After Closed)	3 years
2.	Customer Application (After Closed)	1 year
3.	Disclosure and Compliance Documents	25 months
4.	Merchants' Agreement (After Closed)	2 years
5.	Posting or Transaction Journal	2 years
6.	Sales Tickets or Drafts	3 years
7.	Statement of Account	5 years

#### DEMAND DEPOSIT AND TRANSACTION ACCOUNTS

1.	Checks and Debits	5 years
2.	Daily Report on Overdrafts	2 years
3.	Deposit Resolutions (After Closed)	3 years
4.	Deposit Tickets and Credits	5 years
5.	Ledgers, Statements, or Stubs	5 years
6.	Letters of Administration	5 years
7.	Posting or Transaction Journals	5 years
8.	Powers of Attorney	5 years after closing

9.	Return Item Records	1 year
10.	Signature Cards (After Closed)	5 years
11.	Stop Payment Orders	1 year
12.	Undelivered Statements	1 year
13.	Unidentified or Unclaimed Deposit Records	Until escheated

#### DUE FROM BANKS

1.	Advice of Entry (After Cleared)	3 months
2.	Drafts (After Paid)	5 years
3.	Draft Register	Until paid
4.	Reconcilements	5 years
5.	Statements	3 years

#### GENERAL LEDGER

1.	Daily Statement of Condition	5 years
2.	General Journal (If Book of Original Entries, with Descriptions)	15 years
3.	General Ledgers	15 years
4.	General Ledger Tickets	5 years

#### INSURANCE

1.	Bankers Blanket Bond and Excess	5 years
2.	General Casualty Liability Policies Expired	5 years

#### INTERNATIONAL

1.	Bankers Acceptances	3 years
2.	Collection Records	3 years after item paid or returned
3.	Letters of Credit and Documents	3 years after expiration
4.	Transfer Orders (Wire or Written)	1 year

#### INVESTMENTS

1.	Accrual and Bond Amortization or Accretion Records (After Period Ends)	3 years
2.	Brokers' Confirmations, Invoices, Statements	3 years
3.	Ledgers	3 years
4.	Records of Purchases and Sales of Securities	5 years

#### LEASE RECEIVABLES (OTHER THAN REAL ESTATE)

1.	Lease Agreements and Documents (After Termination)	5 years
2.	Rental Payment Records	5 years
3.	Record of Disposition of Property	5 years

#### LEGAL JUDICIAL AUTHORIZATION

1.	Attachments or Garnishments	10 years
2.	Court Case Records (After Final Disposition)	10 years
3.	Probate Court Appointment (After Closed)	10 years

#### LOANS (COMMERCIAL, CONSUMER, MORTGAGE)

1.	Appraisals, Financing Statements, and	Until paid
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	Title Opinions Pertaining to Collateral	
2.	Borrowing Resolutions	3 years after payment of debt
3.	Credit Files (Financial Statements, Applications, Correspondence) (After Paid)	2 years
4.	Collateral Records (After Released)	5 years
5.	Interest Rebate Records	1 year
6.	Liability Cards or Ledgers (After Closed)	3 years
7.	Loan Ledger Cards or History Sheets (After Paid)	3 years
8.	Loan Proceeds Disbursement Records	Until paid
9.	Loans Paid Record	3 years
10.	Mortgage Files and Supporting Documents (After Paid)	2 years
11.	Note or Loan Register (After Paid)	3 years
12.	Posting or Transaction Journal	2 years

#### MAIL

1.	Insurance Records of Registered and Certified	1 year
2.	Registered and Certified Records (In and Out)	1 year
3.	Return Receipt Record	1 year

#### MISCELLANEOUS

1.	Cash and Security Vault Records-Opening, Closing	6 months
2.	Taxes>Returns and Supporting Papers IRS and Dept. of Revenue	3 years or until cleared by
3.	Travelers Checks-Applications	1 year

#### MONEY TRANSFER

1.	Copy of Incoming and Outgoing Transfers	1 year
2.	General Correspondence	1 year
3.	Receipts and Advices (After Closed)	1 year
4.	Transfer Request Records	1 year

