

HOUSE BILL NO. 1270

Introduced by

Representatives Nottestad, Hanson

Senator Wardner

1 A BILL for an Act to amend and reenact section 6-06-14 of the North Dakota Century Code,
2 relating to reports of credit committees of credit unions.

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

4 **SECTION 1. AMENDMENT.** Section 6-06-14 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **6-06-14. Loans - How made - Security - Meetings and duties of credit committee -**
7 **Preferential loans.** The credit committee has general supervision over all loans to members,
8 and shall meet as often as may be necessary to perform its duties and at least once each
9 month, except the foregoing provisions regarding monthly meetings do not apply to the North
10 Dakota central credit union. Notice must be given to each member of the committee before any
11 meeting is held. All applications for a loan must be made on a form approved by the committee
12 and must set forth the purpose for which the loan is desired, the security, if any, which is
13 offered, and such other data as the committee may require. The maximum aggregate loans
14 that may be made to a member or a group of members relying on a single income source
15 without adequate security is two thousand five hundred dollars or one percent of the credit
16 union's total share and deposit accounts, whichever is the higher, but not to exceed fifty
17 thousand dollars. Security under this section includes an assignment of shares or deposits, an
18 endorsement made on the note by a responsible person, and such other security as the
19 committee in its discretion may deem adequate. No loan may be made unless it is approved by
20 a majority of the entire committee; except that the credit committee may appoint and delegate
21 to one or more loan officers the power to approve loans up to the limit established by the credit
22 committee, or in excess of ~~such the~~ limit if ~~such the~~ excess is fully secured by unpledged
23 shares. ~~Each loan officer shall furnish to the credit committee a record of each loan approved~~
24 ~~or not approved by the loan officer within seven days of the date of the filing of the application~~

Fifty-eighth
Legislative Assembly

- 1 ~~therefor. All loans not approved by a loan officer must be acted upon by the credit committee.~~
- 2 ~~No~~ An individual ~~shall have authority to~~ may not disburse funds of the credit union for any loan
- 3 ~~which~~ that has been approved by that individual in that individual's capacity as a loan officer.
- 4 Not more than one member of the credit committee may be appointed as a loan officer. Every
- 5 loan by a credit union to its directors, officers, managers, and committee members must be
- 6 made on substantially the same terms, including interest rates and collateral, as those
- 7 prevailing at the time for comparable transactions with other persons and must be in strict
- 8 conformity with the credit union's rules and regulations.