

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 113*

Short Title: Credit Union/Trust Institution Changes. (Public)

Sponsors: Senators Gunn, Horner, and Dunn (Primary Sponsors).

Referred to: Rules and Operations of the Senate

February 22, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE GENERAL STATUTES TO INCLUDE CREDIT UNIONS BY REFERENCING FEDERALLY INSURED DEPOSITORY INSTITUTIONS AND TO INCLUDE TRUST INSTITUTIONS, TO DECREASE THE FREQUENCY OF EXAMINATIONS BY THE ADMINISTRATOR OF CREDIT UNIONS, AND TO CORRECT A CITATION.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 1A-1, Rule 22, reads as rewritten:

"Rule 22. Interpleader.

(a) Persons having claims against the plaintiff may be joined as defendants and required to interplead when their claims expose or may expose the plaintiff to double or multiple liability. It is not ground for objection to the joinder that the claims of the several claimants or the titles on which their claims depend do not have a common origin or are not identical but are adverse to and independent of one another, or that the plaintiff avers that he is not liable in whole or in part to any or all of the claimants. A defendant exposed to similar liability may obtain such interpleader by way of crossclaim or counterclaim. The provisions of this rule supplement and do not in any way limit the joinder of parties permitted in Rule 20.

(b) Where funds are subject to competing claims by parties to the action, the court may order the party in possession of the funds either to deposit the funds in an interest bearing account in a ~~bank, savings and loan, or trust company licensed to do business in this State~~ federally insured depository institution or a trust institution authorized to do business in this State or to deposit the funds with the clerk. If the funds are deposited in a ~~bank, savings and loan, or trust company,~~ federally insured depository institution or a trust institution authorized to do business in this State, the court shall specify the type of interest bearing account to be used. Funds deposited with the clerk shall be invested or deposited as provided in G.S. 7A-112 and G.S. 7A-112.1. Upon determination of the action, the judgment shall provide for disbursement of the principal and interest earned on the funds while so deposited."

SECTION 1.(b) G.S. 20-63.01 reads as rewritten:

"§ 20-63.01. Bonds required for commission contractors.

(a) A guaranty bond is required for each commission contractor that is not a governmental subdivision of this State that is granted a contract to issue license plates or conduct business pursuant to G.S. 20-63. Provided, however, a commission contractor that is unable to secure a bond may, with the consent of the Division, provide an alternative to a guaranty bond, as provided in subsection (c) of this section.

The Division may revoke, with cause, a contract with a commission contractor that fails to maintain a bond or an alternative to a bond, pursuant to this section.



1 (b) (1) When application is made for a contract or contract renewal, the applicant shall
2 file a guaranty bond with the clerk of the superior court and/or the register of
3 deeds of the county in which the commission contractor will be located. The
4 bond shall be in favor of the Division. The bond shall be executed by the
5 applicant as principal and by a bonding company authorized to do business in
6 this State. The bond shall be conditioned to provide indemnification to the
7 Division for a loss of revenue for any reason, including bankruptcy, employee
8 embezzlement or theft, foreclosure, or ceasing to operate.

9 (2) The bond shall be in an amount determined by the Division to be adequate to
10 provide indemnification to the Division under the terms of the bond. The bond
11 amount shall be at least one hundred thousand dollars (\$100,000).

12 (3) The bond shall remain in force and effect until cancelled by the guarantor. The
13 guarantor may cancel the bond upon 30 days' notice to the Division.
14 Cancellation of the bond shall not affect any liability incurred or accrued prior
15 to the termination of the notice period.

16 (4) The Division may be able to negotiate bonds for contractors who qualify for
17 bonds as a group under favorable rates or circumstances. If so, the Division
18 may require those contractors who can qualify for the group bond to obtain
19 their bond as part of a group of contractors. The Division may deduct the
20 premiums for any bonds it may be able to negotiate at group rates from the
21 commissioned contractors' compensation.

22 (c) An applicant that is unable to secure a bond may seek a waiver of the guaranty bond
23 from the Division and approval of one of the guaranty bond alternatives set forth in this
24 subsection. With the approval of the Division, an applicant may file with the clerk of the superior
25 court and/or the register of deeds of the county in which the commission contractor will be
26 located, in lieu of a bond:

27 (1) An assignment of a savings account in an amount equal to the bond required (i)
28 which is in a form acceptable to the Division; (ii) which is executed by the
29 applicant; (iii) which is executed by a ~~state or federal savings and loan~~
30 ~~association, state bank, or national bank that is doing business in North~~
31 ~~Carolina and whose accounts are insured by a federal depositors corporation;~~
32 federally insured depository institution lawfully doing business in this State;
33 and (iv) for which access to the account in favor of the State of North Carolina
34 is subject to the same conditions as for a bond in subsection (b) of this section.

35 (2) A certificate of deposit (i) which is executed by a ~~state or federal savings and~~
36 ~~loan association, state bank, or national bank which is doing business in North~~
37 ~~Carolina and whose accounts are insured by a federal depositors corporation;~~
38 federally insured depository institution lawfully doing business in this State; (ii)
39 which is either payable to the State of North Carolina, unrestrictively endorsed
40 to the Division of Motor Vehicles; in the case of a negotiable certificate of
41 deposit, is unrestrictively endorsed to the Division of Motor Vehicles; or in the
42 case of a nonnegotiable certificate of deposit, is assigned to the Division of
43 Motor Vehicles in a form satisfactory to the Division; and (iii) for which access
44 to the certificate of deposit in favor of the State of North Carolina is subject to
45 the same conditions as for a bond in subsection (b) of this section."

46 **SECTION 1.(c)** G.S. 42A-17(a) reads as rewritten:

47 "(a) A vacation rental agreement shall identify the name and address of the ~~bank or savings~~
48 ~~and loan association~~ federally insured depository institution in which the tenant's security deposit
49 and other advance payments are held in a trust account, and the landlord and real estate broker
50 shall provide the tenant with an accounting of such deposit and payments if the tenant makes a
51 reasonable request for an accounting prior to the tenant's occupancy of the property."