#### NIGHT DEPOSITORY

1.	Customer Agreement (After Closed)	1 year
2.	Customer Receipt	1 year
3.	Daily Inventory	1 year

#### OFFICIAL CHECKS

1.	Official Checks (Dividend, Cashiers, Expense, Loan) and Money Orders (After Paid)	5 years
2.	Official Check Register or Carbon Copy	Until paid or escheated
3.	Certified Checks or Receipts (After Paid)	5 years
4.	Certified Check Register or File Copy	Until paid or escheated
5.	Affidavits and Indemnity pertaining to Issuance of Duplicate Checks	Permanent

#### PROOF AND TRANSIT

1.	Advice of Correction	6 months
2.	Cash Tickets	6 months
3.	Outgoing Cash Letters and Accompanying Items (Microfilm)	2 years
4.	Proof Sheets, Tapes, and Listings	2 years

### SAFE DEPOSIT

1.	Access Records (After Closed)	3 years
2.	Box History Card	Permanent
3.	Contracts and Agreements (After Closed)	3 years
4.	Forced Entry Records	10 years

### SAFEKEEPING AND CUSTOMER SECURITIES

1.	Broker Confirmations, Invoices, Statements	3 years
2.	Buy and Sell Orders	3 years
3.	Customer Contracts and Agreements (After Closed)	3 years
4.	In and Out Records (Movement of Securities)	3 years
5.	Safekeeping Receipts (After Closed)	3 years

### SAVINGS AND TIME DEPOSITS

1.	Certificates of Deposit Paid	5 years
2.	Certificates of Deposit Records (Register, Ledger, Copy)	Until paid or escheated
3.	Daily Report of Overdrafts	2 years
4.	Debits and Withdrawals	5 years
5.	Deposit and Credit Tickets	5 years
6.	Deposit Resolution (After Closed)	3 years
7.	Ledgers or Statements	5 years
8.	Posting or Transaction Journal	1 year
9.	Signature Cards, Contracts, and Agreements (After Closed)	5 years
10.	Undelivered Statements	1 year
11.	Unidentified or Unclaimed Deposit Records	Until escheated

### TELLERS

1.	Balance Sheets, Recaps, or Records	1 year
2.	Cash Item Report	1 year
3.	Machine Tapes, Cash Ticket Copies, Posting or Transaction Journals	6 months
4.	Daily Record of Cash Items Held Over	1 year

### TRUST (Corporate)

1.	Account Ledger or Record	7 years after account closed
2.	Posting or Transaction Journal	7 years
3.	Bonds of Indemnity	Permanent
4.	Stock Certificates (Cancelled)	until returned to corporation
5.	Dividend Checks – Paid	5 years
6.	Dividend Check Register or Carbon Copy	Until paid
7.	Bonds and Coupons – Cancelled or Cremation Certificates	7 years after paid or until returned to corporation
8.	Resolutions and Authorizations	7 years after account closed

### TRUST (Employee Benefit)

1.	Accountings	6 years after account closed
2.	Agreements, Authorizations, and Resolutions	6 years after account closed
3.	Account Ledger or Record	6 years after account closed
4.	Disbursement Checks	6 years

- |    |                               |            |
|----|-------------------------------|------------|
| 5. | Check Register or Carbon Copy | Until Paid |
| 6. | Bonds of Indemnity            | Permanent  |

TRUST (Personal)

- |    |                               |                              |
|----|-------------------------------|------------------------------|
| 1. | Accountings                   | 3 years after account closed |
| 2. | Agreements and Authorizations | 5 years after account closed |
| 3. | Account Ledger or Record      | 7 years after account closed |
| 4. | Minutes of Committee Meetings | Permanent                    |
| 5. | Receipts for Assets Delivered | 3 years after account closed |
| 6. | Tax Return                    | 10 years or until IRS clears |
| 7. | Disbursement Checks           | 5 years                      |
| 8. | Check Register or Carbon Copy | Until paid                   |
| 9. | Bonds of Indemnity            | Permanent                    |

(b) Nothing in these Rules shall prohibit any bank or branch thereof from keeping and maintaining any and all of its records for a longer period of time than set forth by the minimum retention period.

(c) Paragraph (a) of this Rule sets forth state minimum records retention requirements and does not include nor cover records required to be kept by federal agencies such as federal bank supervisory agencies, and other federal agencies. Banks shall also observe the requirements of such federal agencies in retention of records required by such agencies.

(d) Nothing in these Rules shall prohibit any bank or branch from causing any or all of its records, whether permanent records or records designated to be retained for a minimum period of time, to be maintained pursuant to G.S. 53C-6-14.

