

BANKS AND BANKING

CHAPTER 95

SENATE BILL NO. 2028

(Legislative Management)
(Government Finance Committee)

AN ACT to amend and reenact sections 6-01-01.1, 6-01-04, 6-01-10, 6-01-11, and 6-01-16 of the North Dakota Century Code, relating to the budget approval process and reports of the department of financial institutions; to provide a continuing appropriation; to provide for a report; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-01-01.1 of the North Dakota Century Code is amended and reenacted as follows:

6-01-01.1. Regulatory fund established - Uses - ~~Appropriation~~Continuing appropriation.

1. There is created a special fund designated as the financial institutions regulatory fund. The amounts received under the following chapters, and any other moneys received by the department of financial institutions, must be deposited into this fund: chapters 6-01, 6-03, 6-05, 6-06, 6-10, 13-04.1, 13-05, 13-08, 13-09.1, 13-10, and 13-11.
2. All moneys deposited in the financial institutions regulatory fund are reserved for use by the department of financial institutions to defray the expenses of the department in the discharge of its administrative and regulatory powers and duties as prescribed by law, subject to the applicable laws relating to ~~the appropriation of state funds and to the deposit and expenditure of state moneys.~~
3. All moneys in the financial institutions regulatory fund are appropriated on a continuing basis to the department of financial institutions to carry out its administrative and regulatory powers and duties within the limits of an annual or biennial budget approved by the state banking board and state credit union board.
4. The department of financial institutions is responsible for the proper ~~expenditures~~expenditure of these moneys as provided by law and shall document the revenues and expenditures of the fund at the time and in the manner required by the office of management and budget.
- 3-5. Any cash balance in the financial institutions regulatory fund after all current biennium expenditures are met must be carried forward in the financial institutions regulatory fund for the next succeeding biennium.

- ~~4-6.~~ All moneys derived from the investment of any portion of the financial institutions regulatory fund must be credited to the fund.

SECTION 2. AMENDMENT. Section 6-01-04 of the North Dakota Century Code is amended and reenacted as follows:

6-01-04. Powers and duties of the state banking board and state credit union board.

1. The state banking board may adopt rules for the government of financial institutions and trust companies mentioned in section 6-01-01 to the extent the rules do not conflict with any law of this state or of the United States. The state banking board shall make and enforce such orders as are necessary or proper to protect the public and the depositors or creditors of those financial institutions and trust companies.
2. The same powers are given to the state credit union board with reference to credit unions as are granted to the state banking board with reference to financial institutions and trust companies named in this chapter.
3. The state banking board and state credit union board shall hold a joint meeting to consider any budget recommendations from the commissioner. Upon consideration of a budget recommendation, the boards shall approve an annual or biennial budget for the department of financial institutions, including the number of full-time equivalent positions. A majority of the members of each board must be present to constitute a quorum for the joint meeting, and approval by a majority of the members present of each board is required to approve an annual or biennial budget for the department of financial institutions.

SECTION 3. AMENDMENT. Section 6-01-10 of the North Dakota Century Code is amended and reenacted as follows:

6-01-10. Commissioner to keep records and make reports - Biennial report - Report to the legislative assembly.

1. The assistant commissioner shall act as secretary and keep all proper records and files pertaining to the duties and work of the department of financial institutions and the proceedings of the board. The commissioner shall report to the board annually, touching on all the commissioner's official acts and those of the deputy examiners, giving abstracts of statistics and of the conditions of the various institutions to which the commissioner's duties relate, and making such recommendations and suggestions as the commissioner may determine proper.
2. The state banking board shall submit a biennial report to the governor and the secretary of state in accordance with section 54-06-04. In addition to any requirements established pursuant to section 54-06-04, the banking board's report must include a summary or abstract of the reports of the commissioner.
3. The commissioner shall report to the state credit union board annually in the same manner as this section provides for the commissioner's report to the state banking board. The state credit union board shall submit a biennial report to the governor and the secretary of state in accordance with section 54-06-04, and in addition, the credit union board's report must include a summary or abstract of the reports of the commissioner.

4. The biennial reports of the state banking board and the state credit union board shall be published in the form of a combined biennial report of the department of financial institutions. The biennial report of the department shall be submitted to the governor and the secretary of state in accordance with section 54-06-04. The biennial report of the department must include all other biennial reports which the commissioner or the boards are required by law to submit to the governor and the office of management and budget.
5. The commissioner shall prepare and present a report to the house and senate appropriations committees of the legislative assembly during each regular legislative session at the time and in the manner directed by the chairmen of the committees. The report must include a summary of the department's activities during the current biennium, a statement of the department's revenues and expenditures for the prior biennium and the current biennium to date, and any other information requested by the chairmen of the committees.

SECTION 4. AMENDMENT. Section 6-01-11 of the North Dakota Century Code is amended and reenacted as follows:

6-01-11. Salary of commissioner.

The salary of the commissioner must be within the ~~amount appropriated for salaries by the legislative assembly~~budget approved by the boards. The commissioner is allowed, in addition to the commissioner's salary, the commissioner's necessary and actual expenses incurred in the discharge of the commissioner's official duties within the budget approved by the boards. The commissioner's salary and expenses must be audited and paid in the manner in which the salary and expenses of other state officers are paid.

SECTION 5. AMENDMENT. Section 6-01-16 of the North Dakota Century Code is amended and reenacted as follows:

6-01-16. Salaries of commissioner's deputies.

The salary of the assistant commissioner and the salary of each other deputy must be fixed by the commissioner within the ~~limits of the legislative appropriation for such salaries~~budget approved by the boards. In addition to the amounts herein specified, each deputy must be allowed the deputy's actual and necessary traveling expenses when engaged in the discharge of the deputy's duties. The salaries of all clerks, stenographers, and other assistants must be fixed by the commissioner within the ~~limits of the legislative appropriation therefor~~budget approved by the boards.

SECTION 6. EXPIRATION DATE. This Act is effective through June 30, 2029, and after that date is ineffective.

Approved February 24, 2025

Filed February 25, 2025

CHAPTER 96

HOUSE BILL NO. 1507

(Representative Vollmer)

AN ACT to create and enact a new chapter to title 6 of the North Dakota Century Code, relating to the establishment and organization of cooperative financial institutions; and to amend and reenact sections 6-01-02, 6-01-15, 6-01-17.1, 6-02-02, 6-02-03, 6-03-02, 6-03-11, 6-03-13.1, 6-03-34, 6-05-01, 6-06-35, 6-07.2-09, 6-07.2-19, and 6-08-08.1 of the North Dakota Century Code, relating to the application, powers, payment of claims, liquidation, and sale of cooperative financial institutions.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-01-02 of the North Dakota Century Code is amended and reenacted as follows:

6-01-02. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Association", "banking association", or "state banking association" means any corporation organized under the laws of this state covering state banking associations, and all corporations, limited liability companies, partnerships, firms, or associations whose business in whole or in part consists of the taking of money on deposit, except national banks, trust companies, and the Bank of North Dakota.
2. "Bank" means any national bank, national banking association, corporation, state bank, cooperative financial institution, state banking association, or savings bank, whether organized under the laws of this state or of the United States, engaged in the business of banking.
3. "Bank holding company" means bank holding company as defined in 12 U.S.C. 1841(a)(1).
4. "Banking" means the business of receiving deposits, making loans, discounting commercial paper, issuing drafts, traveler's checks, and similar instruments, handling and making collections, cashing checks and drafts, and buying and selling exchange.
5. "Banking department" means the state department of financial institutions.
6. "Banking institution" means any bank, trust company, or bank and trust company organized under the laws of this state.
7. "Branch" means a place of business where deposits are received, checks paid, or money lent as a result of a bank that was merged into another bank pursuant to an interstate merger.
8. "Commissioner" means the commissioner of financial institutions.

9. "Cooperative financial institution" means an institution without capital stock organized under section 10 of this Act and operated for mutual purposes and without profit, and which is subject by law to supervision and examination by the department and federal authority which have supervision over such institutions.
10. "Corporate central credit union" means a credit union operated for the primary purpose of serving corporate accounts. A credit union is deemed to be a corporate central credit union when its total dollar amount of outstanding corporate loans plus corporate share and deposit holdings is equal to or greater than seventy-five percent of its outstanding loans plus share and deposit holdings.
- ~~40-11.~~ "Credit union" means a cooperative, nonprofit association organized for the purposes of encouraging thrift among its members, creating a source of credit at a fair and reasonable rate of interest, and providing an opportunity for its members to improve their economic and social condition.
- ~~44-12.~~ "Derivative transaction" means derivative transaction as defined in 12 U.S.C. 84(b)(3).
- ~~42-13.~~ "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.
- ~~43-14.~~ "Electronic communication" means any form of communication, not directly involving the physical transmission of paper that creates a record that may be retained, retrieved, and reviewed by a recipient of the communication and may be directly reproduced in paper form by the recipient through an automated process.
- ~~44-15.~~ "Electronic record" means a record created, generated, sent, communicated, received, or stored by electronic means.
- ~~45-16.~~ "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and signed or adopted by a person with the intent to sign the record.
- ~~46-17.~~ "Financial corporation" means all entities regulated by the department of financial institutions, excluding financial institutions and credit unions.
- ~~47-18.~~ "Financial institution" means any bank, industrial loan company, or savings and loan association organized under the laws of this state or of the United States.
- ~~48-19.~~ "Market value" means the highest price for which property can be sold in the open market by a willing seller to a willing purchaser, neither acting upon compulsion and both exercising reasonable judgment.
- ~~49-20.~~ "Merger" or "merge" means the merging or consolidation of two or more banks including the purchase of all or substantially all of the assets and assumption of liabilities of a bank, facility, or branch.
- ~~20-21.~~ "Mutual investment corporation" or "mutual savings corporation" means a corporation organized to engage in the investment or savings business, but having no capital stock or a nominal capital stock.

