

BUILDING AND LOAN ASSOCIATIONS

CHAPTER 93

H. B. No. 795

(Haugland, Whittlesey, Meschke, Boustead)

LOAN LIMITATIONS

AN ACT

To amend and reenact section 7-04-13 of the North Dakota Century Code to permit savings and loan associations to make share loans up to one hundred percent.

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

§ 1. Amendment.) Section 7-04-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

7-04-13. Loans to Members.) Loans may be made to members on notes secured by mortgages which shall be a first lien on improved real property. Such loans shall not exceed seventy-five percent of the cash value of such property and shall be payable in shares of the association or by periodical installments, provided, however, that, as to percentage of loan to value, such percentage as is permitted for federal chartered associations shall also be legal, for loan purposes, for any federally insured state-chartered association in the territory in which such state association is authorized to operate, any provision herein contained notwithstanding. When an association holds a mortgage on real property which is a first and prior lien thereon, the association may increase its loan thereon and secure the same by a second or subsequent mortgage payable in installments. A prior lien or encumbrance on real property, upon which the association holds a subsequent mortgage or encumbrance, may be sold, transferred, or assigned, but the aggregate amount of such outstanding and unsatisfied prior liens or encumbrances so sold, transferred, or assigned shall not exceed ten percent of the association's assets at any one time and shall not in any event exceed the amount of its reserve fund. The total indebtedness of a member to the association, less the amount of dues paid on the shares pledged for a loan, shall not exceed seventy-five percent of the cash value of the real property securing the loan. An association may permit members to secure the repayment of loans by giving the association a straight note and mortgage on real property for a

fixed period, but in such event the amount of the loan shall not exceed fifty percent of the cash value of the property, and the loan must be approved by the board of directors prior to the granting thereof. No association shall make straight loans on real property in excess of ten percent of the assets of the association, and neither fines nor penalties may be collected on a straight note and mortgage. Loans may be made on the mutual plan or on the definite contract plan. Loans made on the mutual plan shall be accompanied by a pledge of shares having a matured or par value equal to the face of the loan, and shall become due and payable upon the date of maturity of the stock of the borrowing member pledged as collateral security to such loan, but the payments made by the borrower upon the shares so pledged shall not be considered as payments upon the principal of the loan. Definite contract loans shall be repayable in a definite number of equal periodical installments to be set out in the note or obligation, each in an amount sufficient so that the aggregate of all will repay the principal of the loan, together with the interest on the unpaid periodical balances, within the time and at the rate agreed upon. Upon the pledge as collateral security of shares of such association, loans may be made to shareholders in an amount up to one hundred percent of the withdrawal value of shares pledged.

Approved March 2, 1965.

CHAPTER 94

H. B. No. 900
(Jungroth)

EXAMINATION FEES

AN ACT

To amend and reenact section 7-05-01 of the North Dakota Century Code changing the examination fee for examination of building and loan or savings and loan associations.

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

§ 1. **Amendment.)** Section 7-05-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

7-05-01. Examination and Fees Therefor.) The state examiner, at least once each year or oftener if he deems it necessary or expedient, shall examine into the affairs of all

domestic associations doing business in this state. Whenever persons holding ten percent or more of the subscribed shares of any association file a written application with the state examiner requesting him to make an examination of any such association, he shall make such examination forthwith. Upon the completion of any examination of any association made by the state examiner or under his direction, the association so examined shall pay to the state examiner a fee to be determined as follows: for the first one hundred thousand dollars of assets, a fee of twenty dollars; for each additional one hundred thousand dollars of assets or major portion thereof, an additional fee of ten dollars. The minimum fee for any such examination, however, shall be seventy-five dollars. The maximum fee shall not be more than one thousand five hundred dollars, except that when a special examination of an association is requested by holders of ten percent or more of the subscribed shares the maximum fee shall not apply. The state examiner shall report such payment to the state banking board, and if any such association shall be delinquent more than twenty days in making such payment, the state banking board may make an order suspending the functions of such association until payment of the amount due, together with a penalty of five dollars additional for each day of delay in payment. All fees collected by the state examiner shall be paid by him to the state treasurer for credit to the general fund. In lieu of the examinations herein required, the state examiner may accept any examination made by a Federal Home Loan Bank, the Federal Home Loan Bank board, or, if an insured association, by the Federal Savings and Loan Insurance Corporation. The state examiner may in his discretion conduct a joint examination with said described federal agencies, in which case the fee paid to the state treasurer as provided herein shall be one-half of the amount specified herein.

Approved March 15, 1965.