1 **SECTION 1.(d)** G.S. 85B-7.1(a) reads as rewritten:

2 "(a) Each licensee who does not disburse all funds to the seller on auction day shall
3 maintain a trust or escrow account and shall deposit in the account all funds that are received for
4 the benefit of another person and are not disbursed to the seller on auction day. The licensee shall
5 deposit funds that are not disbursed on auction day with ~~an insured bank or savings and loan~~
6 ~~association~~ a federally insured depository institution located in North Carolina. At or before the
7 time of all final settlements, the auctioneer shall provide the seller or consignor with a settlement
8 statement, which includes a description of all goods sold, the selling price of the goods sold, the
9 net proceeds due to the seller or consignor, the name and address of the person receiving the
10 disbursement, and the amount of the disbursement. All settlement statements shall be signed by
11 the licensee or the licensee's agent and by the person receiving the disbursement."

12 **SECTION 1.(e)** G.S. 85B-8 reads as rewritten:

13 "**§ 85B-8. Prohibited acts; assessment of civil penalty; denial, suspension, or revocation of**
14 **license.**

15 (a) The following shall be grounds for the assessment of a civil penalty in accordance with
16 G.S. 85B-3.1(b) or the denial, suspension, or revocation of an auctioneer, auctioneer apprentice, or
17 auction firm license:

18 ...

19 (7) Commingling the funds or property of a client with the licensee's own or failing
20 to maintain and deposit in a trust or escrow account in ~~an insured bank or~~
21 ~~savings and loan association~~ a federally insured depository institution located in
22 North Carolina funds received for another person through sale at auction.

23 "

24 **SECTION 1.(f)** G.S. 86A-22 reads as rewritten:

25 "**§ 86A-22. Licensing and regulating barber schools and colleges.**

26 The North Carolina State Board of Barber Examiners may approve barber schools or colleges
27 in the State, and may prescribe rules and regulations for their operation. The Board shall adopt
28 rules establishing criteria for barber schools and colleges to maintain their accreditation. No barber
29 school or college shall be approved by the Board unless the school or college meets all of the
30 following requirements:

31 ...

32 (7) a. Each school shall provide a guaranty bond unless the school has already
33 provided a bond or an alternative to a bond under G.S. 115D-95.

34 The North Carolina State Board of Barber Examiners may revoke
35 the approval of a school that fails to maintain a bond or an alternative to
36 a bond pursuant to this subdivision or G.S. 115D-95.

37 b. When application is made for approval or renewal of approval, the
38 applicant shall file a guaranty bond with the clerk of the superior court
39 of the county in which the school will be located. The bond shall be in
40 favor of the students. The bond shall be executed by the applicant as
41 principal and by a bonding company authorized to do business in this
42 State. The bond shall be conditioned to provide indemnification to any
43 student, or his parent or guardian, who has suffered a loss of tuition or
44 any fees by reason of the failure of the school to offer or complete
45 student instruction, academic services, or other goods and services
46 related to course enrollment for any reason, including the suspension,
47 revocation, or nonrenewal of a school's approval, bankruptcy,
48 foreclosure, or the school ceasing to operate.

49 The bond shall be in an amount determined by the Board to be
50 adequate to provide indemnification to any student, or his parent or
51 guardian, under the terms of the bond. The bond amount for a school

1 shall be at least equal to the maximum amount of prepaid tuition held at
 2 any time during the last fiscal year by the school. The bond amount
 3 shall also be at least ten thousand dollars (\$10,000).

4 Each application for approval shall include a letter signed by an
 5 authorized representative of the school showing in detail the
 6 calculations made and the method of computing the amount of the bond
 7 pursuant to this subpart and the rules of the Board. If the Board finds
 8 that the calculations made and the method of computing the amount of
 9 the bond are inaccurate or that the amount of the bond is otherwise
 10 inadequate to provide indemnification under the terms of the bond, the
 11 Board may require the applicant to provide an additional bond.

12 The bond shall remain in force and effect until cancelled by the
 13 guarantor. The guarantor may cancel the bond upon 30 days notice to
 14 the Board. Cancellation of the bond shall not affect any liability
 15 incurred or accrued prior to the termination of the notice period.

16 c. An applicant that is unable to secure a bond may seek a waiver of the
 17 guaranty bond from the Board and approval of one of the guaranty bond
 18 alternatives set forth in this subpart. With the approval of the Board, an
 19 applicant may file with the clerk of the superior court of the county in
 20 which the school will be located, in lieu of a bond:

21 1. An assignment of a savings account in an amount equal to the
 22 bond required (i) which is in a form acceptable to the Board; (ii)
 23 which is executed by the applicant; and (iii) which is executed
 24 by a ~~state or federal savings and loan association, state bank, or~~
 25 ~~national bank, that is doing business in North Carolina and~~
 26 ~~whose accounts are insured by a federal depositors corporation;~~
 27 federally insured depository institution lawfully doing business
 28 in this State; and (iv) for which access to the account in favor of
 29 the State of North Carolina is subject to the same conditions as
 30 for a bond in subpart b. above.

31 2. A certificate of deposit (i) which is executed by a ~~state or federal~~
 32 ~~savings and loan association, state bank, or national bank, which~~
 33 ~~is doing business in North Carolina and whose accounts are~~
 34 ~~insured by a federal depositors corporation;~~ federally insured
 35 depository institution lawfully doing business in this State and
 36 (ii) which is either payable to the State of North Carolina,
 37 unrestrictively endorsed to the Board; in the case of a negotiable
 38 certificate of deposit, is unrestrictively endorsed to the Board; or
 39 in the case of a nonnegotiable certificate of deposit, is assigned
 40 to the Board in a form satisfactory to the Board; and (iii) for
 41 which access to the certificate of deposit in favor of the State of
 42 North Carolina is subject to the same conditions as for a bond in
 43 subpart b. above."

44 **SECTION 1.(g)** G.S. 88B-17 reads as rewritten:

45 **"§ 88B-17. Bond required for private cosmetic art schools.**

46 (a) Each private cosmetic art school shall provide a guaranty bond unless the school has
 47 already provided a bond or an alternative to a bond under G.S. 115D-95. The Board may restrict,
 48 suspend, revoke, or refuse to renew or reinstate the license of a school that fails to maintain a bond
 49 or an alternative to a bond pursuant to this section or G.S. 115D-95.

