

NEWS RELEASE

RAY GRACE
INTERIM COMMISSIONER OF BANKS

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NORTH CAROLINA MODERNIZES BANKING LAWS

RALEIGH—Governor Bev Perdue signed legislation that comprehensively modernizes North Carolina’s banking laws for the first time since the Great Depression. The modernization of North Carolina’s banking laws is a result of a coordinated effort among key legislators, consumer advocates, the banking industry, other stakeholders and the N.C. Office of the Commissioner of Banks (NCCOB).

“This landmark legislation caps a decade-long initiative undertaken by former Commissioner of Banks Joseph A. Smith and his associates at NCCOB,” said Governor Perdue. “North Carolina is one of the leading banking states in the nation and this bill provides the framework for future advances over the next century. A healthy banking sector will prove a positive force as North Carolina’s economy continues its recovery and will help businesses create jobs.”

[Senate Bill 816](#) was recommended by the Joint Legislative Study Commission on the Modernization of Banking Laws (Commission), which was created during the 2011 Session of the General Assembly. The Commission, guided by co-chairs Representative Harold J. Brubaker and Senator Harry Brown, consisted of legislators and public members representing the banking industry and consumers. It painstakingly reviewed, section-by-section, the proposed draft submitted by NCCOB, sought input from all stakeholders, and addressed each concern raised.

“It was the most comprehensive effort I have ever seen by a legislative study commission,” said former Speaker Brubaker, who has served in the legislature for more than three decades. Senator Brown agreed, noting, “The legislation recommended by the study commission was as thoroughly analyzed and discussed as possible. It was non-controversial because we asked for input and then listened to it when it was offered.”

Interim Commissioner of Banks Ray Grace took the helm of NCCOB upon Smith’s departure to become monitor of the national mortgage foreclosure settlement and has been actively involved with the Commission in developing the final legislation. Grace has been with NCCOB for over 35 years.

“North Carolina has long been a banking leader in this nation,” said Grace. “The new legislation is yet another example of how the state as a whole has worked together to create laws that promote strength and fairness in the financial marketplace.”

Major changes enacted by the law include:

- A comprehensive list of definitions enhancing the clarity and meaning of the various sections of the law.
- A broader reliance on the North Carolina Business Corporations Act which has been totally rewritten since the last major revision of the banking laws.
- Incorporation of modern concepts of capital adequacy and regulatory supervision.

In addition to the new banking code, North Carolina’s anti-predatory lending law, among the nation’s first, has long been seen as a model by other states and the U.S. Congress. North Carolina was an early adopter of a state foreclosure prevention program. NCCOB helped conceptualize and implement the Nationwide Mortgage Licensing System, currently used by all states to supervise the mortgage industry.

NCCOB is responsible for the chartering and regulation of North Carolina's state banks, thrift institutions, and nondepository trust companies. NCCOB also regulates other financial services firms and individuals operating in North Carolina, such as mortgage brokers, mortgage lenders, mortgage servicers, mortgage loan originators, check cashers, consumer finance companies, money transmitters, and refund anticipation loan facilitators. NCCOB is funded by industry fees and assessments and not taxpayer dollars.

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