

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 899

Short Title: Confidentiality of Financial Institutions' Records. (Public)

Sponsors: Senators Rand and Carpenter.

Referred to: Commerce

May 1, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT CERTAIN FINANCIAL INSTITUTIONS' RECORDS
3 ARE CONFIDENTIAL.

4 The General Assembly of North Carolina enacts:

5 Section 1. Article 8 of Chapter 53 of the General Statutes is amended by
6 adding a new section to read:

7 "**§ 53-99.1. Confidential records.**

8 (a) As used in this section:

9 (1) 'Compliance review committee' means:

10 a. An audit, loan review, or compliance committee appointed by the
11 board of directors of a bank or any other person to the extent the
12 person acts at the direction of or reports to a compliance review
13 committee; and

14 b. Whose functions are to audit, evaluate, report, or determine
15 compliance with any of the following:

16 1. Loan underwriting standards;

17 2. Asset quality;

18 3. Financial reporting to federal or State regulatory agencies;

19 4. Adherence to the bank's investment, lending, accounting,
20 ethical, and financial standards; or

1 5. Compliance with federal or State statutory requirements.

2 (2) 'Compliance review documents' means documents prepared for or
3 created by a compliance review committee.

4 (3) 'Bank' means a bank chartered under the laws of North Carolina or of
5 the United States and any subsidiaries thereof.

6 (4) 'Loan review committee' means a person or group of persons who, on
7 behalf of a bank, reviews assets, including loans held by the bank, for
8 the purpose of assessing the credit quality of the loans or the loan
9 application process, compliance with the bank's investment and loan
10 policies and compliance with applicable laws and regulations.

11 (5) 'Person' means an individual, group of individuals, board, committee,
12 partnership, firm, association, corporation, or other entity.

13 (b) Banks chartered under the laws of North Carolina or of the United States shall
14 maintain complete records of compliance review documents, and the documents shall be
15 available for examination by any federal or State bank regulatory agency having
16 supervisory jurisdiction. Notwithstanding Chapter 132 of the General Statutes,
17 compliance review documents in the custody of a bank or regulatory agency are
18 confidential, are not open for public inspection, and are not discoverable or admissible in
19 evidence in a civil action against a bank, its directors, officers, or employees."

20 Sec. 2. Article 4 of Chapter 54B of the General Statutes is amended by adding
21 a new section to read:

22 **"§ 54B-63.1. Confidential records.**

23 (a) As used in this section:

24 (1) 'Compliance review committee' means:

25 a. An audit, loan review, or compliance committee appointed by the
26 board of directors of an association or any other person to the
27 extent the person acts at the direction of or reports to a
28 compliance review committee; and

29 b. Whose functions are to audit, evaluate, report, or determine
30 compliance with any of the following:

31 1. Loan underwriting standards;

32 2. Asset quality;

33 3. Financial reporting to federal or State regulatory agencies;

34 4. Adherence to the association's investment, lending,
35 accounting, ethical, and financial standards; or

36 5. Compliance with federal or State statutory requirements.

37 (2) 'Compliance review documents' means documents prepared for or
38 created by a compliance review committee.

39 (3) 'Loan review committee' means a person or group of persons who, on
40 behalf of an association, reviews assets, including loans held by the
41 association, for the purpose of assessing the credit quality of the loans or
42 the loan application process, compliance with the association's

1 investment and loan policies, and compliance with applicable laws and
2 regulations.

3 (4) 'Person' means an individual, group of individuals, board, committee,
4 partnership, firm, association, corporation, or other entity.

5 (b) Associations chartered under the laws of North Carolina or of the United States
6 shall maintain complete records of compliance review documents, and the documents
7 shall be available for examination by any federal or State association regulatory agency
8 having supervisory jurisdiction. Notwithstanding Chapter 132 of the General Statutes,
9 compliance review documents in the custody of an association or regulatory agency are
10 confidential, are not open for public inspection, and are not discoverable or admissible in
11 evidence in a civil action against an association, its directors, officers, or employees."

12 Sec. 3. Article 4 of Chapter 54C of the General Statutes is amended by adding
13 a new section to read:

14 **"§ 54C-60.1. Confidential records.**

15 (a) As used in this section:

16 (1) 'Compliance review committee' means:

17 a. An audit, loan review, or compliance committee appointed by the
18 board of directors of a savings bank or any other person to the
19 extent the person acts at the direction of or reports to a
20 compliance review committee; and

21 b. Whose functions are to audit, evaluate, report, or determine
22 compliance with any of the following:

23 1. Loan underwriting standards;

24 2. Asset quality;

25 3. Financial reporting to federal or State regulatory agencies;

26 4. Adherence to the savings bank's investment, lending,
27 accounting, ethical, and financial standards; or

28 5. Compliance with federal or State statutory requirements.

29 (2) 'Compliance review documents' means documents prepared for or
30 created by a compliance review committee.

31 (3) 'Loan review committee' means a person or group of persons who, on
32 behalf of a savings bank, reviews assets, including loans held by the
33 savings bank, for the purpose of assessing the credit quality of the loans
34 or the loan application process, compliance with the savings bank's
35 investment and loan policies, and compliance with applicable laws and
36 regulations.

37 (4) 'Person' means an individual, group of individuals, board, committee,
38 partnership, firm, association, corporation, or other entity.

39 (b) Savings banks chartered under the laws of North Carolina or of the United
40 States shall maintain complete records of compliance review documents, and the
41 documents shall be available for examination by any federal or State savings bank
42 regulatory agency having supervisory jurisdiction. Notwithstanding Chapter 132 of the
43 General Statutes, compliance review documents in the custody of a savings bank or

1 regulatory agency are confidential, are not open for public inspection, and are not
2 discoverable or admissible in evidence in a civil action against a savings bank, its
3 directors, officers, or employees."

4 Sec. 4. This act is effective upon ratification.