- ~~21-22.~~ "National bank" or "national banking association" means an institution chartered by the comptroller of the currency under the National Bank Act [12 U.S.C. 24].
- ~~22-23.~~ "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
- ~~23-24.~~ "Technology service provider" includes any person that provides services to a financial institution, financial corporation, or credit union, including: core processing; information and transaction processing and settlement activities that support banking functions such as lending, deposit-taking, funds transfer, fiduciary, or trading activities; internet-related services; security monitoring; and system development and maintenance.
- ~~24-25.~~ "Tier 1, tier 2, and tier 3 capital" means those terms as set under title 12, Code of Federal Regulations, part 325, in effect on August 1, 2011.
- ~~25-26.~~ "Trust company" means any corporation formed for the purpose of transacting business as an annuity, safe deposit, surety, or trust company.

SECTION 2. AMENDMENT. Section 6-01-15 of the North Dakota Century Code is amended and reenacted as follows:

6-01-15. Officers and employees to be disinterested.

1. No officer or employee of this department may have any interest, directly or indirectly, in any financial corporation or financial institution within the jurisdiction of the department of financial institutions, nor in any corporation or institution engaged wholly or in part in the writing or issuing of bonds of or for any such corporation or institution or any officer or employee thereof. Provided, however, this prohibition does not apply to membership in a state-chartered credit union or ~~savings and loan association~~cooperative financial institution.
2. For purposes of this section, "interest" means ownership of or investment in such corporations or institutions.

SECTION 3. AMENDMENT. Section 6-01-17.1 of the North Dakota Century Code is amended and reenacted as follows:

6-01-17.1. Application fees - Cost of transcript.

The following fees must accompany an application presented to the state banking board, state credit union board, or commissioner and must be paid by the commissioner into the financial institutions regulatory fund:

1. For a certificate of authority to organize a banking association, a fee of five thousand dollars, paid by the applicants.
2. A banking association's application for authority to remove its business to some place within the state other than the town in which it is presently located and to change its name, a fee of two thousand five hundred dollars.
3. National bank conversion to a state bank, a fee of two thousand five hundred dollars.

4. Application by two or more banks to merge or consolidate, a fee of one thousand five hundred dollars.
5. Application by a person to sell, dispose, or purchase an association, banking institution, or holding company, a fee of five hundred dollars unless a hearing is held before the board in which case the fee is two thousand dollars.
6. A banking association's application to establish and operate a separate facility, a fee of one thousand five hundred dollars. A banking institution that discontinues a facility established for the purpose of providing educational opportunities to a high school is entitled to a refund of any application fee paid.
7. A banking association's application to establish customer electronic funds transfer centers, a fee not to exceed five hundred dollars.
8. For a certificate of authority to organize an annuity, safe deposit, surety, or trust company, a fee of five thousand dollars.
9. A banking association's application for authority to exercise trust powers, a fee of one thousand five hundred dollars.
10. Application to organize a credit union, a fee of three hundred dollars, paid by the applicants.
11. Application for a credit union to establish a branch, a fee of three hundred dollars.
12. Application by a credit union to expand its field of membership, a fee of one hundred fifty dollars.
13. Application by a federal credit union to convert to a state credit union, a fee of three hundred dollars.
14. For a certificate of authority to organize a ~~savings and loan association~~ cooperative financial institution, a fee of five thousand dollars.
15. A ~~savings and loan association's~~ cooperative financial institution's application to establish and operate a branch office, a fee of one thousand five hundred dollars.
16. A trust company's application or notification to establish an operating subsidiary or branch office, a fee of five hundred dollars.
17. Application by two or more credit unions to merge, a fee of three hundred dollars.
18. A banking institution, credit union, or other financial institution to convert to a cooperative financial institution, a fee of five thousand dollars.

The commissioner may cause a certified transcript to be prepared for any hearing conducted on an application. The costs for the original and up to six copies of the transcript must be paid by the applicant.

SECTION 4. AMENDMENT. Section 6-02-02 of the North Dakota Century Code is amended and reenacted as follows:

6-02-02. Banking corporations - Who may form.

An association for carrying on the business of banking under this title may be formed by any number of natural persons, not less than three, at least two-thirds of whom must be residents of this state. They shall enter into articles of association which must specify in general terms the object for which the association is formed and which may contain any other provisions, not inconsistent with law, which the association may see fit to adopt for the regulation of its business and the conduct of its affairs. These articles must be signed and acknowledged by the persons uniting to form the association and must be filed in the office of the secretary of state. This section does not apply to a cooperative financial institution.

SECTION 5. AMENDMENT. Section 6-02-03 of the North Dakota Century Code is amended and reenacted as follows:

6-02-03. Capital stock, surplus, and federal deposit insurance requirements.

1. The capital stock of any banking association organized after June 30, 1987, must be not less than one hundred thousand dollars. In addition to such capital requirements, there must be subscribed and paid in at the time of organization a surplus of not less than fifty thousand dollars. This subsection does not apply to cooperative financial institutions.
2. The state banking board may require such additional capital, surplus, and undivided profits as it may determine necessary to properly serve the area and to protect the public interest.
3. All of the capital stock and surplus of every association must be paid in before it is authorized to commence business and evidence of such payment either in actual money or a deposit in a previously approved correspondent bank must be furnished to the commissioner before the certificate of authority may be delivered to it.
4. A banking association shall secure federal deposit insurance corporation insurance of deposits before it is authorized to commence business. Evidence of securing such insurance must be furnished to the commissioner before the certificate of authority may be delivered to the banking association.

²⁸ **SECTION 6. AMENDMENT.** Section 6-03-02 of the North Dakota Century Code is amended and reenacted as follows:

6-03-02. Powers.

After an association has made and filed articles of association and an organization certificate, it becomes a body corporate, and as such, and in the name designated in the certificate, it, subject to section 6-03-01, has the power to:

1. Have a perpetual existence, unless it is sooner dissolved according to the provisions of this title, or unless its franchise becomes forfeited by a violation of law.
2. Make contracts.
3. Sue and be sued.

²⁸ Section 6-03-02 was also amended by section 3 of House Bill No. 1127, chapter 142.

4. Elect or appoint directors, such board to consist of any number of members, not less than three nor more than twenty-five, at least two-thirds of whom must be citizens of the United States, and, by such board of directors, to appoint a president, who must be a member of said board, and such other employees as may be required, to define their duties, to require bonds of them and fix the penalty thereof, and to dismiss such officers and employees, or any of them, and appoint others to fill their places. This subsection does not apply to a cooperative financial institution.
5. Provide, by its board of directors, bylaws not inconsistent with the laws of this state to regulate the manner in which its directors and officers must be elected or appointed. Vacancies in the board of directors, not exceeding one-third of the whole membership thereof in any calendar year, must be filled by a majority vote of the remaining members. The bylaws must provide a method for filling vacancies exceeding that number. This subsection does not apply to a cooperative financial institution.
6. Provide, by its board of directors, bylaws not inconsistent with the laws of this state to regulate the manner in which its stock and property must be transferred, its business conducted, and the privileges granted to it by law exercised and enjoyed. This subsection does not apply to a cooperative financial institution.
7. Exercise, as determined by the board by order or rule, all the incidental powers as are necessary to carry on the business of banking, including discounting and negotiating promissory notes, bills of exchange, drafts, and other evidences of debt; receiving deposits; buying and selling exchange, coin, and bullion; loaning money upon real or personal security, or both; soliciting and receiving deposits in the nature of custodial accounts for the purpose of health savings or similar health care cost funding accounts, retirement fund contracts, or pension programs, and such custodial accounts are exempt from chapter 6-05; and providing services to its customers involving electronic transfer of funds to the same extent that other financial institutions chartered and regulated by an agency of the federal government are permitted to provide those services within this state. A bank that provides electronic funds transfer equipment and service to its customers, at premises separate from its main banking house or duly authorized facility approved by the state banking board, must make the equipment and service available for use by customers of any other bank upon the request of the other bank to share its use and the agreement of the other bank to share pro rata all costs incurred in connection with its installation and operation, and the electronic operations are not deemed to be the establishment of a branch, nor of a separate facility. The electronic operations at premises separate from its banking house or duly authorized facility must be considered a customer electronic funds transfer center and may be established subject to rules that the state banking board adopts.
8. Enter into contracts, incur obligations, and generally to perform all acts necessary or appropriate to take advantage of any and all memberships, loans, subscriptions, contracts, grants, rights, or privileges which may be or become available or may inure to banking institutions or to their depositors, creditors, stockholders, conservators, receivers, or liquidators under the provisions of the federal Act creating the federal deposit insurance corporation or under any other Act or regulation of Congress to aid, regulate, or safeguard banking institutions and their depositors, including any amendments thereto or substitution therefor, when authorized so to do by its board of directors.