50 (b) (1) The applicant shall file the guaranty bond with the clerk of superior court in the
 51 county in which the school is located. The bond shall be in favor of the

1 students. The bond shall be executed by the applicant as principal and by a
2 bonding company authorized to do business in this State. The bond shall be
3 conditioned to provide indemnification to any student or the student's parent or
4 guardian who has suffered loss of tuition or any fees by reason of the failure of
5 the school to offer or complete student instruction, academic services, or other
6 goods and services as related to course enrollment for any reason, including
7 suspension, revocation, or nonrenewal of a school's approval, bankruptcy,
8 foreclosure, or the school's ceasing to operate.

9 (2) The bond amount shall be at least equal to the maximum amount of prepaid
10 tuition held at any time by the school during the last fiscal year, but in no case
11 shall be less than ten thousand dollars (\$10,000). Each application for license or
12 license renewal shall include a letter signed by an authorized representative of
13 the school showing the calculations made and the method of computing the
14 amount of the bond in accordance with rules prescribed by the Board. If the
15 Board finds that the calculations made and the method of computing the
16 amount of the bond are inaccurate or that the amount of the bond is otherwise
17 inadequate to provide indemnification under the terms of the bond, the Board
18 may require the applicant to provide an additional bond.

19 (3) The bond shall remain in force and effect until canceled by the guarantor. The
20 guarantor may cancel the bond upon 30 days' notice to the Board. Cancellation
21 of the bond shall not affect any liability incurred or accrued prior to the
22 termination of the notice period.

23 (c) An applicant who is unable to secure a bond may seek from the Board a waiver of the
24 guaranty bond requirement and approval of one of the guaranty bond alternatives set forth in this
25 subsection. With the approval of the Board, an applicant may file one of the following instead of a
26 bond with the clerk of court in the county in which the school is located:

27 (1) An assignment of a savings account in an amount equal to the bond required
28 that is in a form acceptable to the Board, and is executed by the applicant and a
29 ~~state or federal savings and loan association, state bank, or national bank that is~~
30 ~~doing business in this State and whose accounts are insured by a federal~~
31 ~~depositor's corporation, federally insured depository institution lawfully doing~~
32 ~~business in this State, and access to the account is subject to the same~~
33 conditions as those for a bond in subsection (b) of this section.

34 (2) A certificate of deposit that is executed by a ~~state or federal savings and loan~~
35 ~~association, state bank, or national bank that is doing business in this State and~~
36 ~~whose accounts are insured by a federal depositor's corporation federally~~
37 ~~insured depository institution lawfully doing business in this State and access to~~
38 the certificate of deposit is subject to the same conditions as those for a bond in
39 subsection (b) of this section."

40 **SECTION 1.(h)** G.S. 90-171.55 reads as rewritten:

41 "**§ 90-171.55. Nurses Aides Registry.**

42 (a) The Board of Nursing, established pursuant to G.S. 90-171.21, shall establish a Nurses
43 Aides Registry for persons functioning as nurses aides regardless of title. The Board shall consider
44 those Level I nurses aides employed in State licensed or Medicare/Medicaid certified nursing
45 facilities who meet applicable State and federal registry requirements as adopted by the North
46 Carolina Medical Care Commission as having fulfilled the training and registry requirements of
47 the Board. The Board may not charge an annual fee to a nurse aide I registry applicant. The Board
48 may charge an annual fee of twelve dollars (\$12.00) for each nurse aide II registry applicant. The
49 Board shall adopt rules to ensure that whenever possible, the fee is collected through the employer
50 or prospective employer of the registry applicant. Fees collected may be used by the Board in

1 administering the registry. The Board's authority granted by this Article shall not conflict with the
2 authority of the Medical Care Commission.

3 (b) (1) Each nurses aide training program, except for those operated by (i) institutions
4 under the Board of Governors of The University of North Carolina, (ii)
5 institutions of the North Carolina Community College System, (iii) public high
6 schools, and (iv) hospital authorities acting pursuant to G.S. 131E-23(31), shall
7 provide a guaranty bond unless the program has already provided a bond or an
8 alternative to a bond under G.S. 115D-95. The Board of Nursing may revoke
9 the approval of a program that fails to maintain a bond or an alternative to a
10 bond pursuant to this subsection or G.S. 115D-95.

11 (2) When application is made for approval or renewal of approval, the applicant
12 shall file a guaranty bond with the clerk of the superior court of the county in
13 which the program will be located. The bond shall be in favor of the students.
14 The bond shall be executed by the applicant as principal and by a bonding
15 company authorized to do business in this State. The bond shall be conditioned
16 to provide indemnification to any student, or his parent or guardian, who has
17 suffered a loss of tuition or any fees by reason of the failure of the program to
18 offer or complete student instruction, academic services, or other goods and
19 services related to course enrollment for any reason, including the suspension,
20 revocation, or nonrenewal of a program's approval, bankruptcy, foreclosure, or
21 the program ceasing to operate.

22 The bond shall be in an amount determined by the Board to be adequate to
23 provide indemnification to any student, or his parent or guardian, under the
24 terms of the bond. The bond amount for a program shall be at least equal to the
25 maximum amount of prepaid tuition held at any time during the last fiscal year
26 by the program. The bond amount shall also be at least ten thousand dollars
27 (\$10,000).

28 Each application for a license shall include a letter signed by an authorized
29 representative of the program showing in detail the calculations made and the
30 method of computing the amount of the bond pursuant to this subdivision and
31 the rules of the Board. If the Board finds that the calculations made and the
32 method of computing the amount of the bond are inaccurate or that the amount
33 of the bond is otherwise inadequate to provide indemnification under the terms
34 of the bond, the Board may require the applicant to provide an additional bond.

35 The bond shall remain in force and effect until cancelled by the guarantor.
36 The guarantor may cancel the bond upon 30 days notice to the Board.
37 Cancellation of the bond shall not affect any liability incurred or accrued prior
38 to the termination of the notice period.

39 (3) An applicant that is unable to secure a bond may seek a waiver of the guaranty
40 bond from the Board and approval of one of the guaranty bond alternatives set
41 forth in this subdivision. With the approval of the Board, an applicant may file
42 with the clerk of the superior court of the county in which the program will be
43 located, in lieu of a bond:

44 a. An assignment of a savings account in an amount equal to the bond
45 required (i) which is in a form acceptable to the Board; (ii) which is
46 executed by the applicant; and (iii) which is executed by a ~~state or~~
47 ~~federal savings and loan association, state bank, or national bank, that is~~
48 ~~doing business in North Carolina and whose accounts are insured by a~~
49 ~~federal depositors corporation; federally insured depository institution~~
50 lawfully doing business in this State; and (iv) for which access to the

1 account in favor of the State of North Carolina is subject to the same
2 conditions as for a bond in subdivision (2) of this subsection.