*History Note: Authority G.S. 53C-2-5; 53C-6-14; 53C-8-1; Eff. February 1, 1976; Amended Eff. October 1, 2014; January 1, 2013; May 1, 1992; September 1, 1990; January 1, 1985; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.*

**04 NCAC 03C .0904 LETTERS OF CREDIT**

The bank shall maintain supporting records on all letters of credit issued and outstanding, except for letters of credit sold for cash, and shall show the following information:

- (1) the name of the account party for whom the letter of credit is established;
- (2) the name of the beneficiary;
- (3) the amount;
- (4) the expiration date; and
- (5) the terms under which payment is authorized.

*History Note: Authority 53C-8-1; Eff. April 21, 1979; Amended Eff. October 1, 2014; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.*

**04 NCAC 03C .0905 INVESTMENT AUTHORITY**

A bank may invest in mutual funds to the same extent and within the same limitation as permitted for national banks by statute, regulation, or interpretation of the applicable federal regulator, as reflected in the U.S. Office of the Comptroller of Currency "Investment Securities: Comptroller's Handbook" (Section 203) or their written interpretations that is hereby incorporated by reference and shall include any later amendments and editions of the referenced material. This information may be obtained from the Office of the Comptroller of Currency website at <http://www.occ.gov/publications/publications-by-type/comptrollers-handbook/investsecurities1.pdf> at no cost at the time of adoption of this Rule.

*History Note: Authority G.S. 53C-5-2; Eff. October 1, 2014;*

*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.*

## **SECTION .1000 - LOAN ADMINISTRATION AND LEASING**

### **04 NCAC 03C .1001 LOAN DOCUMENTATION**

(a) Each bank shall establish and maintain loan documentation practices that include the following:

- (1) enable the institution to make an informed lending decision and to assess risk, as necessary on an ongoing basis;
- (2) identify the purpose of a loan and the source of repayment, and assess the ability of the borrower to repay the indebtedness in a timely manner;
- (3) ensure that any claim against a borrower is legally enforceable;
- (4) demonstrate appropriate administration and monitoring of a loan; and
- (5) take account of the size and complexity of a loan.

Loan documentation practices shall comply with the requirements of the Interagency Guidelines Establishing Standards for Safety and Soundness, 12 C.F.R. Part 364 Appendix A, as applied by the Federal Deposit Insurance Corporation or the Federal Reserve System, which are hereby incorporated by reference including subsequent amendments or additions. This information is available at <https://www.ecfr.gov/> at no cost.

(b) Each bank shall maintain on file the following loan documentation:

- (1) Certificate of Title. A title opinion furnished by an attorney at law, a title report, a title insurance policy issued by a company licensed by the Commissioner of Insurance, or other insurance coverage that provides the bank similar protection against loss from title defects, errors, or omissions at closing, or related risks, shall be obtained in connection with each deed of trust or mortgage given as security on each real estate-secured loan when:
  - (A) the loan is primarily secured by real property and only secondarily by the borrower's general credit-worthiness; and
  - (B) the amount of the loan secured by the real property is one hundred thousand dollars (\$100,000) or more.
- (2) Corporate Resolutions. A loan made to a corporation shall be supported by a certified copy of a resolution of the board of directors of the corporation, authorizing the loan transaction.
- (3) Partnership Declaration. A loan made to a partnership shall be supported by a declaration of the general partners showing the composition of the partnership and unless all partners sign the note, the authority of the partner(s) executing the note to bind the partnership.
- (4) Limited Liability Company Certification. A loan made to a limited liability company shall be supported by a certification of a manager thereof that the loan has been duly authorized by the limited liability company.
- (5) Unlisted Securities Held as Collateral. Full credit information on all unlisted securities shall be kept on file in the bank.

