

## CHAPTER 13-03-08

# ADMINISTRATION OF NEGOTIABLE OR TRANSFERABLE INSTRUMENTS OF ACCOUNT

### Section

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### **13-03-08-01. Definitions.**

Negotiable or transferable instrument of account means an account from which the holder is authorized to withdraw funds by means of a negotiable or transferable instrument or other order.

**History:** Effective August 1, 1981.

**General Authority:** NDCC 6-01-04

**Law Implemented:** NDCC 6-01-04, 6-06-06

### **13-03-08-02. Issuance of negotiable or transferable instruments.**

The board of directors, by resolution, may establish negotiable or transferable instrument accounts with different dividend rates in conformance with the following:

1. Any terms and conditions prescribed by the board of directors and concerning the issuance and maintenance of negotiable or transferable instrument accounts must be consistent with the requirements of this section.
2. Negotiable and transferable instrument accounts shall be subject to any notice which may be imposed pursuant to the credit union's bylaws.
3. In addition to the general requirements applicable to the establishment and maintenance of negotiable and transferable instrument accounts, the board of directors shall provide for:
  - a. Surety bond coverage.
  - b. Establishing an account agreement with each member that outlines both credit union and member responsibilities.
  - c. Retaining copies or photo reproductions of paid instruments or other evidence of paid orders of withdrawal on file for a period as required by applicable state law.
  - d. Written operational and program specifications on file at the credit union's principal office.
  - e. A share or deposit account which is separate and apart from all other accounts held by the member to be used for accessing by negotiable or transferable instrument.
4. The board of directors may provide for:
  - a. Fees to be assessed for account usage to include but not limited to, charges for stop-payment orders, overdrafts, failure to maintain required balances, and costs required to maintain the account.
  - b. Participation in guarantee arrangements.
  - c. A dividend to be paid, any terms of which are not inconsistent with the North Dakota Century Code and the bylaws of the credit union.

**History:** Effective August 1, 1981.

**General Authority:** NDCC 6-01-04

**Law Implemented:** NDCC 6-06-06

**13-03-08-03. Credit applications and overdrafts.**

Consistent with policies established by the board of directors, the credit committee or loan officer shall ensure that a credit application is kept on file for each borrower supporting the decision to make a loan or establish a line of credit. A credit union may advance money to a member to cover an account deficit without having a credit application from the borrower on file if the credit union has a written overdraft policy. The policy must set a cap on the total dollar amount of all overdrafts the credit union will honor consistent with the credit union's ability to absorb losses, establish a time limit not to exceed sixty calendar days for a member either to deposit funds or obtain an approved loan from the credit union to cover each overdraft, limit the dollar amount of overdrafts the credit union will honor per member, and establish the fee, if any, that the credit union will charge members for honoring overdrafts. All overdrafts will be reported on the credit union's financial statements in accordance with generally accepted accounting principles, and will be treated as a loan in determining compliance with subdivision g of subsection 1 of North Dakota Century Code section 6-06-12 and North Dakota Administrative Code chapter 13-03-06.

**History:** Effective January 1, 2013; amended effective January 1, 2019.

**General Authority:** NDCC 6-01-04

**Law Implemented:** NDCC 6-06-06