- 3 b. A certificate of deposit (i) which is executed by a ~~state or federal~~
4 ~~savings and loan association, state bank, or national bank, which is~~
5 ~~doing business in North Carolina and whose accounts are insured by a~~
6 ~~federal depositories corporation; federally insured depository institution~~
7 ~~lawfully doing business in this State~~ and (ii) which is either payable to
8 the State of North Carolina, unrestrictively endorsed to the Board; in the
9 case of a negotiable certificate of deposit, is unrestrictively endorsed to
10 the Board; or in the case of a nonnegotiable certificate of deposit, is
11 assigned to the Board in a form satisfactory to the Board; and (iii) for
12 which access to the certificate of deposit in favor of the State of North
13 Carolina is subject to the same conditions as for a bond in subdivision
14 (2) of this subsection."

15 **SECTION 1.(i)** G.S. 90-210.86 reads as rewritten:

16 **"§ 90-210.86. Deposit or investment of funds of mutual burial associations.**

17 Funds belonging to each mutual burial association over and above the amount determined by
18 the Board of Funeral Service to be necessary for operating capital shall be invested in:

- 19 (1) Deposits in any ~~bank or trust company in this State~~ federally insured depository
20 institution or any trust institution authorized to do business in this State.
21 (2) Obligations of the United States of America.
22 (3) Obligations of any agency or instrumentality of the United States of America if
23 the payment of interest and principal of such obligations is fully guaranteed by
24 the United States of America.
25 (4) Obligations of the State of North Carolina.
26 (5) Bonds and notes of any North Carolina local government or public authority,
27 subject to such restrictions as the Board of Funeral Service may impose.
28 (6) Shares of or deposits in any savings and loan association organized under the
29 laws of this State and shares of or deposits in any federal savings and loan
30 association having its principal office in this State, provided that any such
31 savings and loan association is insured by the United States of America or any
32 agency thereof or by any mutual deposit guaranty association authorized by the
33 Commissioner of Insurance of North Carolina to do business in North Carolina
34 pursuant to Article 7A of Chapter 54 of the General Statutes.
35 (7) Obligations of the Federal Intermediate Credit Banks, the Federal Home Loan
36 Banks, Fannie Mae, the Banks for Cooperatives, and the Federal Land Banks,
37 maturing no later than 18 months after the date of purchase.

38 Violation of the provisions of this section shall, after hearing, be cause for revocation or
39 suspension of license to operate a mutual burial association."

40 **SECTION 1.(j)** G.S. 93A-3 reads as rewritten:

41 **"§ 93A-3. Commission created; compensation; organization.**

42 ...

43 (b) The provisions of G.S. 93B-5 notwithstanding, members of the Commission shall
44 receive as compensation for each day spent on work for the Commission a per diem in an amount
45 established by the Commission by rule, and mileage reimbursement for transportation by privately
46 owned automobile at the business standard mileage rate set by the Internal Revenue Service per
47 mile of travel along with actual cost of tolls paid. The total expense of the administration of this
48 Chapter shall not exceed the total income therefrom; and none of the expenses of said Commission
49 or the compensation or expenses of any office thereof or any employee shall ever be paid or
50 payable out of the treasury of the State of North Carolina; and neither the Commission nor any
51 officer or employee thereof shall have any power or authority to make or incur any expense, debt

1 or other financial obligation binding upon the State of North Carolina. After all expenses of
2 operation, the Commission may set aside an expense reserve each year. The Commission may
3 deposit moneys in accounts, certificates of deposit, or time deposits as the Commission may
4 approve, in any ~~bank, savings and loan association, or trust company.~~ federally insured depository
5 institution or any trust institution authorized to do business in this State. Moneys also may be
6 invested in the same classes of securities referenced in G.S. 159-30(c).

7"

8 **SECTION 1.(k)** G.S. 93A-42 reads as rewritten:

9 "**§ 93A-42. Time shares deemed real estate.**

10 ...

11 (d) The independent escrow agent provided by G.S. 93A-42(c)(2) shall deposit and
12 maintain the purchaser's payments in an insured trust or escrow account in a ~~bank or savings and~~
13 ~~loan association located in this State.~~ federally insured depository institution lawfully doing
14 business in this State. The trust or escrow account may be interest-bearing and the interest earned
15 shall belong to the developer, if agreed upon in writing by the purchaser; provided, however, if the
16 time share instrument is not recorded within the time periods specified in this section, then the
17 interest earned shall belong to the purchaser. The independent escrow agent shall return all
18 payments to the purchaser at the expiration of 180 days following the execution of the contract of
19 sale by the purchaser, unless prior to that time the time share instrument has been recorded.
20 However, if prior to the expiration of 180 days following the execution of the contract of sale, the
21 developer and the purchaser provide their written consent to the independent escrow agent, the
22 developer's obligation to record the time share instrument and the escrow period may be extended
23 for an additional period of 120 days. Upon recordation of the time share instrument, the
24 independent escrow agent shall pay the purchaser's funds to the developer. Upon request by the
25 Commission, the independent escrow agent shall promptly make available to the Commission
26 inspection of records of money held by the independent escrow agent.

27"

28 **SECTION 1.(l)** G.S. 93A-45 reads as rewritten:

29 "**§ 93A-45. Purchaser's right to cancel; escrow; violation.**

30 ...

31 (c) Any payments received by a time share developer or time share salesperson in
32 connection with the sale of the time share shall be immediately deposited by such developer or
33 salesperson in a trust or escrow account in ~~an insured bank or savings and loan association in~~
34 ~~North Carolina~~ a federally insured depository institution lawfully doing business in this State and
35 shall remain in such account for 10 days or cancellation by the purchaser, whichever occurs first.
36 Payments held in such trust or escrow accounts shall be deemed to belong to the purchaser and not
37 the developer. In lieu of such escrow requirements, the Commission shall have the authority to
38 accept, in its discretion, alternative financial assurances adequate to protect the purchaser's interest
39 during the contract cancellation period, including but not limited to a surety bond, corporate bond,
40 cash deposit or irrevocable letter of credit in an amount equal to the escrow requirements.