9. Subscribe for and acquire any stock, debentures, bonds, or other types of securities of the federal deposit insurance corporation and to comply with the lawful regulations and requirements from time to time issued or made by such corporation.
10. Take, receive, and hold United States postal savings deposits and to take any action necessary to procure the deposit of the same.
11. Enter into the business of dealing in securities and stock for the purpose of purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of individual and institutional customers and to provide portfolio investment advisory, management, information, forecasting, and research services to such customers in combination with or separate from such purchases and sales.
12. Exercise fiduciary powers upon application as provided under section 6-05-01 as the board may prescribe by rule.
13. Invest all moneys received by it in a trust, in authorized securities, and be responsible to the owner or a third-party beneficiary for the validity, regularity, quality, value, and genuineness of these investments and securities at the time made and for the safekeeping of these securities and the evidences of the securities. 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 may be made, a bank shall follow this direction and, in such case, it is not further responsible by reason of the performance of the trust. A bank may retain and continue any investment and security or securities coming into its possession in any fiduciary capacity. For the faithful discharge of its duties and the discharge of its trust, it is entitled to reasonable compensation or an amount as has been or may be agreed upon by the parties and all necessary expenses, with legal interest on those amounts. The trustee may acquire and retain securities of any open-end or closed-end management type investment company or investment trust registered under the Federal Investment Company Act of 1940 [Pub. L. 76-686; 54 Stat. 789; 15 U.S.C. 80a-1 - 80a-52]. The fact that the banking institution, or an affiliate of the banking institution, is providing services to the investment company or trust as investment advisor, sponsor, broker, distributor, custodian, transfer agent, registrar, or otherwise and receiving compensation for the services does not preclude the trustee from investing in the securities of that investment company or trust. The banking institution and trust shall disclose to all current income beneficiaries of the trust the rate, formula, and method of the compensation, and the relationship of ownership. No compensation or commission paid or agreed to be paid to it for the negotiation of a loan or the execution of a trust may be deemed interest within the meaning of the law, nor may any excess thereof over the legal rate be deemed usury.

SECTION 7. AMENDMENT. Section 6-03-11 of the North Dakota Century Code is amended and reenacted as follows:

6-03-11. Conversion, consolidation, or merger.

1. Any two or more banking institutions upon making application to the commissioner or the state banking board may consolidate or merge if authorized by the commissioner or board into one banking institution under the charter of either existing banking institution on such terms and conditions

as lawfully may be agreed upon by a majority of the board of directors of each banking institution proposing to consolidate or merge subject to rules adopted by the state banking board.

2. Before becoming final, such consolidation or merger must be ratified and confirmed by the vote:

a. Vote of the shareholders of each such banking institution owning at least two-thirds of its capital stock outstanding at a meeting to be held on the call of the directors. Notice of such meeting and of the purpose thereof must be given to each shareholder of record by registered or certified mail at least ten days prior to the meeting. The shareholders may unanimously waive such notice and may consent to such meeting and consolidation or merger in writing; or

b. Vote of the members of a cooperative financial institution.

(1) The proposition for a merger first must be approved by the board of directors, and on a date set for a vote by the members either at a meeting or by written ballot filed on or before the date, by a majority of the directors of the organization which seeks the merger. Written notice of the proposition and the date set for the vote must be delivered in person to each member or mailed to each member at the address appearing on the records of the organization. The notice must be mailed between seven and thirty days before the date of the merger. Approval of the proposition for merger must be made by the affirmative vote of two-thirds of the members participating in the meeting.

(2) Each member of the cooperative financial institution is entitled to one vote during a regular or special meeting of the membership. Voting rights for a banking institution or financial institution are determined by applicable law.

(3) At least forty-five days before consideration of a merger, the membership and board acting upon the proposed change must be made aware of the merger under consideration and day and time of the meeting the change will be acted upon.

(4) Promptly after the vote, and in no event later than ninety days thereafter, if the proposition for merger was approved, the organization seeking the merger shall provide the state banking board with the results of the vote, verified by the affidavits of the president or vice president and secretary.

3. The capital stock and surplus of such consolidated banking institution must not be less than that required under this title for the organization of a banking institution of the class of the largest consolidating banking institution.

4. Immediately after the consolidation or merger a full report thereof, including a statement of the assets and liabilities of the consolidated banking institution, must be made to the commissioner by the surviving banking institution.

5. Any banking institution may without approval by any state authority convert into or merge or consolidate with a national banking association as provided by federal law.
6. A national bank proposing to merge into a state-chartered bank shall grant the commissioner discretionary authority to conduct an examination. The commissioner shall set fees for such examination at an hourly rate sufficient to cover all reasonable expenses of the department of financial institutions associated with the examination. Fees must be collected by the commissioner and deposited in the financial institutions regulatory fund.

SECTION 8. AMENDMENT. Section 6-03-13.1 of the North Dakota Century Code is amended and reenacted as follows:

6-03-13.1. Separate facilities authorized.

Upon compliance with section 6-03-13.3, any bank organized under chapter 6-02 or section 10 of this Act and under the supervision of the state banking board, and any national bank doing business in this state, may maintain and operate separate and apart from its banking house facilities, in addition to such service at its main banking house. Any activity incidental to the business of banking may be transacted at a separate facility, including receiving deposits of every kind and nature, cashing checks or orders to pay, issuing exchange, making loans, renting safe deposit boxes, exercising fiduciary powers if authorized by the board, and receiving payments payable at the bank. Whenever any banking institution that has been granted approval to establish and maintain a facility deems it advisable to discontinue the maintenance of the facility, the banking institution may apply to the commissioner or state banking board for cancellation and the commissioner or board may order the cancellation approval within the time the board specifies. The banking institution shall provide notice of the application as required by the board by rule.

SECTION 9. AMENDMENT. Section 6-03-34 of the North Dakota Century Code is amended and reenacted as follows:

6-03-34. Surplus fund required - Dividends only out of earnings not required for surplus.

The board of directors of any association organized under this title may declare and pay dividends out of the net profits of the association subject to the limitations of this chapter. ~~Every~~Except for cooperative financial institutions, every such association, as its board of directors deems advisable, shall ascertain, set apart, and convert into a surplus fund at least fifty percent of its net earnings until such surplus fund equals one hundred percent of its common stock, and no dividend may be declared upon its stock except from the remaining fifty percent of its net earnings.

SECTION 10. A new chapter to title 6 of the North Dakota Century Code is created and enacted as follows:

Definitions.

1. "Converted organization" means the banking institution, credit union, or other financial institution previously authorized by the commissioner to engage in the business of banking under the laws of this state and has been converted into a cooperative financial institution under this chapter.
2. "Member" means a holder of a cooperative financial institution savings, demand, or other authorized deposit account.

3. "Originating member" means an individual who seeks to form a cooperative financial institution under this chapter.

Formation.

Fifteen or more originating members who intend to associate themselves by written agreement and a cooperative financial institution may, upon compliance with this title, become a cooperative financial institution, with all the powers and privileges and subject to the duties, restrictions, and liabilities under section 6-03-02.

Capital structure.

A cooperative financial institution formed under this chapter shall have a capital structure the state banking board or commissioner determines is adequate. The cooperative financial institution shall comply with prompt corrective actions requirements of section 6-01-04.4. A cooperative financial institution is not authorized to issue capital stock, common stock, preferred stock, or other forms of equity ownership authorized by this title for other types of banking associations.

Contents of agreement of association.

1. Before the formation of a cooperative financial institution under this chapter, the originating members of the proposed cooperative financial institution shall execute a written agreement of association to form a cooperative financial institution. The written agreement of association must identify and comply with the capital structure required by the state banking board and must specifically state:
 - a. That the originating members of the cooperative financial institution intend to associate themselves with the intention of forming a cooperative financial institution;
 - b. The name of the cooperative financial institution;
 - c. The location of the principal office of the cooperative financial institution;
 - d. The purposes for which the cooperative financial institution is formed and the nature of the business the cooperative financial institution is to conduct; and
 - e. The names and addresses of each originating member of the financial institution.
2. Each originating member shall subscribe to the agreement of association before submission to the state banking board.

Organization certificate - Contents.

Before formation of a cooperative financial institution under this chapter, originating members who wish to associate themselves in a cooperative financial institution shall sign and execute an organization certificate on a form prescribed by the commissioner, which must state:

1. The name of the cooperative financial institution. The name may not be the name of any other bank, credit union, or financial institution previously incorporated within the this state;

2. The location of the principal office of the cooperative financial institution at which business will be conducted;
3. The names and places of residence of the originating members; and
4. The respective dates on which the cooperative financial institution will commence business.

Acknowledgment of organization certificate - Application for certificate of authority - Notice of hearing.

The organization certificate must be notarized. The authenticated certificate must be transmitted to the state banking board with a request for permission to present the certificate to the secretary of state, with application for the issuance of a certificate of authority, as well as payment of an application fee. The commissioner shall establish the application by rule. After receipt of the proposed organization certificate, application, and application fee, the board shall publish the application in the official newspaper of the county the cooperative financial institution is proposed to be established. The notice must contain a statement of a time and place at which the board will hear the application and must specify that any individual objecting the application may appear and show cause why the application should not be approved.