*History Note: Authority G.S. 53C-6-1; 53C-8-1;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2014; December 1, 2011; April 1, 2007; June 1, 1995; May 1, 1992;  
September 1, 1990; September 1, 1983;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017;  
Amended April 1, 2018.*

### **04 NCAC 03C .1002 LEASING OF PERSONAL PROPERTY**

Each bank acquiring and leasing personal property or, acquiring personal property that is subject to an existing lease together with the lessor's interest therein and incurring such additional obligations as may be incident to becoming an owner and lessor of such property, may do so only when subject to the following restrictions:

- (1) Before the acquisition, upon the specific request and for the use of the customer, the prospective lessee shall execute an agreement to lease such property;
- (2) During the minimum period of the lease, the terms of the lease shall require payment to the bank by the lessee of rentals that, in the aggregate shall exceed the total expenditures by the bank for or in

connection with the ownership, maintenance, and protection of the property. In determining the total expenditures under this Rule, a bank may deduct a realistic residual value in determining the rentals to be charged during the term of a lease agreement. Any unguaranteed portion of the estimated residual value relied upon by the bank to calculate total expenditures under this Rule may not exceed 25 percent of the original cost of the property to the lessor. The amount of any estimated residual value guaranteed by a manufacturer, the lessee, or a third party that is not an affiliate of the bank may exceed 25 percent of the original cost of the property where the bank determines and provides supporting documentation that the guarantor has the resources to meet the guarantee;

- (3) The total leasing obligations or rentals to any bank of any person, partnership, association, corporation, or limited liability company shall at no time exceed the legal limit permitted by G.S. 53C-6-1;
- (4) The overall investment of the bank in such property leased to all lessees shall at no time exceed 200 percent of its capital;
- (5) The bank shall at all times maintain protection by way of insurance or indemnity provided by the lessee;
- (6) No lease or other agreement shall obligate the bank to maintain, repair, or service personal property in connection with any lease held by it;
- (7) No personal property acquired pursuant to the ownership or lease of personal property shall be included in the computable investment in fixed assets under G.S. 53C-5-2;
- (8) Rental payments collected by the bank under lease arrangements shall be rent and shall not be deemed to be interest or compensation for the use of money loaned;
- (9) Upon expiration of any lease, whether by virtue of the lease agreement or by virtue of the retaking of possession by the bank, such personal property shall be re-let, sold, otherwise disposed of, or charged off within one year from the time of expiration of such lease; and
- (10) Upon written request, the Commissioner of Banks may waive or modify any of the foregoing restrictions. In evaluating such a request, the Commissioner of Banks shall consider the following factors:
  - (a) the bank's size, profitability, capital sufficiency, risk profile, market, and operational capabilities, especially with a view towards the bank's involvement in lease financing;
  - (b) current best practices of financial institutions engaged in lease financing;
  - (c) the nature, size, duration, aggregate amount, and other risks attendant to the bank's lease financing transactions; and
  - (d) the risk of significant loss to the bank if the Commissioner of Banks does not grant the request.

*History Note:* Authority G.S. 53C-2-5; 53C-5-2; 53C-8-1;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2014; January 1, 2013; April 1, 2007; September 1, 1990; September 1, 1983; May 1, 1982;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.

## **SECTION .1100 - CAPITAL**

**04 NCAC 03C .1101      DEFINITIONS: ISSUANCE OF CAPITAL NOTES AND DEBENTURES**  
**04 NCAC 03C .1102      CAPITAL DEBENTURES AND NOTES**

*History Note:* Authority G.S. 53-1; 53-43.4; 53-92; 53-104;  
Eff. February 1, 1976;  
Amended Eff. June 1, 1995; September 26, 1979;  
Repealed Eff. April 1, 2007.

**04 NCAC 03C .1103      CAPITAL STOCK**  
**04 NCAC 03C .1104      MAINTENANCE OF CAPITAL SURPLUS**  
**04 NCAC 03C .1105      NOTICE OF IMPAIRMENT**

*History Note:* Authority G.S. 53-1(3)d; 53-2(4); 53-42; 53-104;  
Eff. May 1, 1992;  
Repealed Eff. January 1, 2013.

#### **SECTION .1200 - DEPOSITS**

**04 NCAC 03C .1201 SCHOOL THRIFT OR SAVINGS PLAN**  
**04 NCAC 03C .1202 RESUME OF THE PLAN**

*History Note:* Authority G.S. 53-43.6; 53-92; 53-104;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 2013.

#### **SECTION .1300 - BANK PERSONNEL**

**04 NCAC 03C .1301 ANNUAL VACATION**

*History Note:* Authority G.S. 53-92; 53-104;  
Eff. February 1, 1976;  
Amended Eff. June 1, 1995; October 1, 1990;  
Repealed Eff. April 1, 2007.