41"

42 **SECTION 2.** G.S. 36C-8-816(31) reads as rewritten:

43 "(31) Distribute the assets of an inoperative trust consistent with the authority granted
44 under ~~G.S. 28A-22-110;~~ G.S. 28A-22-10;"

45 **SECTION 3.(a)** G.S. 20-63.01, as amended by Section 1(b) of this act, reads as
46 rewritten:

47 "**§ 20-63.01. Bonds required for commission contractors.**

48 (a) A guaranty bond is required for each commission contractor that is not a governmental
49 subdivision of this State that is granted a contract to issue license plates or conduct business
50 pursuant to G.S. 20-63. Provided, however, a commission contractor that is unable to secure a

1 bond may, with the consent of the Division, provide an alternative to a guaranty bond, as provided
2 in subsection (c) of this section.

3 The Division may revoke, with cause, a contract with a commission contractor that fails to
4 maintain a bond or an alternative to a bond, pursuant to this section.

5 (b) (1) When application is made for a contract or contract renewal, the applicant shall
6 file a guaranty bond with the clerk of the superior court and/or the register of
7 deeds of the county in which the commission contractor will be located. The
8 bond shall be in favor of the Division. The bond shall be executed by the
9 applicant as principal and by a bonding company authorized to do business in
10 this State. The bond shall be conditioned to provide indemnification to the
11 Division for a loss of revenue for any reason, including bankruptcy, employee
12 embezzlement or theft, foreclosure, or ceasing to operate.

13 (2) The bond shall be in an amount determined by the Division to be adequate to
14 provide indemnification to the Division under the terms of the bond. The bond
15 amount shall be at least one hundred thousand dollars (\$100,000).

16 (3) The bond shall remain in force and effect until cancelled by the guarantor. The
17 guarantor may cancel the bond upon 30 days' notice to the Division.
18 Cancellation of the bond shall not affect any liability incurred or accrued prior
19 to the termination of the notice period.

20 (4) The Division may be able to negotiate bonds for contractors who qualify for
21 bonds as a group under favorable rates or circumstances. If so, the Division
22 may require those contractors who can qualify for the group bond to obtain
23 their bond as part of a group of contractors. The Division may deduct the
24 premiums for any bonds it may be able to negotiate at group rates from the
25 commissioned contractors' compensation.

26 (c) An applicant that is unable to secure a bond may seek a waiver of the guaranty bond
27 from the Division and approval of one of the guaranty bond alternatives set forth in this
28 subsection. With the approval of the Division, an applicant may file with the clerk of the superior
29 court and/or the register of deeds of the county in which the commission contractor will be
30 located, in lieu of a bond:

31 (1) An assignment of a savings account in an amount equal to the bond required (i)
32 which is in a form acceptable to the Division; (ii) which is executed by the
33 applicant; (iii) which is executed by a federally insured depository institution
34 ~~lawfully doing business in this State; or a trust institution authorized to do~~
35 business in this State; and (iv) for which access to the account in favor of the
36 State of North Carolina is subject to the same conditions as for a bond in
37 subsection (b) of this section.

38 (2) A certificate of deposit (i) which is executed by a federally insured depository
39 institution ~~lawfully doing business in this State; or a trust institution authorized~~
40 to do business in this State; (ii) which is either payable to the State of North
41 Carolina, unrestrictively endorsed to the Division of Motor Vehicles; in the
42 case of a negotiable certificate of deposit, is unrestrictively endorsed to the
43 Division of Motor Vehicles; or in the case of a nonnegotiable certificate of
44 deposit, is assigned to the Division of Motor Vehicles in a form satisfactory to
45 the Division; and (iii) for which access to the certificate of deposit in favor of
46 the State of North Carolina is subject to the same conditions as for a bond in
47 subsection (b) of this section."

48 **SECTION 3.(b)** G.S. 42-50 reads as rewritten:

49 **"§ 42-50. Deposits from the tenant.**

50 Security deposits from the tenant in residential dwelling units shall be deposited in a trust
51 account with a licensed and federally insured depository institution ~~lawfully doing business in this~~

1 ~~State; or a trust institution authorized to do business in this State.~~ or the landlord may, at ~~his~~-the
2 ~~landlord's~~ option, furnish a bond from an insurance company licensed to do business in North
3 Carolina. The security deposits from the tenant may be held in a trust account outside of the State
4 of North Carolina only if the landlord provides the tenant with an adequate bond in the amount of
5 ~~said~~-the deposits. The landlord or ~~his~~-the landlord's agent shall notify the tenant within 30 days
6 after the beginning of the lease term of the name and address of the bank or institution where ~~his~~
7 ~~the tenant's~~ deposit is currently located or the name of the insurance company providing the bond."

8 **SECTION 3.(c)** G.S. 42A-15 reads as rewritten:

9 **"§ 42A-15. Trust account uses.**

10 A landlord or real estate broker may require a tenant to pay all or part of any required rent,
11 security deposit, or other fees permitted by law in advance of the commencement of a tenancy
12 under this Chapter if these payments are expressly authorized in the vacation rental agreement. If
13 the tenant is required to make any advance payments, other than a security deposit, whether the
14 payment is denominated as rent or otherwise, the landlord or real estate broker shall deposit these
15 payments in a trust account in a federally insured depository institution ~~lawfully doing business in~~
16 ~~this State; or a trust institution authorized to do business in this State~~ no later than three banking
17 days after the receipt of these payments. These payments deposited in a trust account shall not
18 earn interest unless the landlord and tenant agree in the vacation rental agreement that the
19 payments may be deposited in an interest-bearing account. The landlord and tenant shall also
20 provide in the agreement to whom the accrued interest shall be disbursed."

21 **SECTION 3.(d)** G.S. 42A-17(a), as amended by Section 1(c) of this act, reads as
22 rewritten:

23 "(a) A vacation rental agreement shall identify the name and address of the federally
24 insured depository institution or trust institution in which the tenant's security deposit and other
25 advance payments are held in a trust account, and the landlord and real estate broker shall provide
26 the tenant with an accounting of such deposit and payments if the tenant makes a reasonable
27 request for an accounting prior to the tenant's occupancy of the property."