Hearing by board - Conclusions - Management - Confidentiality.

1. At the hearing, the board shall inquire whether the originating members have the character, integrity, reputation, and financial standing shown by a detailed financial statement, to demonstrate the establishment of the proposed cooperative financial institution will be beneficial to the public welfare of the community where the cooperative financial institution will be located. The board shall keep financial statement furnished by the originating members confidential.
2. The board shall inquire into the qualifications of the management of the proposed cooperative financial institution, including any experience with financial institutions and other related experience. The board shall keep any inquiry into the qualifications of the proposed management confidential.
3. The board shall hear any reasons advanced by the originating members as to why the members should be permitted to organize the cooperative financial institution.
4. At the conclusion of the hearing, the board shall make a statement in writing of its conclusions and conditions, if any, and if it finds the proposed cooperative financial institution may not be permitted to organize, the board shall state the reasons why. If approval is granted, a copy of the board's order must be attached to the organization certificate and both must be presented to the secretary of state. A determination to approve the organization of the cooperative financial institution must be joined by a majority of all the members of the board.

Determination of board - Recording of organization certificate.

1. If the state banking board votes to approve the application to organize a cooperative financial institution, the organization certificate and permission of the board must be recorded in the county where the cooperative financial institution will be established and must be transmitted to the secretary of state.

2. The secretary of state shall certify the facts to the state banking board and record the document in the secretary of state's office. The secretary of state shall issue a certificate of authority to the cooperative financial institution.
3. The secretary of state shall send the certificate to the commissioner. The commissioner may not issue the certificate until an examination is made and the certificate of the commissioner stating the capital structure as required by the state banking board has been acquired, federal deposit insurance corporation insurance of deposits has been secured, and all conditions of the law have been complied with strictly.
4. If the determination of the state banking board is against the organization of the cooperative financial institution, the organization certificate may not be recorded in the office of recorder and may not be accepted by the secretary of state.

Conversion to or from a cooperative financial institution.

1. Any banking institution, credit union, or financial institution authorized by the commissioner to engage in the business of banking under the laws of this state, laws of the United States, or laws of another state may be converted into a cooperative financial institution.
2. A cooperative financial institution may convert to a federal savings association by complying with the following requirements:
 - a. The proposition for conversion must be approved by a majority of the directors of the organization that seeks conversion. If approved by a majority of the directors, the directors shall set a date for a vote by the members either at a meeting or by written ballot to be filed on or before the date. Written notice of the proposition and the date set for the vote must be delivered in person to each member or mailed to each member at the address for the member appearing on the records of the organization, between seven and thirty days before the date. Conversion must be approved by two-thirds of the members participating in the vote.
 - b. Each member of the credit union is entitled to one vote during regular or special meetings of the membership.
 - c. The voting rights for a banking institution or financial institution are determined by applicable law.
 - d. Forty-five days before consideration of a conversion, the membership or board acting on the proposed change must be notified of the bylaw change under consideration and of the date and time of the meeting the change will be acted on.
 - e. Promptly after the vote is taken, but no more than ninety days after, if the proposition for conversion was approved, the organization seeking conversion shall provide the state banking board with the results of the vote, verified by the affidavits of the president or vice president and secretary.
 - f. A cooperative financial institution converting to a federal savings association shall provide notice of completion of subdivisions a, b, c, d and e, and may not be subject to any other provision of this chapter. The

converted cooperative financial institution shall provide notice to the state banking board upon commencement of operations as a federal savings association, at which time the state charter must be terminated.

3. If a cooperative financial institution converts to a state-chartered credit union, the institution shall:
 - a. Obtain federal deposit insurance.
 - b. File with the commissioner an organization certificate as required in section 6-06-02 and all other documentation necessary as determined by the commissioner.
 - c. Obtain approval from the state credit union board.

Application for conversion.

1. A banking institution, credit union, or financial institution may be converted to a cooperative financial institution under this chapter through submission of an application, which must include:
 - a. A statement of the results of the vote to approve the conversion, along with affidavits of the president or vice president and secretary;
 - b. A completed form, prescribed by the commissioner, requesting an amendment to the organization certificate;
 - c. A copy of the executed bylaws to establish the cooperative financial institution;
 - d. An application fee, as established by the commissioner by rule; and
 - e. An affirmation from the organization granting discretionary authority to the commissioner to conduct an examination before the conversion date.
2. The commissioner shall set fees for an examination at an hourly rate sufficient to cover all reasonable expenses of the department associated with the examination. Fees must be collected by the commissioner, transferred to the state treasurer, and deposited in the financial institution regulatory fund.
3. When the commissioner determines all requirements have been met, the commissioner shall notify the applicant and the state banking board. The board shall instruct the secretary of state to issue an amended organization certificate for the converted organization to operate as a cooperative financial institution. After issuance of the amended organization certificate, the organization becomes a cooperative financial institution and ceases to operate as originally organized. The cooperative financial institution is vested with all assets of the prior organization and is responsible for all of the obligations of the converted organization to the same extent as though the conversion had not taken place.

Benefit to directors or management.

1. A director or senior management official of a converted organization may not receive any economic benefit in connection with a conversion of the converted organization other than reasonable director fees, compensation, and other benefits paid to the directors or senior management officials in the ordinary course of business.

2. For purposes of this section "senior management official" means a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer as may be defined by the state bank board.

Adoption of rules.

The commissioner may adopt rules necessary to carry out the conversion of a banking institution, credit union, or other financial institution to or from a cooperative financial institution under this chapter.

Review by commissioner.

The commissioner shall review the process for the conversion member vote and procedures applicable to the member vote. The commissioner shall report the commissioner's findings to the state banking board. If the commissioner or the state banking board disapproves of the methods by which the conversion member vote was taken or procedures applicable to the member vote, the member vote must be retaken as directed by the commissioner or the state banking board.

Membership, voting, meetings, and bylaws.

1. Each member of the cooperative financial institution is entitled to one vote during regular or special meetings of the membership.
2. Voting may be conducted in-person or digital as outlined in the cooperative financial institution's bylaws. Proxy voting is permitted as authorized in the bylaws. A quorum for a meeting must be defined in the bylaws.
3. Changes to a cooperative financial institution's charter or bylaws require a majority vote of the membership at an annual or special membership meeting or a two-thirds majority vote of the board of directors. Fifteen days before consideration of a bylaw change, the membership or board acting upon the proposed change must be made aware of the bylaw change under consideration and the day and time of the meeting the change will be acted upon. No amendment to the bylaws are effective until reviewed for appropriateness and compliance with applicable law and approved by the state banking board.
4. A cooperative financial institution shall conduct at least one meeting of the membership annually. Meetings:
 - a. Must be noticed at least fifteen days before the meeting date and include the time, place, and agenda for any items considered at the meeting.
 - b. May be conducted virtually if permitted within the bylaws.
5. At the annual meeting the membership shall:
 - a. Fill any vacancies on the board of directors as outlined in the bylaws; and
 - b. Review the financial conditions of the cooperative financial institution, financial performance since the prior annual meeting, and the projection for the upcoming year.

6. Special meetings of the membership may be called by the board of directors as outlined in the bylaws.
7. The board of directors:
 - a. May exercise powers of the cooperative financial institution not expressly reserved for the members.
 - b. May not be fewer than five or more than fifteen members as outlined in the bylaws.
 - c. Must be elected to terms of one to three years and until their successors are elected, and shall serve staggered terms with approximately one-third of the board positions up for consideration at any given annual meeting, as outlined in the bylaws.
 - d. Must be elected from the membership of the cooperative financial institution, and nomination shall be made of any member in good standing and following a nomination process as outlined in the bylaws.
 - e. Must set the time and place of meetings as outlined in the bylaws, with a minimum of twenty-four hours' notice required unless waived by all members of the board.
 - f. Shall elect from among the elected board members, officers, including the positions of chair, vice chair, treasurer, and recorder, with duties and responsibilities as outlined in the bylaws.
 - g. Must be independent and the majority of board of directors may not be employees of the cooperative financial institution.
 - h. Must be made up of at least two members with appropriate banking experience.
 - i. Must be made up of at least two-thirds members who are both citizens of the United States and North Dakota residents.
 - j. May remove a board member as outlined in the bylaws.
8. The board of directors may terminate membership in a cooperative financial institution for cause as outlined in the bylaws.

SECTION 11. AMENDMENT. Section 6-05-01 of the North Dakota Century Code is amended and reenacted as follows:

6-05-01. Who may form - Corporation has perpetual existence.

Any number of persons, not less than nine, at least three of whom must be residents of this state, may associate themselves and form a corporation for the purpose of transacting business as an annuity, safe deposit, and trust company. Its existence shall be perpetual.

At the time and place stated, and through any sources of information at its command, the board shall examine and consider all relevant factors, including whether the place where such company is proposed to be located is in need of a further annuity, safe deposit, and trust company, whether the proposed institution is

adapted to the filling of such need, and whether the proposed incorporators are possessed of such character, integrity, reputation, and financial standing as shown by a detailed financial statement to be furnished by them, that their connection with the company will be beneficial to the public welfare of the community in which such company is proposed to be established. The board shall hear any reasons advanced by the applicants why they should be permitted to organize the proposed institution and any reasons advanced by any person why such institution should not be permitted to be organized. At the termination of such hearing, the board shall make a brief statement in writing of its conclusions, and if it finds that the proposed institution should not be permitted to organize, it shall state briefly the reasons why. A copy of such conclusions either shall be endorsed upon or attached to the organization certificate, together with the refusal or grant of permission to the proposed incorporators to present the said organization certificate to the secretary of state. A determination in favor of such organization must be joined in by a majority of the members of the board.

