

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 144\*

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

Sponsors: Representatives Szoka, J. Bell, Howard, and Henson (Primary Sponsors).

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Banking

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.



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

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

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

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

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

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

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

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

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

49 "(a) A vacation rental agreement shall identify the name and address of the ~~bank or savings~~  
50 ~~and loan association~~ federally insured depository institution in which the tenant's security deposit  
51 and other advance payments are held in a trust account, and the landlord and real estate broker

1 shall provide the tenant with an accounting of such deposit and payments if the tenant makes a  
2 reasonable request for an accounting prior to the tenant's occupancy of the property."

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

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

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

15 **"§ 85B-8. Prohibited acts; assessment of civil penalty; denial, suspension, or revocation of**  
16 **license.**

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

20 ...

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

25 ...."

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

27 **"§ 86A-22. Licensing and regulating barber schools and colleges.**

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

33 ...

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

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

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

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

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

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

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

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

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

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

48 **"§ 88B-17. Bond required for private cosmetic art schools.**

49 (a) Each private cosmetic art school shall provide a guaranty bond unless the school has  
50 already provided a bond or an alternative to a bond under G.S. 115D-95. The Board may restrict,

1 suspend, revoke, or refuse to renew or reinstate the license of a school that fails to maintain a bond  
2 or an alternative to a bond pursuant to this section or G.S. 115D-95.

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

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

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

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

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

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

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

45 **"§ 90-171.55. Nurses Aides Registry.**

46 (a) The Board of Nursing, established pursuant to G.S. 90-171.21, shall establish a Nurses  
47 Aides Registry for persons functioning as nurses aides regardless of title. The Board shall consider  
48 those Level I nurses aides employed in State licensed or Medicare/Medicaid certified nursing  
49 facilities who meet applicable State and federal registry requirements as adopted by the North  
50 Carolina Medical Care Commission as having fulfilled the training and registry requirements of  
51 the Board. The Board may not charge an annual fee to a nurse aide I registry applicant. The Board

1 may charge an annual fee of twelve dollars (\$12.00) for each nurse aide II registry applicant. The  
2 Board shall adopt rules to ensure that whenever possible, the fee is collected through the employer  
3 or prospective employer of the registry applicant. Fees collected may be used by the Board in  
4 administering the registry. The Board's authority granted by this Article shall not conflict with the  
5 authority of the Medical Care Commission.

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

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

25 The bond shall be in an amount determined by the Board to be adequate to  
26 provide indemnification to any student, or his parent or guardian, under the  
27 terms of the bond. The bond amount for a program shall be at least equal to the  
28 maximum amount of prepaid tuition held at any time during the last fiscal year  
29 by the program. The bond amount shall also be at least ten thousand dollars  
30 (\$10,000).

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

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

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

47 a. An assignment of a savings account in an amount equal to the bond  
48 required (i) which is in a form acceptable to the Board; (ii) which is  
49 executed by the applicant; and (iii) which is executed by a ~~state or~~  
50 ~~federal savings and loan association, state bank, or national bank, that is~~  
51 ~~doing business in North Carolina and whose accounts are insured by a~~

1 ~~federal depositors corporation; federally insured depository institution~~  
 2 ~~lawfully doing business in this State;~~ and (iv) for which access to the  
 3 account in favor of the State of North Carolina is subject to the same  
 4 conditions as for a bond in subdivision (2) of this subsection.

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

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

18 **"§ 90-210.86. Deposit or investment of funds of mutual burial associations.**

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

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

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

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

43 **"§ 93A-3. Commission created; compensation; organization.**

44 ...

45 (b) The provisions of G.S. 93B-5 notwithstanding, members of the Commission shall  
 46 receive as compensation for each day spent on work for the Commission a per diem in an amount  
 47 established by the Commission by rule, and mileage reimbursement for transportation by privately  
 48 owned automobile at the business standard mileage rate set by the Internal Revenue Service per  
 49 mile of travel along with actual cost of tolls paid. The total expense of the administration of this  
 50 Chapter shall not exceed the total income therefrom; and none of the expenses of said Commission  
 51 or the compensation or expenses of any office thereof or any employee shall ever be paid or

1 payable out of the treasury of the State of North Carolina; and neither the Commission nor any  
2 officer or employee thereof shall have any power or authority to make or incur any expense, debt  
3 or other financial obligation binding upon the State of North Carolina. After all expenses of  
4 operation, the Commission may set aside an expense reserve each year. The Commission may  
5 deposit moneys in accounts, certificates of deposit, or time deposits as the Commission may  
6 approve, in any ~~bank, savings and loan association, or trust company.~~ federally insured depository  
7 institution or any trust institution authorized to do business in this State. Moneys also may be  
8 invested in the same classes of securities referenced in G.S. 159-30(c).

9 ...."

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

11 "**§ 93A-42. Time shares deemed real estate.**

12 ...

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

29 ...."

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

31 "**§ 93A-45. Purchaser's right to cancel; escrow; violation.**

32 ...

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

43 ...."

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

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

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

48 rewritten:

49 "**§ 20-63.01. Bonds required for commission contractors.**

50 (a) A guaranty bond is required for each commission contractor that is not a governmental  
51 subdivision of this State that is granted a contract to issue license plates or conduct business



1 pursuant to G.S. 20-63. Provided, however, a commission contractor that is unable to secure a  
2 bond may, with the consent of the Division, provide an alternative to a guaranty bond, as provided  
3 in subsection (c) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

11 "**§ 42A-15. Trust account uses.**

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

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

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

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

31 "**§ 47C-4-110. Escrow of deposits.**

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

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

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

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

1 sold, the net proceeds due to the seller or consignor, the name and address of the person receiving  
2 the disbursement, and the amount of the disbursement. All settlement statements shall be signed  
3 by the licensee or the licensee's agent and by the person receiving the disbursement."

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

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

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

11 ...

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

17 ...."

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

20 "**§ 86A-22. Licensing and regulating barber schools and colleges.**

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

26 ...

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

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

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

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

50 Each application for approval shall include a letter signed by an  
51 authorized representative of the school showing in detail the

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

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

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

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

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

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

37 **"§ 88B-17. Bond required for private cosmetic art schools.**

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

42 (b) (1) The applicant shall file the guaranty bond with the clerk of superior court in the  
 43 county in which the school is located. The bond shall be in favor of the  
 44 students. The bond shall be executed by the applicant as principal and by a  
 45 bonding company authorized to do business in this State. The bond shall be  
 46 conditioned to provide indemnification to any student or the student's parent or  
 47 guardian who has suffered loss of tuition or any fees by reason of the failure of  
 48 the school to offer or complete student instruction, academic services, or other  
 49 goods and services as related to course enrollment for any reason, including  
 50 suspension, revocation, or nonrenewal of a school's approval, bankruptcy,  
 51 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.