

BANKS AND BANKING

CHAPTER 98

S. B. No. 57
(Duffy and Page)

PUBLIC BOOKS AND ACCOUNTS; WARRANTS

AN ACT

To amend and reenact sections 6-0125, 11-2501, 15-2113, 15-2526, subsection 5 of section 15-2912, sections 21-0101, 21-0102, 40-0101 by creating subsection 6, 40-1705, and 54-2709 of the North Dakota Revised Code of 1943, and section 40-1706 of the 1953 Supplement to the North Dakota Revised Code of 1943, relating to the preparation and issuance of warrants by the state of North Dakota and its political subdivisions.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 6-0125 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

6-0125. Supervision of Books and Accounts of Public Institutions and Private Institutions with Which State Has Dealings.) The state examiner shall assume and exercise constant supervision over the books and financial accounts of the several public offices and institutions which he is authorized to examine. He shall prescribe and enforce a correct and uniform method of keeping financial accounts in such offices and institutions, shall recommend a form for warrants or for order-checks of all local units of government except school districts which shall conform so far as consistent with statutory and charter requirements to approved banking practice, in order to facilitate handling of such instruments by banks and other depositories, and shall instruct the proper officer of each of said institutions in the due performance of his duties concerning the same. He shall have authority to examine the books and accounts of all private institutions with which the state has any dealings so far only as the same relate to such dealings. If any public officer having control of any such office or institution shall fail or refuse to comply with the directions of the state examiner, the examiner shall report the facts to the governor and to the manager of the state bonding fund, and such refusal shall constitute grounds for removal from office and cancellation of the bond of such officer.

§ 2. Amendment.) Section 11-2501 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

11-2501. Warrants; How Signed, Attested, Numbered, and Registered.) All warrants upon the county treasurer for claims against the county shall be issued by the county auditor upon the authority of properly audited and allowed claims or orders of the board of county commissioners. Each warrant shall be so drawn that when signed by the treasurer in an appropriate place, it becomes a check on the county depository. No warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository. Warrants for salaries of county officers and county employees may be drawn by the county auditor from time to time as such salaries become due and payable. The county auditor shall draw all other warrants or orders upon the county treasurer for the payment of moneys upon the authority and for the purposes specifically provided by law. All warrants issued by the county auditor shall be numbered consecutively. The number, date, and amount of each warrant and the name of the person to whom payable and the fund upon which drawn shall be stated therein. Warrants shall be signed by the county auditor and at the time they are issued shall be registered by him in a book kept for that purpose.

§ 3. Amendment.) Section 15-2113 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

15-2113. To Furnish School Supplies, Blanks, Record Books, Forms, and School Library Lists.) The superintendent of public instruction shall prepare and cause to be printed and furnished to the proper officers or persons, district clerks' record books and warrant books, school treasurers' record books, school registers, and reports, statements, notices, and returns needed or required to be used in the schools or by the school officers of the state. In preparing and furnishing the warrant book, he shall prepare a form for order and warrant checks of the school district which will conform, so far as consistent with statutory requirements, to approved banking practice in order to facilitate handling of such instruments by banks and other depositories. Such warrant shall be so drawn that when signed by the treasurer in an appropriate place it becomes a check on the school district depository. He shall prepare and furnish to school officers, through the county superintendents, lists of publications approved by him as suitable for district libraries. Such lists shall contain the

lowest price at which each publication can be purchased and such other information relative to the purchase of district libraries as he may deem requisite. No warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository.

§ 4. Amendment.) Section 15-2526 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

15-2526. Warrants; Form.) Each warrant drawn by a school district clerk or a school board on the district treasurer shall specify the purpose for which it is drawn, the fund on which it is drawn, and the person to whom it is payable, and said warrant shall be so drawn that when signed by the treasurer in an appropriate place it becomes a check on the school district depository. No warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository. No warrant shall be issued except for indebtedness incurred prior to its issue.

§ 5. Amendment.) Subsection 5 of section 15-2912 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

- 5 Pay out district moneys under his control only upon the presentation of a warrant signed by the president of the board of education, countersigned by the clerk, and attested by the seal of the district, and only if there is money in his hands or subject to his order sufficient for the payment thereof, the form of warrant used to be prescribed by the superintendent of public instruction and so drawn that when signed by the treasurer in an appropriate place it becomes a check on the special school district depository; no warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository;

§ 6. Amendment.) Section 21-0101 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

21-0101. Definitions.) The term "taxing district" when used in this chapter, unless the context thereof clearly requires otherwise, shall mean any county, city, village, school

district, township, park district, or irrigation district in the state. The term "warrant" when used in this chapter shall mean an order drawn by the proper taxing district officials on the treasurer of said taxing district, the warrant or order to be so drawn that when signed by the treasurer in an appropriate place it becomes a check on the taxing district depository. No warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository.