Any banking association organized under chapter 6-02 or section 10 of this Act may apply to the board for an order authorizing the applicant to exercise fiduciary powers. If the determination of the board is in favor of the applicant, the board shall make its order authorizing the applicant to engage in the business of a trust company upon its showing full compliance with sections 6-05-03, 6-05-04, and 6-05-05 except the capital stock of the banking association shall not be required to be divided in shares of one hundred dollars each as provided by section 6-05-03. Sections 6-05-06 and 6-05-07 are not applicable to banking associations granted authority to engage in the business of a trust company by the board. Thereafter, such banking association must be subject to the jurisdiction of the board as to its trust company operations the same as trust companies organized under chapter 6-05.

Any corporation organized and authorized to transact the business of fidelity insurance and corporate suretyship prior to July 1, 1983, pursuant to the former sections 6-05-08 and 6-05-19 through 6-05-24 and sections 6-05-30 through 6-05-33 may continue to operate under the provisions of those sections as they existed on June 30, 1983.

SECTION 12. AMENDMENT. Section 6-06-35 of the North Dakota Century Code is amended and reenacted as follows:

6-06-35. Conversion from state to federal credit union and from federal to state credit union and from state credit union to ~~building and loan association~~ cooperative financial institution.

1. A state credit union may be converted into a federal credit union under the laws of the United States by complying with the following requirements:
 - a. The proposition for such conversion must first be approved, and a date set for a vote thereon by the members either at a meeting to be held on such date or by written ballot to be filed on or before such date, by a majority of the directors of the state credit union. Written notice of the proposition and of the date set for the vote must then be delivered in person to each member or mailed to each member at the address for such member appearing on the records of the credit union, not more than thirty nor less than seven days prior to such date. Approval of the proposition for conversion must be by the affirmative vote of two-thirds of the members present at the meeting.

- b. A statement of the results of the vote, verified by the affidavits of the president or vice president and the secretary, must be filed with the state credit union board within ten days after the vote is taken.
 - c. Promptly after the vote is taken and in no event later than ninety days thereafter, if the proposition for conversion was approved by such vote, the credit union shall take such action as may be necessary under the applicable federal law to make it a federal credit union, and within ten days after receipt of the federal credit union charter there must be filed with the state credit union board a copy of the charter thus issued. Upon such filing, the credit union must cease to be a state credit union.
 - d. Upon ceasing to be a state credit union, such credit union is no longer subject to any of the provisions of the North Dakota credit union law. The successor federal credit union is vested with all of the assets and shall continue to be responsible for all of the obligations of the state credit union to the same extent as though the conversion had not taken place.
2. a. A federal credit union, organized under the laws of the United States may be converted into a state credit union by:
- (1) Complying with all federal requirements requisite to enabling it to convert to a state credit union or to cease being a federal credit union;
 - (2) Filing with the state credit union board proof of such compliance, satisfactory to the commissioner;
 - (3) Filing with the commissioner an organization certificate and bylaws, both in triplicate, as required by section 6-06-02; and
 - (4) Granting discretionary authority to the commissioner to conduct an examination prior to the conversion date.

The commissioner shall set fees for such examination at an hourly rate sufficient to cover all reasonable expenses of the department of 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.

- b. When the commissioner has been satisfied that all of such requirements and all other requirements of the North Dakota law have been complied with, the commissioner shall notify the applicants and the state credit union board of that fact, and the board shall instruct the secretary of state to issue a charter in accordance with section 6-06-02. Upon issuance of the charter, the federal credit union shall become a state credit union and ceases to be a federal credit union. The state credit union is vested with all of the assets and shall continue to be responsible for all of the obligations of the federal credit union to the same extent as though the conversion had not taken place.
3. ~~After July 31, 2009, a state credit union may convert to a building and loan association by complying with the following requirements:~~
- ~~a. The proposal for a conversion first must be approved and a date set for a vote on the proposal by the members either at a meeting to be held on~~

- ~~such date or by written ballot to be filed on or before such date by a majority of the directors of the credit union. Approval of the proposal for the conversion must be by the affirmative vote of two thirds of the members voting.~~
- b. ~~A state credit union that proposes to convert to a building and loan association shall submit notice to each of the credit union's members who are eligible to vote on the matter of the credit union's intent to convert:~~
- ~~(1) Ninety days before the date of the member vote on the conversion;~~
 - ~~(2) Sixty days before the date of the member vote on the conversion; and~~
 - ~~(3) Thirty days before the date of the member vote on the conversion.~~
- e. ~~A state credit union that proposes to convert to a building and loan association shall submit a notice to the state credit union board of the credit union's intent to convert at least ninety days before the date of the completion of the conversion.~~
- d. ~~Upon completion of a conversion, the state credit union is no longer subject to any of the provisions of this chapter.~~
- e. ~~A director or senior management official of a state credit union may not receive any economic benefit in connection with a conversion of the state credit union other than reasonable director fees and reasonable compensation and other benefits paid to directors or senior management officials of the converted institution in the ordinary course of business. As used in this subdivision, the term senior management official means a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer as may be defined by the state credit union board.~~
- f. ~~Before January 1, 2000, the state credit union board shall adopt rules applicable to state credit union conversion to a building and loan association which are consistent with the conversion rules of the national credit union administration.~~
- g. ~~The commissioner shall review the methodology by which the conversion member vote was taken and procedures applicable to the member vote. The commissioner shall report the commissioner's findings to the state credit union board. If the commissioner or the state credit union board disapproves of the methods by which the conversion member vote was taken or procedures applicable to the member vote, the member vote must be retaken as directed by the commissioner or the state credit union board.~~A credit union may convert to a cooperative financial institution following the procedures outlined in section 10 of this Act.

SECTION 13. AMENDMENT. Section 6-07.2-09 of the North Dakota Century Code is amended and reenacted as follows:

6-07.2-09. Payment of claims.

1. All claims against the institution's estate, proved to the receiver's satisfaction or approved by the circuit court, must be paid in the following order:

- a. Administration expenses, including compensation of each regular officer or employee of the receiver for the time actually devoted to the liquidation of the institution at an amount not to exceed the compensation paid to the officer or employee for the performance of the officer's or employee's regular duties; actual expenses of each regular officer and employee necessarily incurred in the performance of the officer's or employee's duties; compensation and expenses of any special representative, assistant, accountant, agent, or attorney employed by the receiver; court costs; and if the commissioner is acting as receiver, such reasonable general overhead expenses as may be incurred by the commissioner in the liquidation of the affairs of the institution which shall be ascertained, determined, and fixed by the commissioner.
 - b. Claims given priority under other provisions of state or federal law.
 - c. Deposit obligations, except that notwithstanding sections 6-03-67 and 41-04-31, if a depositor is indebted to an insolvent bank, the insolvent bank has a right to setoff against the depositor's account.
 - d. Other general liabilities.
 - e. Debt subordinated to the claims of depositors and general creditors.
 - f. Equity capital securities.
 - g. For credit unions and cooperative financial institutions, pro rata distribution to members computed based on the total amount in each member's deposit accounts as of the date of liquidation.
2. Interest on a claim may not be paid until all claims within the same class have received the full principal amount of claim.

SECTION 14. AMENDMENT. Section 6-07.2-19 of the North Dakota Century Code is amended and reenacted as follows:

6-07.2-19. Voluntary liquidation of a credit union or cooperative financial institution.

1. A credit union or cooperative financial institution may go into voluntary liquidation following a vote of the majority of the board of directors and approval by the majority of its members in writing or by a vote in favor of the liquidation by a majority of the members of the credit union or cooperative financial institution at a regular meeting of the members or at a special meeting called for that purpose.
 - a. When authorization for liquidation is to be obtained at a meeting of members:
 - (1) Notice in writing must be given to each member at least ten days before the meeting and the notice must inform members they have the right to vote on the proposed liquidation.
 - (2) The minutes of the meeting must show the number of members present and the number that voted for and against liquidation.