28 **SECTION 3.(e)** G.S. 47C-4-110 reads as rewritten:

29 **"§ 47C-4-110. Escrow of deposits.**

30 (a) Any deposit made in connection with the purchase or reservation of a unit from a
31 person required to deliver a public offering statement pursuant to G.S. 47C-4-102(c) shall be
32 immediately deposited in a trust or escrow account in a federally insured depository institution
33 ~~lawfully doing business in this State~~ or a trust institution authorized to do business in this State
34 and shall remain in such account for such period of time as a purchaser is entitled to cancel
35 pursuant to G.S. 47C-4-108 or cancellation by the purchaser thereunder whichever occurs first.
36 Payments held in such trust or escrow accounts shall be deemed to belong to the purchaser and not
37 the seller.

38 (b) Except as provided in G.S. 47C-4-108, nothing in subsection (a) is intended to preclude
39 the parties to a contract from providing for the use of progress payments by the declarant during
40 construction."

41 **SECTION 3.(f)** G.S. 85B-7.1(a), as amended by Section 1(d) of this act, reads as
42 rewritten:

43 "(a) Each licensee who does not disburse all funds to the seller on auction day shall
44 maintain a trust or escrow account and shall deposit in the account all funds that are received for
45 the benefit of another person and are not disbursed to the seller on auction day. The licensee shall
46 deposit funds that are not disbursed on auction day with a federally insured depository institution
47 ~~located in North Carolina.~~ or a trust institution authorized to do business in this State. At or before
48 the time of all final settlements, the auctioneer shall provide the seller or consignor with a
49 settlement statement, which includes a description of all goods sold, the selling price of the goods
50 sold, the net proceeds due to the seller or consignor, the name and address of the person receiving

1 the disbursement, and the amount of the disbursement. All settlement statements shall be signed
2 by the licensee or the licensee's agent and by the person receiving the disbursement."

3 **SECTION 3.(g)** G.S. 85B-8, as amended by Section 1(e) of this act, reads as
4 rewritten:

5 "**§ 85B-8. Prohibited acts; assessment of civil penalty; denial, suspension, or revocation of**
6 **license.**

7 (a) The following shall be grounds for the assessment of a civil penalty in accordance with
8 G.S. 85B-3.1(b) or the denial, suspension, or revocation of an auctioneer, auctioneer apprentice, or
9 auction firm license:

10 ...

11 (7) Commingling the funds or property of a client with the licensee's own or failing
12 to maintain and deposit in a trust or escrow account in a federally insured
13 depository institution ~~located in North Carolina~~ or a trust institution authorized
14 to do business in this State funds received for another person through sale at
15 auction.

16"

17 **SECTION 3.(h)** G.S. 86A-22, as amended by Section 1(f) of this act, reads as
18 rewritten:

19 "**§ 86A-22. Licensing and regulating barber schools and colleges.**

20 The North Carolina State Board of Barber Examiners may approve barber schools or colleges
21 in the State, and may prescribe rules and regulations for their operation. The Board shall adopt
22 rules establishing criteria for barber schools and colleges to maintain their accreditation. No barber
23 school or college shall be approved by the Board unless the school or college meets all of the
24 following requirements:

25 ...

26 (7) a. Each school shall provide a guaranty bond unless the school has already
27 provided a bond or an alternative to a bond under G.S. 115D-95.

28 The North Carolina State Board of Barber Examiners may revoke
29 the approval of a school that fails to maintain a bond or an alternative to
30 a bond pursuant to this subdivision or G.S. 115D-95.

31 b. When application is made for approval or renewal of approval, the
32 applicant shall file a guaranty bond with the clerk of the superior court
33 of the county in which the school will be located. The bond shall be in
34 favor of the students. The bond shall be executed by the applicant as
35 principal and by a bonding company authorized to do business in this
36 State. The bond shall be conditioned to provide indemnification to any
37 student, or his parent or guardian, who has suffered a loss of tuition or
38 any fees by reason of the failure of the school to offer or complete
39 student instruction, academic services, or other goods and services
40 related to course enrollment for any reason, including the suspension,
41 revocation, or nonrenewal of a school's approval, bankruptcy,
42 foreclosure, or the school ceasing to operate.

43 The bond shall be in an amount determined by the Board to be
44 adequate to provide indemnification to any student, or his parent or
45 guardian, under the terms of the bond. The bond amount for a school
46 shall be at least equal to the maximum amount of prepaid tuition held at
47 any time during the last fiscal year by the school. The bond amount
48 shall also be at least ten thousand dollars (\$10,000).

49 Each application for approval shall include a letter signed by an
50 authorized representative of the school showing in detail the
51 calculations made and the method of computing the amount of the bond

1 pursuant to this subpart and the rules of the Board. If the Board finds
 2 that the calculations made and the method of computing the amount of
 3 the bond are inaccurate or that the amount of the bond is otherwise
 4 inadequate to provide indemnification under the terms of the bond, the
 5 Board may require the applicant to provide an additional bond.

6 The bond shall remain in force and effect until cancelled by the
 7 guarantor. The guarantor may cancel the bond upon 30 days notice to
 8 the Board. Cancellation of the bond shall not affect any liability
 9 incurred or accrued prior to the termination of the notice period.

10 c. An applicant that is unable to secure a bond may seek a waiver of the
 11 guaranty bond from the Board and approval of one of the guaranty bond
 12 alternatives set forth in this subpart. With the approval of the Board, an
 13 applicant may file with the clerk of the superior court of the county in
 14 which the school will be located, in lieu of a bond:

15 1. An assignment of a savings account in an amount equal to the
 16 bond required (i) which is in a form acceptable to the Board; (ii)
 17 which is executed by the applicant; and (iii) which is executed
 18 by a federally insured depository institution ~~lawfully doing~~
 19 ~~business in this State;~~ or a trust institution authorized to do
 20 business in this State; and (iv) for which access to the account in
 21 favor of the State of North Carolina is subject to the same
 22 conditions as for a bond in subpart b. above.

