



CHAPTER 54B
ARTICLE 5 - CORPORATE ADMINISTRATION

N.C.G.S. § 54B-109.

Indemnification.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT S.L. 2001-193, s. 16 — third act in the lineage	RETRIEVED 21 September 2026, 02:06 UTC	SOURCE FINGERPRINT c78a5c762e202aedd246638 - ad828dca9f0988fd2f918742 - 0721de52123d2dc7
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§ 54B-109(a) An association shall maintain a blanket indemnity bond of at least a minimum amount as prescribed by the Commissioner of Banks.

§ 54B-109(b) An association which employs collection agents, who for any reason are not covered by the bond as hereinabove required, shall provide for the bonding of each such agent in an amount equal to at least twice the average monthly collections of such agent. Such agents shall be required to make settlement with the association at least once monthly. No such coverage by bond will be required of any agent which is a federally insured depository institution. The amount and form of such bonds and the sufficiency of the surety thereon shall be approved by the board of directors and the Commissioner of Banks before such is valid. All such bonds shall provide that a cancellation thereof either by the surety or by the insured shall not become effective unless and until 30 days' notice in writing shall have been given to the Commissioner of Banks.

§ 54B-109(c) The Commissioner of Banks may require every member of the board of directors, of - ficer or employee of an association who shall knowingly make, approve, participate in, or assent to, or who knowingly shall permit any of the officers or agents of the association to make investments not authorized by this Chapter, to deposit with the association an indemnity bond, insurance or collateral of a kind and amount sufficient to indemnify the association against damage which the association or its members or stockholders sustain in consequence of such unauthorized investment.

§ 54B-109(d) The amount considered sufficient to indemnify the association shall, in the case of an unauthorized loan, be the difference between the book value of the loan and the

amount that could legally have been made under the provisions of this Chapter. The amount considered sufficient to indemnify the association shall, in the case of an unauthorized other investment, be the difference between the book value and the market value of the investment at the time when the Commissioner of Banks makes his determination that such investment is unauthorized. Whenever an unauthorized investment has been sold or disposed of without recourse, the Commissioner of Banks shall release such part of the indemnity as remains after deducting any loss, which amount shall be retained by the association. Whenever the balance of an unauthorized loan has been reduced to an amount which would permit such loan to be made in compliance with the provisions of this Chapter, the indemnity shall be released. The Commissioner of Banks, in making such determination may require an independent appraisal of the security.

§ 54B-109(e) The Commissioner of Banks shall cause to be examined annually all such bonds and pass on their sufficiency and either the board of directors or the Commissioner of Banks may require new or additional bonds at any time.

§ 54B-109(f) The Commissioner of Banks is empowered to promulgate rules and regulations with respect to litigation expenses and other indemnity matters.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
3 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.

1981		1991	2001
TICK HEIGHT = ACTS IN THAT YEAR DASHED = RECODIFICATION, NOT AMENDMENT			
Nº	YEAR	ACT	CHARACTER
01	1981	c. 282, s. 3	ENACTED
02	1981	1989 (Reg. Sess., 1990), c. 806, s. 8	AMENDED
03	2001	S.L. 2001-193, s. 16	AMENDED

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 54B-109 (2001).

PINPOINT

N.C. Gen. Stat. § 54B-109(a) (2001).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

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HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1981, c. 282, s. 3; 1989 (Reg. Sess., 1990), c. 806, s. 8; 2001-193, s. 16.)

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