- b. If approval by a majority of all members of a credit union is not obtained at the meeting of members, authorization for voluntary liquidation may be obtained by having a majority of members sign a statement in substantially the following form: We the undersigned members of the _____ Credit Union, Charter No. _____, hereby request the dissolution of our credit union.
 - c. If approval by a majority of all members of a cooperative financial institution is not obtained at the meeting of members, authorization for voluntary liquidation may be obtained by having a majority of members sign a statement in substantially the following form: We the undersigned members of the _____ cooperative financial institution, Charter No. _____, hereby request the dissolution of our cooperative financial institutions.
2. The board of directors of a credit union or cooperative financial institution in voluntary liquidation:
 - a. Is responsible for conserving the assets, for expediting the liquidation, and for equitably distributing the assets to members.
 - b. Shall determine all persons handling or having access to funds of the credit union or cooperative financial institution are adequately covered by surety bond.
 - c. Shall appoint a custodian for the credit union's or cooperative financial institution's records that are to be retained for five years after the charter is canceled.
 - d. May appoint a liquidating agent and delegate part or all of these responsibilities to the agent and may authorize reasonable compensation for the agent's services. A liquidating agent must be adequately bonded for faithful performance of the agent's duties, and the coverage must remain in effect or the discovery period extended for at least four months after the final distribution of assets.
3. The supervisory committee, a certified public accountant hired by the supervisory committee, or if the bylaws do not establish a supervisory committee, a certified public accountant hired by the board of directors, is responsible for making periodic audits of the credit union's or cooperative financial institution's records, at least quarterly, during the period of liquidation.
4. Within three days after the decision of the board of directors to submit the question of liquidation to the members, the president shall notify the commissioner and the regional director of the national credit union administration or federal deposit insurance corporation as appropriate in writing, setting forth in detail:
 - a. The reasons for the proposed action;
 - b. The previous month-end balance sheet and income statement; and
 - c. A written plan for the liquidation of assets, payment of creditors, and payment of shares to be completed within one year of the date of membership approval to liquidate.

5. Within three days after the action of the members on the question of liquidation, the president shall notify the commissioner and the regional director of the national credit union administration or federal deposit insurance corporation as appropriate in writing as to whether a majority of the members approved the proposed liquidation.
6. Within ten days of the decision to liquidate by the board of directors, a notice of the decision must be handed to each member, electronically distributed, or mailed to the member's last-known address to confirm in writing the shares and deposits held by the member in the credit union or cooperative financial institution and the loans owed by the member to the credit union or cooperative financial institution.
7. Within ten days of the approval of a majority of the members of a credit union or cooperative financial institution of a proposal to liquidate, the board of directors of the credit union or cooperative financial institution shall have prepared and mailed to all creditors a notice of liquidation containing instructions to present claims to the credit union or cooperative financial institution within ninety days for payment. New creditor claims subsequent to this notice which are necessary for the continued operation of the credit union during liquidation must continue to be paid upon authorization of the board of directors or liquidating agent.
8. Immediately upon the decision of the membership to liquidate, the credit union or cooperative financial institution may continue to do all things under the original corporate name of the institution, to sue and be sued, to execute conveyances and other instruments, to take, hold, and own property, and to do all other things as may be necessary to realize upon the institution's remaining assets for the benefit of the institution's members, but not to engage or continue in any new or other business under the institution's charter or otherwise. At the discretion of the board of directors or the liquidating agent, transactions upon membership transactional accounts may continue to be honored up to the federal insurance limit until the accounts are sold or otherwise liquidated.
9. At the commencement of voluntary liquidation of a credit union or cooperative financial institution, the treasurer or agent conducting the liquidation shall file with the commissioner a financial and statistical report and a schedule showing the name, book number or account number, share balance, and loan balance of each member.
10. Credit unions or cooperative financial institution in the process of voluntary liquidation shall file with the commissioner a financial and statistical report as of December thirty-first or within thirty days after such date. Additional reports, as determined by the commissioner to be necessary, must be furnished promptly on written request.
11. When deemed advisable by the commissioner, an examination of the books and records of a credit union or cooperative financial institution may be made before, during, or following completion of voluntary liquidation. The commissioner shall set fees for the examination at an hourly rate sufficient to cover all reasonable expenses of the department of financial institutions associated with the examination. Fees must be collected by the commissioner and deposited in the financial institutions regulatory fund.

12. If at any time during the liquidation of credit union assets or cooperative financial institution, it is found the value of remaining assets will not be sufficient to cover the claims of creditors and shareholders, the board of directors or, if appointed, the liquidating agent shall immediately notify the commissioner and the regional director of the national credit union administration or federal deposit insurance corporation as appropriate. Further liquidation of credit union or cooperative financial institution assets or distributions to shareholders after notice requires written approval from the commissioner.
13. With the written approval of the commissioner, a partial distribution of the credit union's or cooperative financial institution's assets may be made to its members from cash funds available on authorization by its board of directors or by a duly authorized liquidating agent whose appointment specifically includes the authority. Partial distributions cannot exceed the national credit union share insurance limit.
14. When all assets of the credit union or cooperative financial institution have been converted to cash or found to be worthless and all loans and debts owing to it have been collected, sold, or found to be uncollectible and all obligations of the credit union or cooperative financial institution have been paid, with the exception of amounts due its members:
 - a. The books must be closed and the pro rata distribution to members computed. This computation must be based on the total amount in each member's share accounts as of the date the board of directors voted to voluntarily liquidate.
 - b. The amount of gain or loss must be entered in each member's share account and should be entered in the member's passbook or statement of account.
 - c. Promptly, funds must be distributed to each member. The funds must be mailed to such members at their last-known addresses, electronically transmitted to the members designated account, or handed to them in person.
 - d. The passbooks or written confirmations submitted by members to verify balances must be retained with the credit union or cooperative financial institution records.
 - e. Unclaimed share accounts subject to the escheat or abandoned property laws of the state or the state of the members' residence must be paid to the state as required by such laws.
 - f. The commissioner must be promptly notified of the date final distribution of assets to the members is started.
 - g. In the event of a loss on members share accounts, a claim must be submitted by the board of directors or the liquidating agent if appointed, to the national credit union administration or federal deposit insurance corporation as appropriate, private share insurance if available, and bonding company.

15. Within one hundred twenty days after the final distribution to members is started, the credit union or cooperative financial institution shall furnish to the commissioner's office a schedule of unpaid claims. The board of directors of the credit union or cooperative financial institution or the liquidating agent if appointed shall report money in the account of a member who failed to surrender their passbooks or confirm their balances, final distribution checks not cashed within one hundred twenty days, and any unpaid claims to the unclaimed property division of the board of university and school lands pursuant to chapter 47-30.2.

SECTION 15. AMENDMENT. Section 6-08-08.1 of the North Dakota Century Code is amended and reenacted as follows:

6-08-08.1. Sale or purchase of associations, banking institutions, or holding companies - Notification to commissioner - Hearing.

1. No person, acting directly or indirectly or through or in concert with one or more other persons, may purchase or otherwise acquire control of an association or banking institution unless the state banking board or commissioner has been given prior written notice by application of the proposed disposition or acquisition. The written application must include such information as the state banking board shall specify. The transaction may not be consummated before the board or commissioner has granted approval.
2. The applicant shall publish notice of the application as required by the board by rule.
3. The commissioner shall determine if the application is complete and notify the applicant of the determination. If the commissioner determines the application is incomplete, the commissioner shall request additional information deemed necessary to complete the application.
4. If not approved by the commissioner, the commissioner shall submit the application to the board. The board may approve or disapprove the application if the board determines that:
 - a. The character, reputation, general fitness, financial standing, and responsibility of the persons proposed as new stockholders, directors, or officers is such that the interests of the other stockholders, depositors, and creditors of the institution and the public generally will be jeopardized by the change in control and management.
 - b. The qualifications of management do not include adequate experience with financial institutions or other approved related experience.
5. Within three business days after the board's decision to disapprove an application, the board shall notify the applicant in writing of the disapproval. The notice must provide a statement of the basis for the disapproval.
6. Within twenty days after receipt of the notice of disapproval, the applicant may request a hearing on the disapproval. The board must conduct a hearing, if requested, under the provisions of chapter 28-32. At the conclusion of the hearing, the board shall by order approve or disapprove the application on the basis of the record at the hearing.

7. For purposes of this section, "control" means ownership or control, directly, indirectly, or through the actions of one or more persons of the power to vote twenty-five percent or more of any class of voting securities of an association, banking institution, controlling bank holding company, or the direct or indirect power to control in any manner the election of a majority of the directors of an association or banking institution, or to direct the management or policies of an association or banking institution, whether by individuals, corporations, limited liability companies, partnerships, trusts, or other entities or organizations of any type.
8. The following acquisitions of voting securities of a North Dakota state chartered bank, which would otherwise require submission of an application under this section, are not subject to the application requirements if the acquiring person notifies the commissioner within ninety days after the acquisition and provides any relevant information requested by the commissioner: acquisition of voting securities through inheritance; acquisition of voting securities as a bona fide gift; and acquisition of voting securities in satisfaction of a debt previously contracted in good faith. This subsection does not limit the authority of the commissioner to require a party to submit a written application to the board under subsection 1.

9. This section does not apply to a cooperative financial institution.

Approved April 2, 2025

Filed April 3, 2025

CHAPTER 97

SENATE BILL NO. 2164

(Senators Dever, Cleary, Lee, Roers)
(Representatives Klemin, Karls)

AN ACT to amend and reenact section 6-08.1-03 of the North Dakota Century Code, relating to the duty of confidentiality and disclosure to the North Dakota protection and advocacy project.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-08.1-03 of the North Dakota Century Code is amended and reenacted as follows:

6-08.1-03. Duty of confidentiality.