23 2. A certificate of deposit (i) which is executed by a federally
 24 insured depository institution ~~lawfully doing business in this~~
 25 ~~State~~ or a trust institution authorized to do business in this State
 26 and (ii) which is either payable to the State of North Carolina,
 27 unrestrictedly endorsed to the Board; in the case of a negotiable
 28 certificate of deposit, is unrestrictedly endorsed to the Board; or
 29 in the case of a nonnegotiable certificate of deposit, is assigned
 30 to the Board in a form satisfactory to the Board; and (iii) for
 31 which access to the certificate of deposit in favor of the State of
 32 North Carolina is subject to the same conditions as for a bond in
 33 subpart b. above."

34 **SECTION 3.(i)** G.S. 88B-17, as amended by Section 1(g) of this act, reads as
 35 rewritten:

36 "**§ 88B-17. Bond required for private cosmetic art schools.**

37 (a) Each private cosmetic art school shall provide a guaranty bond unless the school has
 38 already provided a bond or an alternative to a bond under G.S. 115D-95. The Board may restrict,
 39 suspend, revoke, or refuse to renew or reinstate the license of a school that fails to maintain a bond
 40 or an alternative to a bond pursuant to this section or G.S. 115D-95.

41 (b) (1) The applicant shall file the guaranty bond with the clerk of superior court in the
 42 county in which the school is located. The bond shall be in favor of the
 43 students. The bond shall be executed by the applicant as principal and by a
 44 bonding company authorized to do business in this State. The bond shall be
 45 conditioned to provide indemnification to any student or the student's parent or
 46 guardian who has suffered loss of tuition or any fees by reason of the failure of
 47 the school to offer or complete student instruction, academic services, or other
 48 goods and services as related to course enrollment for any reason, including
 49 suspension, revocation, or nonrenewal of a school's approval, bankruptcy,
 50 foreclosure, or the school's ceasing to operate.

- 1 (2) The bond amount shall be at least equal to the maximum amount of prepaid
2 tuition held at any time by the school during the last fiscal year, but in no case
3 shall be less than ten thousand dollars (\$10,000). Each application for license or
4 license renewal shall include a letter signed by an authorized representative of
5 the school showing the calculations made and the method of computing the
6 amount of the bond in accordance with rules prescribed by the Board. If the
7 Board finds that the calculations made and the method of computing the
8 amount of the bond are inaccurate or that the amount of the bond is otherwise
9 inadequate to provide indemnification under the terms of the bond, the Board
10 may require the applicant to provide an additional bond.
- 11 (3) The bond shall remain in force and effect until canceled by the guarantor. The
12 guarantor may cancel the bond upon 30 days' notice to the Board. Cancellation
13 of the bond shall not affect any liability incurred or accrued prior to the
14 termination of the notice period.
- 15 (c) An applicant who is unable to secure a bond may seek from the Board a waiver of the
16 guaranty bond requirement and approval of one of the guaranty bond alternatives set forth in this
17 subsection. With the approval of the Board, an applicant may file one of the following instead of a
18 bond with the clerk of court in the county in which the school is located:
- 19 (1) An assignment of a savings account in an amount equal to the bond required
20 that is in a form acceptable to the Board, and is executed by the applicant and a
21 federally insured depository institution ~~lawfully doing business in this State, or~~
22 a trust institution authorized to do business in this State, and access to the
23 account is subject to the same conditions as those for a bond in subsection (b)
24 of this section.
- 25 (2) A certificate of deposit that is executed by a federally insured depository
26 institution ~~lawfully doing business in this State or a trust institution authorized~~
27 to do business in this State and access to the certificate of deposit is subject to
28 the same conditions as those for a bond in subsection (b) of this section."

29 **SECTION 3.(j)** G.S. 90-171.55, as amended by Section 1(h) of this act, reads as
30 rewritten:

31 **"§ 90-171.55. Nurses Aides Registry.**

32 (a) The Board of Nursing, established pursuant to G.S. 90-171.21, shall establish a Nurses
33 Aides Registry for persons functioning as nurses aides regardless of title. The Board shall consider
34 those Level I nurses aides employed in State licensed or Medicare/Medicaid certified nursing
35 facilities who meet applicable State and federal registry requirements as adopted by the North
36 Carolina Medical Care Commission as having fulfilled the training and registry requirements of
37 the Board. The Board may not charge an annual fee to a nurse aide I registry applicant. The Board
38 may charge an annual fee of twelve dollars (\$12.00) for each nurse aide II registry applicant. The
39 Board shall adopt rules to ensure that whenever possible, the fee is collected through the employer
40 or prospective employer of the registry applicant. Fees collected may be used by the Board in
41 administering the registry. The Board's authority granted by this Article shall not conflict with the
42 authority of the Medical Care Commission.

- 43 (b) (1) Each nurses aide training program, except for those operated by (i) institutions
44 under the Board of Governors of The University of North Carolina, (ii)
45 institutions of the North Carolina Community College System, (iii) public high
46 schools, and (iv) hospital authorities acting pursuant to G.S. 131E-23(31), shall
47 provide a guaranty bond unless the program has already provided a bond or an
48 alternative to a bond under G.S. 115D-95. The Board of Nursing may revoke
49 the approval of a program that fails to maintain a bond or an alternative to a
50 bond pursuant to this subsection or G.S. 115D-95.

1 (2) When application is made for approval or renewal of approval, the applicant
2 shall file a guaranty bond with the clerk of the superior court of the county in
3 which the program will be located. The bond shall be in favor of the students.
4 The bond shall be executed by the applicant as principal and by a bonding
5 company authorized to do business in this State. The bond shall be conditioned
6 to provide indemnification to any student, or his parent or guardian, who has
7 suffered a loss of tuition or any fees by reason of the failure of the program to
8 offer or complete student instruction, academic services, or other goods and
9 services related to course enrollment for any reason, including the suspension,
10 revocation, or nonrenewal of a program's approval, bankruptcy, foreclosure, or
11 the program ceasing to operate.

12 The bond shall be in an amount determined by the Board to be adequate to
13 provide indemnification to any student, or his parent or guardian, under the
14 terms of the bond. The bond amount for a program shall be at least equal to the
15 maximum amount of prepaid tuition held at any time during the last fiscal year
16 by the program. The bond amount shall also be at least ten thousand dollars
17 (\$10,000).

