

## SECTION .1000 - LOAN ADMINISTRATION AND LEASING

### 04 NCAC 03C .1001 LOAN DOCUMENTATION

(a) Each bank shall establish and maintain loan documentation practices that include the following:

- (1) enable the institution to make an informed lending decision and to assess risk, as necessary on an ongoing basis;
- (2) identify the purpose of a loan and the source of repayment, and assess the ability of the borrower to repay the indebtedness in a timely manner;
- (3) ensure that any claim against a borrower is legally enforceable;
- (4) demonstrate appropriate administration and monitoring of a loan; and
- (5) take account of the size and complexity of a loan.

Loan documentation practices shall comply with the requirements of the Interagency Guidelines Establishing Standards for Safety and Soundness, 12 C.F.R. Part 364 Appendix A, as applied by the Federal Deposit Insurance Corporation or the Federal Reserve System, which are hereby incorporated by reference including subsequent amendments or additions. This information is available at <https://www.ecfr.gov/> at no cost.

(b) Each bank shall maintain on file the following loan documentation:

- (1) Certificate of Title. A title opinion furnished by an attorney at law, a title report, a title insurance policy issued by a company licensed by the Commissioner of Insurance, or other insurance coverage that provides the bank similar protection against loss from title defects, errors, or omissions at closing, or related risks, shall be obtained in connection with each deed of trust or mortgage given as security on each real estate-secured loan when:
  - (A) the loan is primarily secured by real property and only secondarily by the borrower's general credit-worthiness; and
  - (B) the amount of the loan secured by the real property is one hundred thousand dollars (\$100,000) or more.
- (2) Corporate Resolutions. A loan made to a corporation shall be supported by a certified copy of a resolution of the board of directors of the corporation, authorizing the loan transaction.
- (3) Partnership Declaration. A loan made to a partnership shall be supported by a declaration of the general partners showing the composition of the partnership and unless all partners sign the note, the authority of the partner(s) executing the note to bind the partnership.
- (4) Limited Liability Company Certification. A loan made to a limited liability company shall be supported by a certification of a manager thereof that the loan has been duly authorized by the limited liability company.
- (5) Unlisted Securities Held as Collateral. Full credit information on all unlisted securities shall be kept on file in the bank.

*History Note: Authority G.S. 53C-6-1; 53C-8-1;  
Eff. February 1, 1976;  
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