§ 7. Amendment.) Section 21-0102 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

21-0102. Warrant: Order of Payment.) Any warrant upon the treasurer of any taxing district shall be paid in the order of its presentation for payment, except as otherwise provided in this chapter. Such warrant shall be so drawn that when signed by the treasurer in an appropriate place it becomes a check on the taxing district depository. No warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository.

§ 8. Amendment.) Subsection 6 of section 40-0101 is hereby created to read as follows:

6. "Warrant" shall mean an order drawn by the proper official of the city or the village on its treasurer, the warrant or order to be so drawn that when signed by the treasurer in an appropriate place it becomes a check on the depository of such city or village, and no warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository.

§ 9. Amendment.) Section 40-1705 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

40-1705. Disbursement of Money; Payment of Bonds, Interest Coupons.) The city treasurer shall pay out or disburse money only upon the warrant of the executive officer countersigned by the city auditor, such warrant to be so drawn that when signed by the treasurer in an appropriate place it becomes a check on the city depository, except that he shall pay city bonds and interest coupons when the same are due and presented for payment if there is money available

for such purpose. If the bonds or interest coupons are payable outside of the city, the money for such payment shall be remitted by the city treasurer to the place of payment in time to reach that point on or before the maturity date of the obligation. No warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository.

§ 10. Amendment.) Section 40-1706 of the 1953 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

40-1706. Funds: Controlled by Governing Body; Exceptions; Disbursement on Order; Payrolls.) All funds in the city treasury, except school funds, funds created and set apart for the payment of interest and principal of the debt of the city, and funds collected on special assessments, shall be under the control of the governing body of the city and shall be drawn out when authorized by a vote of the governing body, upon the order of the executive officer countersigned by the city auditor. All orders drawn upon the treasurer shall specify the purposes for which they are drawn and shall be payable out of the funds in the treasury on which they are drawn, and each order shall be so drawn that when signed by the treasurer in an appropriate place it becomes a check on the city depository. No order upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such order has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository. All orders may be transferred by endorsement. The orders shall be payable to the persons in whose favor they are drawn unless, in the case of payment of salaries and wages, the governing body otherwise directs. The governing body of any city may direct that the wages and salaries of persons employed by the city be paid by checks issued by the city treasurer upon a single order, authorized by a vote of the governing body and signed by the executive officer and countersigned by the city auditor. If such optional procedure is followed the city auditor shall certify to the city treasurer the names of the city employees and the amounts due each, and the order shall be issued to the city treasurer for the total amount of all such payroll payments due. Upon the receipt of such order the city treasurer shall issue payroll checks against the funds of the city to the several employees in the amounts due them respectively as shown by the certificate of the city auditor.

§ 11. Amendment.) Section 54-2708 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

54-2708. How Moneys Paid From State Treasury; Warrants; When Not Necessary.) Except as otherwise provided, moneys shall be paid from the state treasury only upon the warrant or order of the state auditor drawn on the state treasurer. The state examiner shall recommend a form for order and warrant check of the state government which shall conform, so far as consistent with statutory requirements, to approved banking practice in order to facilitate handling of such instruments by banks and other depositories. When such order and warrant check is signed by the state auditor the state treasurer shall accept such order or warrant with his signature, making such order and warrant check negotiable. No warrant upon the treasurer shall be delivered or mailed to the payee or his agent or representative until such warrant has been signed by the treasurer and entered on the treasurer's books as a check drawn on a bank depository. Each warrant shall specify upon what fund or from what apportionment it is to be paid. The state treasurer may redeem outstanding bonds or pay interest on bonds when due without the auditor's warrant, retaining such bond or interest coupon as his voucher for such payment until the next succeeding settlement.

Approved March 5, 1955.