A financial institution may not disclose customer information to a person, governmental agency, or law enforcement agency unless the disclosure is made in accordance with any of the following:

1. Pursuant to consent granted by the customer in accordance with this chapter.
2. To a person other than a governmental agency or law enforcement agency pursuant to valid legal process.
3. To a governmental agency or law enforcement agency pursuant to valid legal process in accordance with this chapter.
4. For the purpose of reporting a suspected violation of the law in accordance with this chapter.
5. For the purpose of notifying the agriculture commissioner a financial institution has notified a customer of the availability of the North Dakota mediation service.
6. As part of the disclosure made of deposits of public corporations with financial institutions in the security pledge schedule verified by the custodian of securities pursuant to section 21-04-09.
7. For purposes of reporting suspected exploitation of an eligible adult as defined by section 12.1-31-07. This subsection may not be construed to impose a duty on a financial institution to investigate an alleged or suspected exploitation of an eligible adult or to make a report to a governmental agency or law enforcement agency.
8. For purposes of reporting suspected financial exploitation of an eligible adult under chapter 6-08.5 to a law enforcement agency, the protection and advocacy project under chapter 25-01.3, or the department of health and human services. This subsection may not be construed to impose a duty on a financial institution to investigate a suspected financial exploitation of an

eligible adult or to make a report to the department of health and human services ~~or~~ law enforcement agency, or the protection and advocacy project.

Approved March 17, 2025

Filed March 18, 2025

CHAPTER 98

SENATE BILL NO. 2123

(Industry and Business Committee)
(At the request of the Commission on Uniform State Laws)

AN ACT to create and enact chapter 6-08.6 of the North Dakota Century Code, relating to the Uniform Special Deposits Act; and to provide for application.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Chapter 6-08.6 of the North Dakota Century Code is created and enacted as follows:

6-08.6-01. Definitions.

In this chapter:

1. "Account agreement" means an agreement that:
 - a. Is in a record between a bank or credit union and one or more depositors;
 - b. May have one or more beneficiaries as additional parties; and
 - c. States the intention of the parties to establish a special deposit in accordance with this chapter.
2. "Bank" means a trust company or a person engaged in the business of banking as defined in section 6-01-02.
3. "Beneficiary" means a person that:
 - a. Is identified as a beneficiary in an account agreement; or
 - b. If not identified as a beneficiary in an account agreement, may be entitled to payment from a special deposit:
 - (1) Under the account agreement; or
 - (2) On termination of the special deposit.
4. "Contingency" means an event or circumstance stated in an account agreement which is not certain to occur but must occur before the bank or credit union is obligated to pay a beneficiary.
5. "Creditor process" means attachment, garnishment, levy, notice of lien, sequestration, or similar process issued by or on behalf of a creditor or other claimant.
6. "Depositor" means a person that establishes or funds a special deposit.

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7. "Good faith" means honesty in fact and observance of reasonable commercial standards of fair dealing.
8. "Knowledge" of a fact means:
- a. With respect to a beneficiary, actual knowledge of the fact; or
 - b. With respect to a bank or credit union holding a special deposit:
 - (1) If the bank or credit union:
 - (a) Has established a reasonable routine for communicating material information to an individual to whom the bank or credit union has assigned responsibility for the special deposit; and
 - (b) Maintains reasonable compliance with the routine, actual knowledge of the fact by that individual; or
 - (2) If the bank or credit union has not established and maintained reasonable compliance with a routine described in paragraph 1 or otherwise exercised due diligence, implied knowledge of the fact that would have come to the attention of an individual to whom the bank or credit union has assigned responsibility for the special deposit.
9. "Obligated to pay a beneficiary" or "obligation to pay a beneficiary" means a beneficiary is entitled under the account agreement to receive from the bank or credit union a payment when:
- a. A contingency has occurred; and
 - b. The bank or credit union has knowledge the contingency has occurred.
10. "Permissible purpose" means a governmental, regulatory, commercial, charitable, or testamentary objective of the parties stated in an account agreement. The term includes an objective to:
- a. Hold funds:
 - (1) In escrow, including for a purchase and sale, lease, buyback, or other transaction;
 - (2) As a security deposit of a tenant;
 - (3) That may be distributed to a person as remuneration, retirement or other benefit, or compensation under a judgment, consent decree, court order, or other decision of a tribunal; or
 - (4) For distribution to a defined class of persons after identification of the class members and their interest in the funds;
 - b. Provide assurance with respect to an obligation created by contract, including earnest money to ensure a transaction closes;
 - c. Settle an obligation that arises in the operation of a payment system, securities settlement system, or other financial market infrastructure;

- d. Provide assurance with respect to an obligation that arises in the operation of a payment system, securities settlement system, or other financial market infrastructure; or
 - e. Hold margin, other cash collateral, or funds that support the orderly functioning of financial market infrastructure or the performance of an obligation with respect to the infrastructure.
11. "Person" means an individual, estate, business or nonprofit entity, government or governmental subdivision, agency, or instrumentality, or other legal entity. The term includes a protected series, however denominated, of an entity if the protected series is established under law that limits, or limits if conditions specified under law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to satisfy a claim from assets of the protected series.
12. "Record" means information:
- a. Inscribed on a tangible medium; or
 - b. Stored in an electronic or other medium and retrievable in perceivable form.
13. "Special deposit" means a deposit that satisfies section 6-08.6-04.
14. "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any other territory or possession subject to the jurisdiction of the United States. The term includes an agency or instrumentality of the state.

6-08.6-02. Scope - Choice of law - Forum.

- 1. This chapter applies to a special deposit under an account agreement that states the intention of the parties to establish a special deposit governed by this chapter, regardless of whether a party to the account agreement or a transaction related to the special deposit, or the special deposit itself, has a reasonable relation to this state.
- 2. The parties to an account agreement may choose a forum in this state for settling a dispute arising out of the special deposit, regardless of whether a party to the account agreement or a transaction related to the special deposit, or the special deposit itself, has a reasonable relation to this state.
- 3. This chapter does not affect:
 - a. A right or obligation relating to a deposit other than a special deposit under this chapter; or
 - b. The voidability of a deposit or transfer that is fraudulent or voidable under other law.

6-08.6-03. Variation by agreement or amendment.

- 1. The effect of sections 6-08.6-01 through 6-08.6-05, 6-08.6-07 through 6-08.6-10, and 6-08.6-13 may not be varied by agreement, except as provided in those sections. Subject to subsection 2, the effect of sections 6-08.6-06, 6-08.6-11, and 6-08.6-12 may be varied by agreement.

2. A provision in an account agreement or other record that substantially excuses liability or substantially limits remedies for failure to perform an obligation under this chapter is not sufficient to vary the effect of a provision of this chapter.
3. If a beneficiary is a party to an account agreement, the bank or credit union and the depositor may amend the agreement without the consent of the beneficiary only if the agreement expressly permits the amendment.
4. If a beneficiary is not a party to an account agreement and the bank or credit union and the depositor know the beneficiary has knowledge of the agreement's terms, the bank or credit union and the depositor may amend the agreement without the consent of the beneficiary only if the amendment does not adversely and materially affect a payment right of the beneficiary.
5. If a beneficiary is not a party to an account agreement and the bank or credit union and the depositor do not know whether the beneficiary has knowledge of the agreement's terms, the bank or credit union and the depositor may amend the agreement without the consent of the beneficiary only if the amendment is made in good faith.

6-08.6-04. Requirements for special deposit.

A deposit is a special deposit if it is:

1. A deposit of funds in a bank or credit union under an account agreement;
2. For the benefit of at least two beneficiaries, one or more of which may be a depositor;
3. Denominated in a medium of exchange that is currently authorized or adopted by a domestic or foreign government;
4. For a permissible purpose stated in the account agreement; and
5. Subject to a contingency.

6-08.6-05. Permissible purpose.

1. A special deposit must serve at least one permissible purpose stated in the account agreement from the time the special deposit is created in the account agreement until termination of the special deposit.
2. If, before termination of the special deposit, the bank or credit union or a court determines the special deposit no longer satisfies subsection 1, sections 6-08.6-07 through 6-08.6-10 cease to apply to any funds deposited in the special deposit after the special deposit ceases to satisfy subsection 1.
3. If, before termination of a special deposit, the bank or credit union determines the special deposit no longer satisfies subsection 1, the bank or credit union may take action the bank or credit union believes is necessary under the circumstances, including terminating the special deposit.

6-08.6-06. Payment to beneficiary by bank or credit union.

1. Unless the account agreement provides otherwise, the bank or credit union is obligated to pay a beneficiary if there are sufficient actually and finally collected funds in the balance of the special deposit.
2. Except as provided in subsection 3, the obligation to pay the beneficiary is excused if the funds available in the special deposit are insufficient to cover the payment.
3. Unless the account agreement provides otherwise, if the funds available in the special deposit are insufficient to cover an obligation to pay a beneficiary, a beneficiary may elect to be paid the funds that are available or, if there is more than one beneficiary, a pro rata share of the funds available. Payment to the beneficiary making the election under this subsection discharges the bank's or credit union's obligation to pay a beneficiary and does not constitute an accord and satisfaction with respect to another person obligated to the beneficiary.
4. Unless the account agreement provides otherwise, the obligation of the bank or credit union obligated to pay a beneficiary is immediately due and payable.
5. The bank or credit union may discharge the bank's or credit union's obligation under this section by:
 - a. Crediting another transaction account of the beneficiary; or
 - b. Taking other action that:
 - (1) Is allowed under the account agreement for the bank or credit union to obtain a discharge; or
 - (2) Otherwise would constitute a discharge under law.
6. If the bank or credit union obligated to pay a beneficiary has incurred an obligation to discharge the obligation of another person, the obligation of the other person is discharged if action by the bank or credit union under subsection 5 would constitute a discharge of the obligation of the other person under law that determines whether an obligation is satisfied.

