

Fifty-fifth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2117

Introduced by

Industry, Business and Labor Committee

(At the request of the Department of Banking and Financial Institutions)

1 A BILL for an Act to create and enact two new sections to chapter 7-01 of the North Dakota
2 Century Code, relating to a state or federal savings and loan association conversion to a
3 state-chartered commercial bank; and to amend and reenact section 6-03-13.5 of the North
4 Dakota Century Code, relating to a state or federal savings and loan association conversion to
5 a state-chartered commercial bank.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Section 6-03-13.5 of the 1995 Supplement to the North
8 Dakota Century Code is amended and reenacted as follows:

9 **6-03-13.5. National bank, federal savings association, or state savings and loan**
10 **association conversion to state bank.** A national bank, federal savings association, or state
11 savings and loan association located in this state which follows the procedure prescribed by
12 federal law to convert into a state bank, must be granted a state charter if it meets the
13 provisions of the North Dakota Century Code for the incorporation and chartering of a new state
14 bank. Any requirement that shares must be paid in cash may be satisfied by the exchange of
15 shares of the converted state bank for those of the converting national bank, federal savings
16 association, or state savings and loan association, which may be valued at no more than their
17 fair cash market value. The procedure for incorporation of a state bank may be modified by the
18 ~~state banking~~ board to the extent made necessary by the difference between an ordinary
19 incorporation and a conversion and no public hearing need be held on a conversion application.
20 A national bank, federal savings association, or state savings and loan association proposing to
21 convert into a state-chartered bank shall grant the commissioner discretionary authority to
22 conduct an examination. The commissioner shall set fees for ~~such~~ the examination at an
23 hourly rate sufficient to cover all reasonable expenses of the department of banking and
24 financial institutions associated with the examination. Fees must be collected by the

commissioner, transferred to the state treasurer, and deposited in the financial institutions' regulatory fund.

SECTION 2. A new section to chapter 7-01 of the North Dakota Century Code is created and enacted as follows:

State savings and loan association conversion to state bank. A state savings and loan association located in this state which follows the procedure prescribed by the board to convert into a state bank, must be granted a state charter if it meets the provisions of the North Dakota Century Code for the incorporation and chartering of a new state bank. Any requirement that shares must be paid in cash may be satisfied by the exchange of shares of the converted state bank for those of the converting state savings and loan association, which may be valued at no more than their fair cash market value. The procedure for incorporation of a state bank may be modified by the board to the extent made necessary by the difference between an ordinary incorporation and a conversion and no public hearing need be held on a conversion application. A state savings and loan association proposing to convert into a state-chartered bank shall grant the commissioner discretionary authority to conduct an examination. The commissioner shall set fees for the examination at an hourly rate sufficient to cover all reasonable expenses of the department of banking and financial institutions associated with the examination. Fees must be collected by the commissioner, transferred to the state treasurer, and deposited in the financial institutions' regulatory fund.

SECTION 3. A new section to chapter 7-01 of the North Dakota Century Code is created and enacted as follows:

Savings association conversion. A federal savings association may convert to a state association under this chapter upon the following terms:

1. The conversion must be approved by vote of the members or shareholders cast in person or by proxy at a special meeting called to consider the action;
2. Notice of the meeting must expressly state the purpose, time, and place of the meeting, and must be mailed, postage prepaid, at least thirty, and not more than sixty days, before the date of the meeting to each member or shareholder of record at the address shown on the association's books;
3. The conversion must be approved by fifty-one percent or more of the votes cast at the meeting; and

- 1 4. The conversion must be confirmed by action of applicable federal regulatory
2 authorities and the board.