CHAPTER 99

S. B. No. 80

(Hernett, Davis, Page and Sayer)

INVESTMENT LIMITATIONS ON STATE BANKING ASSOCIATIONS

AN ACT

To amend and reenact section 6-0307, of the North Dakota Revised Code of 1943, relating to investment of state banking associations in banking house, bank premises, furniture and fixtures.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 6-0307 of the North Dakota Revised Code of 1943, is hereby amended and reenacted to read as follows:

6-0307. Investment in Banking House, Furniture, and Fixtures; Limitation.) No state banking association shall invest in a banking house, including the lot, piece or parcel of land on which the same is located, and in furniture and fixtures

used in such banking house, an amount which will exceed the amount of the capital stock of such bank without the approval of the state banking board.

Approved February 26, 1955.

CHAPTER 100

S. B. No. 82

(Davis, Baeverstad and Sayer)

ADVANCEMENT OF FUNDS TO PROTECT LIENS

AN ACT

Providing for the advancement of funds by banks or other mortgagee to protect liens.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Advancement of Funds to Protect Liens.) Any banking association or other mortgagee may advance funds or make additional loans to borrowers from time to time for the purpose of maintenance, repairs, modernization and improvement of real estate, on which the mortgagee owns a first mortgage lien, up to the original amount of said mortgage or twenty-five hundred dollars, whichever may be the lesser, with or without changing the terms of said mortgage, and may carry such advances or loans upon its books as assets of the mortgagee, provided the said first mortgage by its terms reserves in the mortgagee the right to make such advances or additional loans, and, provided further, that such advances or loans are used for the purpose stated herein. Such advances or loans shall be deemed to be merged, incorporated in and become a part of and secured by said first mortgage, and the mortgagee shall have a good and valid first lien against such real estate to secure the payment of funds so advanced or loaned.

Approved February 26, 1955.

CHAPTER 101

S. B. No. 84

(Hernett and Klefstad)

TRUST COMPANY INVESTMENT OF TRUST FUNDS

AN ACT

With respect to the investment of trust funds by a corporate trustee.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Corporate Trustee: Investment of Trust Funds; Commingling Funds.) Any trust company may invest all moneys received by it in authorized securities, and shall be responsible to the owner or cestui que trust for the validity, regularity, quality, value, and genuineness of these investments and securities so made, and for the safekeeping of the securities and evidences thereof. When special directions are given in any order, judgment, decree, will, or other written instrument as to the particular manner or the particular class or kind of securities or property in which any investment shall be made, it shall follow such directions, and in such case it shall not be further responsible by reason of the performance of such trust. In all other cases it may invest funds held in any trust capacity in authorized securities using its best judgment in the selection thereof, and shall be responsible for the validity, regularity, quality, and value thereof at the time made, and for their safekeeping. Whether it be the sole trustee or one of two or more co-trustees, it may invest in fractional parts of, as well as in whole, securities, or may commingle funds for investment. If it invests in fractional parts of securities or commingles funds for investment, all of the fractional parts of such securities, or the whole of the funds so commingled shall be owned and held by the trust company in its several trust capacities, and it shall be liable for the administration thereof in all respects as though separately invested; provided, that not more than \$25,000, at the cost price of such investments, shall be so invested for any one trust at any one time in fractional parts or as commingled funds for investment, unless the authority to invest in fractional parts or as commingled funds be given in the order, judgment, decree, will, or other written instrument governing such trust. Funds so commingled for investment shall be designated collectively as a common trust fund. It may, in its discretion, retain and continue any investment and security or securities coming into its possession in any fiduciary capacity. The foregoing shall

apply as well whether a corporation trustee is acting alone or with an individual co-trustee.

Approved February 26, 1955.

CHAPTER 102

S. B. No. 180

(Olson and Knudson by request)

CREDIT UNION LOANS AND CREDIT COMMITTEE

AN ACT

To amend and reenact section 6-0614 of the 1953 Supplement to the North Dakota Revised Code of 1943 relating to credit union loans, and credit committee.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 6-0614 of the 1953 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

6-0614. Loans; How Made; Security; Meetings and Duties of Credit Committee.) The credit committee shall have general supervision over all loans to members, and shall meet as often as may be necessary to perform its duties and at least once each month. Notice must be given to each member of the committee before any meeting is held. All applications for a loan shall be made on a form approved by the committee and shall set forth the purpose for which the loan is desired, the security, if any, which is offered, and such other data as the committee may require. No loan in excess of four hundred dollars shall be made without adequate security, and security, under this section, shall include an assignment of shares or deposits, an endorsement made on the note by a responsible person, and such other security as the committee in its discretion may deem adequate. A majority of the members of the credit committee must pass on all applications for loans, and the approval of the members passing on any application for a loan must be unanimous or the loan shall not be made.

Approved March 5, 1955.