

Article 8.

Other Investments.

**§ 54B-180. Other investments.**

In addition to the loans and investments permitted under Article 7 of this Chapter, the assets of a State association in excess of the demands of its members or customers may be invested subject to the approval of the board of directors only as described under the provisions of this Article. (1981, c. 282, s. 3.)

**§ 54B-181. Business property of a State association.**

A State association may invest in real property and equipment necessary for the conduct of its business and in real property to be held for its future use. Such association may invest in an office building or buildings, and appurtenances for the purpose of the transaction of such association's business or for rental. No such investment may be made without the prior written approval of the Commissioner of Banks if the total amount of such investments exceeds the association's net worth. (1981, c. 282, s. 3; 2001-193, s. 16.)

**§ 54B-182. United States obligations.**

A State association may invest in any obligation issued and fully guaranteed in principal and interest by the United States government or any instrumentality thereof. (1981, c. 282, s. 3.)

**§ 54B-183. North Carolina obligations.**

A State association may invest in any obligation issued and fully guaranteed in principal and interest by the State of North Carolina or any instrumentality thereof. (1981, c. 282, s. 3.)

**§ 54B-184. Federal Home Loan Bank obligations.**

A State association may invest in the stock of the Federal Home Loan Bank of which such association is a member, and in bonds or other evidences of indebtedness or obligation of any Federal Home Loan Bank. (1981, c. 282, s. 3.)

**§ 54B-185. Deposits in banks.**

A State association may invest in certificates of deposit, time insured deposits, savings accounts, or demand deposits of such banks as are approved by the board of directors of the association. (1981, c. 282, s. 3.)

**§ 54B-186. Deposits in other associations.**

A State association may invest in withdrawable accounts of any association as approved by the board of directors. (1981, c. 282, s. 3; 1981 (Reg. Sess., 1982), c. 1238, s. 18.)

**§ 54B-187. Fannie Mae obligations.**

A State association may invest in stock or other evidences of indebtedness or obligations of Fannie Mae, or any successor thereto. (1981, c. 282, s. 3; 2001-487, s. 14(d).)

**§ 54B-188. Municipal and county obligations.**

A State association may invest in bonds or other evidences of indebtedness which are direct general obligations of any county, city, town, village, school district, sanitation or park district, or other political subdivision or municipal corporation of this State; or in bonds or other evidences of

indebtedness which are payable from revenues or earnings specifically pledged therefor, which are issued by the county or an adjoining county or a political subdivision or municipal corporation of a county in this State. (1981, c. 282, s. 3.)

**§ 54B-189. Stock in education agency.**

A State association may invest in stock or obligations of any corporation doing business in this State, or of any agency of this State or of the United States, where the principal business of such corporation or agency is to make loans for the financing of a college or university education, or education at a community college in this State. (1981, c. 282, s. 3; 1987, c. 564, s. 14.)

**§ 54B-190. Industrial development corporation stock.**

A State association may invest in stock or other evidence of indebtedness or obligations of business or industrial development corporations chartered by this State or by the United States. (1981, c. 282, s. 3.)

**§ 54B-191. Urban renewal investment corporation stock.**

A State association may invest in stock or other evidence of indebtedness or obligations of an urban renewal investment corporation chartered under the laws of this State or of the United States. (1981, c. 282, s. 3.)

**§ 54B-192. Urban renewal projects.**

(a) A State association may invest in the initial purchase and development, or the purchase or commitment to purchase after completion, of unimproved residential real property or improved residential real property for sale or rental, including projects for the reconstruction, rehabilitation or rebuilding of residential properties to meet the minimum standards of health and occupancy prescribed by appropriate local authorities, and the provision of accommodations for retail stores, shops and other community services which are reasonably incident to such housing projects. No such investment shall be made under the provisions of this section without the prior approval of the Commissioner of Banks. The Commissioner of Banks may approve such investment under the provisions of this section only when the association shows:

- (1) That the association has adequate assets available for such an investment;
- (2) That the amount of the proposed investment does not exceed ninety percent (90%) of the reasonable market value of the property or interest therein; and
- (3) Reserved.
- (4) That the proposed project is to be located in an area, including any contiguous area acquired incidentally thereto, determined by the Commissioner of Banks to be an urban renewal, redevelopment, blighted or conservation area, or any similar area provided for by the laws of this State or of the United States, or local ordinances for slum clearance, conservation, blighted area clearance, redevelopment, urban renewal or of a similar nature or purpose.

(b) Nothing herein contained shall prohibit a State association from developing or building on land acquired by it under any other provisions of this Chapter; nor shall a State association be prohibited from completing the construction of buildings pursuant to any construction loan contract where the borrower has failed to comply with the terms of such contract. (1981, c. 282, s. 3; 2001-193, s. 16.)

**§ 54B-193. Loans on sufficient collateral; other investments.**

(a) A State association may invest in loans secured by any collateral deemed sufficient by the board of directors to properly secure loans; however, if the collateral consists of stock or equity securities of any kind, the stock or securities must be listed on a national stock exchange or regularly quoted and offered for trade on an over-the-counter market.

(b) Subject to such limitations as the Commissioner of Banks may prescribe by regulation, a State association may invest in any investment deemed appropriate by its board of directors. (1981, c. 282, s. 3; 1981 (Reg. Sess., 1982), c. 1238, s. 19; 2001-193, s. 16.)

#### **§ 54B-194. Service corporations.**

(a) Any association or group of associations whose principal offices are located within this State, may establish service corporations under the provisions of Chapter 55 for corporate organization, provided that the Commissioner of Banks receives copies of the proposed articles of incorporation and bylaws for approval, prior to filing them with the Secretary of State. Any such association may also invest in the capital stock, obligations or other securities of existing service corporations.

(b) No State association may make any investment in service corporations if its aggregate investment would exceed ten percent (10%) of its total assets.

(c) Service corporations shall be subject to audit and examination by the Commissioner of Banks, and the cost of examination shall be paid by the service corporation.

(d) The permitted activities of a service corporation shall be described in the rules and regulations as promulgated by the Commissioner of Banks. In addition, a service corporation may engage in those activities which are approved for service corporations owned solely by federal associations who have their principal offices in this State, unless such activities are prohibited by the Commissioner of Banks.

(e) The location of the principal and branch offices of a service corporation must be approved by the Commissioner of Banks. (1981, c. 282, s. 3; 1981 (Reg. Sess., 1982), c. 1238, s. 20; 1989 (Reg. Sess., 1990), c. 806, s. 11; 2001-193, s. 16.)

#### **§ 54B-195. Any loan or investment permitted for federal associations.**

Subject to such limitations and restrictions as the Commissioner of Banks may prescribe through rules and regulations, any State association is authorized and permitted to make any loan or investment, or engage in any activity, which may be permitted for federal associations whose principal offices are located within this State. Every loan or investment made by a State association prior to the enactment of this Chapter shall for all purposes be considered to have been permitted loans or investments if federal associations were authorized to make such loans or investments at the time they were made by the State association. (1981, c. 282, s. 3; 1983, c. 144, s. 21; 1989 (Reg. Sess., 1990), c. 806, s. 12; 2001-193, s. 16.)

#### **§ 54B-196. Reserved for future codification purposes.**

#### **§ 54B-197. Effect of change in law or regulation.**

Any loan or investment made by a State association which was in compliance with the law or regulations in effect at the time such loan or investment was made will remain a legal loan or investment even though the power to make such loans or investments in the future is amended or revoked. (1981, c. 282, s. 3.)

#### **§§ 54B-198 through 54B-209. Reserved for future codification purposes.**