

Fifty-fifth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2360

Introduced by

Senators Krauter, DeMers, Holmberg, St. Aubyn

Representative Nottestad

1 A BILL for an Act to create and enact six new sections to chapter 6-06 of the North Dakota
2 Century Code, relating to authority of credit unions to engage in affiliated services and share
3 office space and to authorize reciprocal credit union branch operations.

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

5 **SECTION 1.** Six new sections to chapter 6-06 of the North Dakota Century Code are
6 created and enacted as follows:

7 **Authority to engage in cooperative services and share office space.** A credit union
8 may:

- 9 1. Provide cooperative services as an agent for another credit union if an affiliated
10 agreement to provide such services is entered into between the two credit unions.
11 For purposes of this section, cooperative services means the ability to receive
12 deposits, renew time deposits, close loans, service loans, and receive payments
13 on loans and other obligations.
- 14 2. Share office space with one or more credit unions and contract with any person or
15 corporation to provide facilities or personnel.

16 **Authority of credit unions to establish interstate branches.** Notwithstanding any
17 other provision of law, a credit union, with the approval of the board, may establish a branch in
18 another state if the board finds that:

- 19 1. The state in which the credit union seeks to establish a branch authorizes the
20 establishment of a branch by a North Dakota credit union;
- 21 2. A cooperative agreement has been entered into with that state for the performance
22 of supervisory functions; and
- 23 3. The credit union has met the criteria for the establishment of a branch by a North
24 Dakota credit union in this state.

1 In addition, for credit unions having membership limited to groups within a well-defined rural or
2 urban district, a branch may be established and maintained only within the credit union's
3 existing geographical boundaries. For credit unions having membership limited to groups
4 having a common bond of occupation or association, a branch may only be established and
5 maintained at a location that is reasonably necessary to properly serve persons of the field of
6 membership who are not being properly served by the principal credit union office.

7 **Reciprocity.** With the approval of the board, a state-chartered credit union in another
8 state may establish a branch and do business in this state if North Dakota credit unions are
9 permitted to establish a branch and do business in that state, and if:

- 10 1. The credit union is organized under laws similar to North Dakota laws;
- 11 2. The commissioner or board has entered into a cooperative agreement with that
12 state for the performance of supervisory functions; and
- 13 3. All other criteria for the establishment of a branch in this state by a North Dakota
14 credit union have been met.

15 In addition, for credit unions having membership limited to groups within a well-defined rural or
16 urban district, a branch may be established and maintained only within the credit union's
17 existing geographical boundaries. For credit unions having membership limited to groups
18 having a common bond of occupation or association, a branch may only be established and
19 maintained at a location that is reasonably necessary to properly serve persons of the field of
20 membership who are not being properly served by the principal credit union office.

21 **Supervision - Examination.** The commissioner or board may enter into cooperative
22 and reciprocal agreements with federal or other state credit union regulatory authorities for the
23 exchange or acceptance of reports of examination and other records, and the divisions of
24 assessments or fees for examinations. The commissioner or board may enter into joint actions
25 with federal or other state credit union regulatory authorities to carry out the responsibilities
26 under this chapter and assure compliance with the laws of this state.

27 **Powers.**

- 28 1. An out-of-state credit union that establishes and maintains one or more branches
29 in this state may conduct any activity at the branch or branches that are authorized
30 under the laws for North Dakota credit unions, except to the extent those activities

1 may be prohibited by the laws, rules, or orders of the state laws applicable to the
2 out-of-state credit union.

3 2. A North Dakota credit union may conduct any activity at any branch outside this
4 state which is permissible for an out-of-state credit union where the branch is
5 located, except to the extent those activities are prohibited by North Dakota law,
6 rule, or order.

7 **Enforcement.** If the commissioner or board determines that a branch maintained by an
8 out-of-state credit union is being operated in violation of any provision of North Dakota law, or
9 that the branch is being operated in an unsafe or unsound manner, the commissioner or board
10 has the same authority to take all enforcement actions as if the branch were a North Dakota
11 state-chartered credit union.