18 Each application for a license shall include a letter signed by an authorized
19 representative of the program showing in detail the calculations made and the
20 method of computing the amount of the bond pursuant to this subdivision and
21 the rules of the Board. If the Board finds that the calculations made and the
22 method of computing the amount of the bond are inaccurate or that the amount
23 of the bond is otherwise inadequate to provide indemnification under the terms
24 of the bond, the Board may require the applicant to provide an additional bond.

25 The bond shall remain in force and effect until cancelled by the guarantor.
26 The guarantor may cancel the bond upon 30 days notice to the Board.
27 Cancellation of the bond shall not affect any liability incurred or accrued prior
28 to the termination of the notice period.

29 (3) An applicant that is unable to secure a bond may seek a waiver of the guaranty
30 bond from the Board and approval of one of the guaranty bond alternatives set
31 forth in this subdivision. With the approval of the Board, an applicant may file
32 with the clerk of the superior court of the county in which the program will be
33 located, in lieu of a bond:

34 a. An assignment of a savings account in an amount equal to the bond
35 required (i) which is in a form acceptable to the Board; (ii) which is
36 executed by the applicant; and (iii) which is executed by a federally
37 insured depository institution ~~lawfully doing business in this State; or a~~
38 trust institution authorized to do business in this State; and (iv) for
39 which access to the account in favor of the State of North Carolina is
40 subject to the same conditions as for a bond in subdivision (2) of this
41 subsection.

42 b. A certificate of deposit (i) which is executed by a federally insured
43 depository institution ~~lawfully doing business in this State or a trust~~
44 institution authorized to do business in this State and (ii) which is either
45 payable to the State of North Carolina, unrestrictively endorsed to the
46 Board; in the case of a negotiable certificate of deposit, is unrestrictively
47 endorsed to the Board; or in the case of a nonnegotiable certificate of
48 deposit, is assigned to the Board in a form satisfactory to the Board; and
49 (iii) for which access to the certificate of deposit in favor of the State of
50 North Carolina is subject to the same conditions as for a bond in
51 subdivision (2) of this subsection."

1 **SECTION 3.(k)** G.S. 93A-42, as amended by Section 1(k) of this act, reads as
2 rewritten:

3 **"§ 93A-42. Time shares deemed real estate.**

4 ...

5 (d) The independent escrow agent provided by G.S. 93A-42(c)(2) shall deposit and
6 maintain the purchaser's payments in an insured trust or escrow account in a federally insured
7 depository institution ~~lawfully doing business in this State~~ or a trust institution authorized to do
8 business in this State. The trust or escrow account may be interest-bearing and the interest earned
9 shall belong to the developer, if agreed upon in writing by the purchaser; provided, however, if the
10 time share instrument is not recorded within the time periods specified in this section, then the
11 interest earned shall belong to the purchaser. The independent escrow agent shall return all
12 payments to the purchaser at the expiration of 180 days following the execution of the contract of
13 sale by the purchaser, unless prior to that time the time share instrument has been recorded.
14 However, if prior to the expiration of 180 days following the execution of the contract of sale, the
15 developer and the purchaser provide their written consent to the independent escrow agent, the
16 developer's obligation to record the time share instrument and the escrow period may be extended
17 for an additional period of 120 days. Upon recordation of the time share instrument, the
18 independent escrow agent shall pay the purchaser's funds to the developer. Upon request by the
19 Commission, the independent escrow agent shall promptly make available to the Commission
20 inspection of records of money held by the independent escrow agent.

21"

22 **SECTION 3.(l)** G.S. 93A-45, as amended by Section 1(l) of this act, reads as
23 rewritten:

24 **"§ 93A-45. Purchaser's right to cancel; escrow; violation.**

25 ...

26 (c) Any payments received by a time share developer or time share salesperson in
27 connection with the sale of the time share shall be immediately deposited by such developer or
28 salesperson in a trust or escrow account in a federally insured depository institution ~~lawfully doing~~
29 ~~business in this State~~ or a trust institution authorized to do business in this State and shall remain
30 in such account for 10 days or cancellation by the purchaser, whichever occurs first. Payments
31 held in such trust or escrow accounts shall be deemed to belong to the purchaser and not the
32 developer. In lieu of such escrow requirements, the Commission shall have the authority to accept,
33 in its discretion, alternative financial assurances adequate to protect the purchaser's interest during
34 the contract cancellation period, including but not limited to a surety bond, corporate bond, cash
35 deposit or irrevocable letter of credit in an amount equal to the escrow requirements.

36"

37 **SECTION 4.(a)** G.S. 54-109.11 reads as rewritten:

38 **"§ 54-109.11. Duties of Administrator.**

39 The duties of the Administrator of Credit Unions shall be as follows:

40 ...

- 41 (4) To examine at least once ~~a year, every 18 months,~~ and oftener if ~~such an~~
42 examination ~~be is~~ deemed necessary by the Administrator or ~~his the~~
43 Administrator's assistant, the credit unions formed under ~~this Article.~~ Article
44 14A of this Chapter. A report of ~~such the~~ examination shall be filed with the
45 State Department of Commerce, and a copy mailed to the credit union at its
46 proper address.

47"

48 **SECTION 4.(b)** G.S. 54-109.16 reads as rewritten:

49 **"§ 54-109.16. Annual examinations Examinations required; payment of cost.**

50 The Administrator of Credit Unions shall cause every ~~such corporation credit union formed~~
51 under Article 14A of this Chapter to be examined once ~~a year every 18 months~~ and whenever ~~he~~

1 the Administrator deems it necessary. The examiners appointed by ~~him~~ the Administrator shall be
2 given free access to all books, papers, securities, and other sources of information in respect to the
3 ~~corporation; and credit union;~~ for the purpose of ~~such~~ the examination the Administrator ~~shall~~
4 ~~have power and authority to~~ may subpoena and examine personally, or by one of ~~his~~ the
5 Administrator's deputies or examiners, witnesses on oath and documents, whether ~~such~~ the
6 witnesses are members of the ~~corporation~~ credit union or not, and whether ~~such~~ the documents are
7 documents of the ~~corporation~~ credit union or not. The Administrator may designate an
8 independent auditing firm to do the work under ~~his~~ the Administrator's direction and supervision,
9 with the cost to be paid by the credit union involved."

10 **SECTION 5.** This act is effective when it becomes law.