6-08.6-07. Property interest of depositor or beneficiary.

1. A depositor or a beneficiary does not have a property interest in the special deposit itself.
2. The only property interest with respect to a special deposit is the right to receive payment if the bank or credit union is obligated to pay a beneficiary. Any property interest under this subsection is determined under other law.

6-08.6-08. When creditor process is enforceable against bank or credit union.

1. Subject to subsection 2, creditor process with respect to a special deposit is not enforceable against the bank or credit union holding the special deposit.

2. Creditor process is enforceable against the bank or credit union holding a special deposit with respect to an amount the bank or credit union is obligated to pay a beneficiary or a depositor if the process:
 - a. Is served on the bank or credit union;
 - b. Provides sufficient information to allow the bank or credit union to identify the depositor or the beneficiary from the bank's or credit union's books and records; and
 - c. Gives the bank or credit union a reasonable opportunity to act on the process.
3. Creditor process served on a bank or credit union before it is enforceable against the bank or credit union under subsection 2 does not create a right of the creditor against the bank or credit union or a duty of the bank or credit union to the creditor. Other law determines whether creditor process creates a lien enforceable against the beneficiary on a contingent interest of a beneficiary, including a depositor as a beneficiary, even if not enforceable against the bank or credit union.

6-08.6-09. Injunction or similar relief.

A court may enjoin, or grant similar relief that would have the effect of enjoining, a bank or credit union from paying a depositor or beneficiary only if payment would constitute a material fraud or facilitate a material fraud with respect to a special deposit.

6-08.6-10. Recoupment or set off.

1. Except as provided in subsection 2 or 3, a bank or credit union may not exercise a right of recoupment or set off against a special deposit.
2. An account agreement may allow the bank or credit union to debit the special deposit:
 - a. When the bank or credit union becomes obligated to pay a beneficiary, in an amount that does not exceed the amount necessary to discharge the obligation;
 - b. For a fee assessed by the bank or credit union that relates to an overdraft in the special deposit account;
 - c. For costs incurred by the bank or credit union that relate directly to the special deposit; or
 - d. To reverse an earlier credit posted by the bank or credit union to the balance of the special deposit account, if the reversal occurs under an event or circumstance warranted under other law governing mistake and restitution.
3. The bank or credit union holding a special deposit may exercise a right of recoupment or set off against an obligation to pay a beneficiary, even if the bank or credit union funds payment from the special deposit.

6-08.6-11. Duties and liability of bank or credit union.

1. A bank or credit union does not have a fiduciary duty to any person with respect to a special deposit.
2. When the bank or credit union holding a special deposit becomes obligated to pay a beneficiary, a debtor-creditor relationship arises between the bank or credit union and beneficiary.
3. The bank or credit union holding a special deposit has a duty to a beneficiary to comply with the account agreement and this chapter.
4. If the bank or credit union holding a special deposit does not comply with the account agreement or this chapter, the bank or credit union is liable to a depositor or beneficiary only for damages proximately caused by the noncompliance. Except as provided by other law, the bank or credit union is not liable for consequential, special, or exemplary damages.
5. The bank or credit union holding a special deposit may rely on records presented in compliance with the account agreement to determine whether the bank or credit union is obligated to pay a beneficiary.
6. If the account agreement requires payment on presentation of a record, the bank or credit union shall determine within a reasonable time whether the record is sufficient to require payment. If the agreement requires action by the bank or credit union on presentation of a record, the bank or credit union is not liable for relying in good faith on the genuineness of the record if the record appears on its face to be genuine.
7. Unless the account agreement provides otherwise, the bank or credit union is not required to determine whether a permissible purpose stated in the agreement continues to exist.

6-08.6-12. Term and termination.

1. Unless otherwise provided in the account agreement, a special deposit terminates five years after the date the special deposit was first funded.
2. Unless otherwise provided in the account agreement, if the bank or credit union cannot identify or locate a beneficiary entitled to payment when the special deposit is terminated, and a balance remains in the special deposit, the bank or credit union shall pay the balance to the depositor as a beneficiary.
3. A bank or credit union that pays the remaining balance as provided under subsection 2 has no further obligation with respect to the special deposit.

6-08.6-13. Principles of law and equity.

Title 41, consumer protection law, law governing deposits generally, law related to escheat and abandoned or unclaimed property, and the principles of law and equity, including law related to capacity to contract, principal and agent, estoppel, fraud, misrepresentation, duress, coercion, mistake, and bankruptcy, supplement this chapter except to the extent inconsistent with this chapter.

6-08.6-14. Uniformity of application and construction.

In applying and construing this chapter, a court shall consider the promotion of uniformity of the law among the states that enact it.

SECTION 2. APPLICATION. This Act applies to:

1. A special deposit made under an account agreement executed after July 31, 2025; and
2. A deposit made under an agreement executed before August 1, 2025, if:
 - a. All parties entitled to amend the agreement agree to make the deposit a special deposit governed by chapter 6-08.6; and
 - b. The special deposit referenced in the amended agreement satisfies section 6-08.6-04.

Approved March 20, 2025

Filed March 20, 2025

CHAPTER 99

HOUSE BILL NO. 1537

(Representatives O'Brien, Bahl, Ista, Sanford, Satrom)
(Senators Barta, Meyer, Patten, Conley)

AN ACT to amend and reenact section 6-09.4-22 of the North Dakota Century Code, relating to service agreement protection of service during the term of the loan; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-22 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-22. Protection of service during term of loan.

1. The service provided or made available by a political subdivision through the construction or acquisition of an improvement, or the revenues therefrom, financed in whole or in part with a loan to the political subdivision from the public finance authority or any other state agency or enterprise, may not be curtailed or limited by inclusion of all or any part of the area served by the political subdivision within the boundaries of any other political subdivision, or by the granting of any private franchise for similar service within the area served by the political subdivision, during the term of the loan. The political subdivision providing the service may not be required to obtain or secure any franchise, license, or permit as a condition of continuing to serve the area if it is included within the boundaries of another political subdivision during the term of the loan.
2. Under the circumstances described in subsection 1, nothing prevents the two political subdivisions, with the public finance authority or other state agency or enterprise, from negotiating an agreement for the right or obligation to provide the service in question, provided that any agreement is invalid and unenforceable unless the public finance authority or other state agency or enterprise is a party to the agreement and unless the agreement contains adequate safeguards to ensure the security and timely payment of any outstanding bonds of the public finance authority issued to fund the loan.
3. An agreement made before January 1, 2025, and in violation of subsection 2 is voidable only at the option of the public finance authority or other state agency or enterprise upon thirty days written notice from the public finance authority or other state agency or enterprise to the parties of the agreement. This subsection does not apply to litigation commenced before January 1, 2025.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure.

Approved April 21, 2025

Filed April 22, 2025

CHAPTER 100

HOUSE BILL NO. 1619

(Representatives O'Brien, Mitskog, Nelson, Stemen)
(Senators Dever, Klein)

AN ACT to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to a long-term care facility infrastructure loan program; to amend and reenact subsection 3 of section 6-09-47 of the North Dakota Century Code, relating to the medical facility infrastructure loan fund; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Long-term care facility infrastructure loan program.

1. The Bank of North Dakota shall administer a loan program to provide loans to nursing and basic care facilities for renovation projects or the construction of new facilities. A construction project may include a land purchase and the purchase, lease, erection, or improvement of any structure or facility to the extent the governing body of the nursing or basic care facility has the authority to authorize such activity.
2. The governing body of a nursing or basic care facility may submit an application to the Bank for a loan. The application must:
 - a. Detail the proposed construction project;
 - b. Demonstrate the need and long-term viability of the project; and
 - c. Include financial information the Bank determines appropriate to verify eligibility.
3. A loan approved under this section:
 - a. May not exceed fifty percent of project costs;
 - b. May not exceed ten million dollars for a project;
 - c. Must have an interest rate that does not exceed two percent; and
 - d. Must have a repayment schedule of no longer than twenty years.
4. A recipient of a loan under this section shall complete the financed construction project within twenty-four months of the approval of the loan. Failure to comply with this subsection may result in forfeiture of the entire loan received under this section.

5. The Bank shall deposit in the strategic investment and improvements fund all principal and interest paid on the loans made from the fund. The Bank may deduct from interest payments a service fee for costs of administering the loan program, not to exceed one-half of one percent of the outstanding balance of the loans.

SECTION 2. AMENDMENT. Subsection 3 of section 6-09-47 of the North Dakota Century Code is amended and reenacted as follows:

3. A loan provided under this section:
- May not exceed the lesser of fifteen million dollars or seventy-five percent of the actual cost of the project;
 - Must have an interest rate equal to ~~one~~two percent; and
 - Must provide a repayment schedule of no longer than twenty-five years.

SECTION 3. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - LONG-TERM CARE FACILITY INFRASTRUCTURE LOAN PROGRAM. There is appropriated out of any moneys in the strategic investment and improvements fund, not otherwise appropriated, the sum of \$15,000,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing loans under the long-term care facility infrastructure loan program pursuant to section 1 of this Act, for the biennium beginning July 1, 2025, and ending June 30, 2027.

Approved May 5, 2025

Filed May 6, 2025