**04 NCAC 03C .1302 SHARE PURCHASE AND OPTION PLANS**

*History Note:* Authority G.S. 53-10; 53-43; 53-43.3; 53-104;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2011; June 1, 1995; July 1, 1990;  
Repealed Eff. January 1, 2013.

**04 NCAC 03C .1303 INSIDER TRANSACTIONS**

*History Note:* Authority G.S. 53-92; 53-95; 53-104; 53-106; 53-110;  
Eff. April 21, 1979;  
Repealed Eff. January 1, 1984.

#### **SECTION .1400 - LEGAL RESERVE**

**04 NCAC 03C .1401 REQUIREMENT OF RESERVE FUND**

- (a) The amount of the reserve fund which shall be established and maintained shall at all times equal the reserves required by the Federal Reserve System for non-member banks.
- (b) In the event the reservable liabilities of any bank are such that no reserve is required of that bank by the Federal Reserve System, such bank shall maintain a reserve fund equal to three percent of its total deposits of every kind which are not secured by a deposit of bonds, notes, bills, and certificates of indebtedness of the United States, or agency thereof, or other obligations guaranteed by the United States Government, or the bond obligations of the State of North Carolina, its counties, municipalities, and other political subdivisions thereof.

*History Note:* Authority G.S. 53C-4-11;  
Eff. February 1, 1976;  
Amended Eff. July 1, 1990; August 6, 1981;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.

**04 NCAC 03C .1402 BASIS FOR COMPUTATION AND MAINTENANCE**

Required reserves shall be computed on the basis of the daily average deposit balance during a 14-day period ending every second Monday (the "computation period"). The method for determining the amount of reserve required is set forth in Rule .1401 of this Section. The reserves that are required to be maintained shall be maintained during a corresponding 14-day period (the "maintenance period") that begins on the second Thursday following the end of a given computation period and ends on the second Wednesday thereafter. For non-business days, deposit figures of the prior banking day shall be used.

*History Note:* Authority 53C-4-11;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2014; July 1, 1990; August 6, 1981;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.

#### **04 NCAC 03C .1403 RESERVE FUND DEFINED**

*History Note:* Authority G.S. 53-51; 53-92; 53-104;  
Eff. September 26, 1979;  
Amended Eff. August 6, 1981;  
Repealed Eff. January 1, 2013.

### **SECTION .1500 - AUTOMATION AND DATA PROCESSING**

#### **04 NCAC 03C .1501 CUSTOMER-BANK COMMUNICATION TERMINALS 04 NCAC 03C .1502 LIMITATIONS**

*History Note:* Authority G.S. 53-62; 53-92; 53-104;  
Eff. February 1, 1976;  
Amended Eff. May 1, 1992; September 1, 1990;  
Repealed Eff. April 1, 2001.

### **SECTION .1600 – FEES**

#### **04 NCAC 03C .1601 FEES, COPIES AND PUBLICATION COSTS**

(a) For applications, petitions, and other proceedings to be filed with the Commissioner of Banks, the following fees shall be paid to the Commissioner of Banks at the time of filing:

- |     |   |            |
|-----|---|------------|
| (1) | Application for the Formation of a New Bank or State Trust Institution  | \$8,000.00 |
| (2) | Application to Merge or Consolidate Banks, State Trust Institutions, or Bank Holding Companies (fee is per institution) | \$5,000.00 |
| (3) | Application for Reorganization Into a Bank Holding Company Through an Interim Bank (fee is per bank)                    | \$3,000.00 |
| (4) | Application for Bank or Bank Holding Company Change in Control  | \$5,000.00 |
| (5) | Application for Conversion of a National Bank to State Charter  | \$2,500.00 |
| (6) | Application for Voluntary Liquidation   | \$3,000.00 |
| (7) | Application for Conversion of a Savings and Loan Association or a Savings Bank to a State Bank                          | \$2,500.00 |

(b) The fees set forth in Paragraph (a) of this Rule are for standard applications, petitions, and other proceedings filed and considered in the ordinary course of business. Any application, petition, or other proceeding that in the opinion of the Commissioner of Banks requires extraordinary review, investigation, or special examination shall be subject to the actual costs of additional expenses and the hourly rate for the staff's time to be determined annually by the Banking Commission. The Commissioner of Banks shall advise an applicant or petitioner in advance of any additional work required and the hourly rate for the same. The hourly rate shall be:

- |     |                                 |         |
|-----|---------------------------------|---------|
| (1) | For Senior Administrative staff | \$75.00 |
| (2) | For Senior Examination Staff    | \$50.00 |
| (3) | For Financial Program Manager   | \$35.00 |
| (4) | For Financial Examiner          | \$25.00 |

(c) Unless otherwise stated, publications externally printed may be obtained at a cost equal to the actual cost of printing plus shipping and handling. All other publications or public record copies are available at the "actual cost" as defined in G.S. 132-6.2(b) for making the copy and mailing cost if applicable. The Office of the Commissioner of Banks shall provide its "actual cost" on the agency's website.

*History Note:* Authority G.S. 53C-3-1; 53C-5-2; 53C-7-101; 53C-7-201; 53C-7-207; 53C-7-301; 53C-10-102; 53C-10-103; 53C-10-201; 54B-34.2; 54C-47;  
Eff. July 1, 1990;  
Amended Eff. October 1, 2014; June 1, 2004; June 1, 1995; May 1, 1992; July 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.

## **SECTION .1700 – NON-BRANCH BANK BUSINESS OFFICE**

### **04 NCAC 03C .1701 DEFINITIONS**

*History Note:* Authority G.S. 53-104; 53-115; 53-127;  
Eff. June 1, 1995;  
Repealed Eff. January 1, 2013.

### **04 NCAC 03C .1702 ESTABLISHMENT OF A NON-BRANCH BANK BUSINESS OFFICE (NBBO)**

(a) A bank may establish or relocate a NBBO as defined in G.S. 53C-1-4(46) upon giving written notice to the Commissioner of Banks. The notice shall acknowledge:

- (1) The NBBO may be used to solicit loans, assemble credit information, make property inspections and appraisals, complete loan applications, perform preliminary paper work in preparation for the making of loans, and provide banking related services and products, other than the taking of deposits;
- (2) Loans may not be approved and loan proceeds may not be disbursed through the NBBO;
- (3) The NBBO may not be used to accept deposits; and
- (4) The NBBO may be inspected by the Commissioner of Banks for compliance with the written notice, and the cost of the inspection shall be borne by the bank.

(b) The bank shall provide written notice to the Commissioner of Banks when relocating or closing any NBBO.

(c) If required by the Secretary of State, the NBBO shall obtain a certificate of authority to do business in North Carolina.

*History Note:* Authority G.S. 53C-1-4(46); 53C-6-18; 53C-8-2(3);  
Eff. June 1, 1995;  
Amended Eff. October 1, 2014;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.

### **04 NCAC 03C .1703 ESTABLISHMENT OF LOCKBOX SERVICES**

### **04 NCAC 03C .1704 ESTABLISHMENT OF A TRUST REPRESENTATIVE OFFICE (TRO)**

*History Note:* Authority G.S. 53-104; 53-115; 53-127;  
Eff. June 1, 1995;  
Repealed Eff. January 1, 2013.

## **SECTION .1800 - COURIER SERVICE**

### **04 NCAC 03C .1801 ESTABLISHMENT OF COURIER SERVICES**

A bank may provide a courier or messenger service to its customers only if:

- (1) the bank complies with the requirements imposed by the Private Protective Services Act G.S. 74C-1. Et. Seq.; and
- (2) a written agreement between the bank and the customers contains the following:
  - (a) a statement that the courier is the agent of the customer and not the agent of the bank;



- (b) a statement that deposits collected by the courier or messenger are received by the bank when the deposits have been delivered to a teller at the bank's premises or a location that is eligible and designated by the bank to receive deposits;
- (c) a statement that negotiable instruments collected by the courier or messenger are paid at the bank when delivered to the courier or messenger; and
- (d) an acknowledgment by the customer that transactions conducted by a courier service are not insured by the FDIC.

*History Note:* Authority G.S. 53C-5-1; 53C-8-1;  
Eff. June 1, 1995;  
Amended Eff. October 1, 2014;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.

#### **04 NCAC 03C .1802 COMPLIANCE AND DISCLOSURE REQUIREMENTS**

*History Note:* Authority G.S. 53C-5-1; 53C-8-1;  
Eff. June 1, 1995;  
Repealed Eff. October 1, 2014.