

**Sixtieth Legislative Assembly of North Dakota
In Regular Session Commencing Wednesday, January 3, 2007**

HOUSE BILL NO. 1062
(Industry, Business and Labor Committee)
(At the request of the Department of Financial Institutions)

AN ACT to amend and reenact subsection 1 of section 6-01-03, subsection 4 of section 6-01-07.1, and sections 6-01-09 and 6-08.4-03 of the North Dakota Century Code, relating to per diem of state banking board and state credit union board members, information and sharing agreements with other entities, the timeframe of examinations of financial institutions, and approval of interstate branches by state banks.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 1 of section 6-01-03 of the North Dakota Century Code is amended and reenacted as follows:

1. The state banking board consists of the commissioner and six members to be appointed by the governor, four of whom must each have had at least five years' experience in an executive capacity in the management of a state bank in the state of North Dakota, one of whom must have at least five years' experience in an executive capacity in the management of any state or national bank in North Dakota, and one of whom must be a laymember from the public at large. The term of office of the members of the board, other than the commissioner, is for a period of five years. In case of a vacancy in the board, by death, resignation, or removal of an appointed member, the vacancy must be filled by appointment by the governor for the unexpired term. The commissioner is the chairperson of the board and the attorney general is, ex officio, the attorney for the board. The assistant commissioner shall serve as its secretary. The board shall hold regular meetings in January, March, May, July, September, and November of each year and special meetings at the call of the commissioner in such place as the commissioner may designate within the state of North Dakota. The members of the board, other than the commissioner, shall receive fifty one hundred dollars per day while attending meetings, or in the performance of such special duties as the board may direct. Expense reimbursements for meals, lodging, and transportation must be at the same rate as those allowed state employees.

SECTION 2. AMENDMENT. Subsection 4 of section 6-01-07.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner may furnish information and enter into sharing agreements as to matters of mutual interest to an official or examiner of the federal reserve system, federal deposit insurance corporation, federal home loan bank board, national credit union administration, office of thrift supervision, comptroller of the currency, any other federal government agency, insurance commissioner, office of the securities commissioner, regulatory trade associations, or any state bank or credit union supervisors or supervisors of other licensed entities of other states.

SECTION 3. AMENDMENT. Section 6-01-09 of the North Dakota Century Code is amended and reenacted as follows:

6-01-09. Supervision and examination by commissioner of financial institutions. The commissioner shall exercise a constant supervision over the business affairs of all financial corporations and institutions, out-of-state branches of financial corporations and institutions, and branches of out-of-state state-chartered banks, savings and loan associations, or savings banks within

the jurisdiction of the board. Either the commissioner or one or more examiners shall visit each of the state banking associations and other corporations, associations, and branches under the commissioner's jurisdiction at least once each ~~thirty~~ thirty-six months to examine their affairs and ascertain their financial condition. The commissioner shall inspect and verify the assets and liabilities of the institution and branches to ascertain with reasonable certainty that the value of the assets and the amounts of the liabilities are correctly carried on its books. The commissioner shall examine the validity of mortgages held by savings institutions and shall see that all of the mortgages are properly recorded. The commissioner shall investigate the method of operation and conduct of the corporations and institutions and their systems of accounting to ascertain whether the methods conform to the law and sound banking usage and principles. The commissioner shall inquire into and report any infringement of the laws governing those corporations and institutions, and for that purpose the commissioner may examine the officers, agents, and employees of the corporations and institutions and all persons doing business therewith. The commissioner may examine, or cause to be examined, or review the books and records of any subsidiary corporation of a bank under the commissioner's supervision and may require the bank to provide information on the holding company that owns the bank. The commissioner shall report the condition of the corporations and institutions, together with the commissioner's recommendations or suggestions in connection therewith, to the state banking board, and the board may take such action as the exigencies may demand.

SECTION 4. AMENDMENT. Section 6-08.4-03 of the North Dakota Century Code is amended and reenacted as follows:

6-08.4-03. Authority of state banks to establish interstate branches. Notwithstanding section 6-08.4-02, a North Dakota state-chartered bank, with approval of the commissioner or board, may establish, acquire, retain, and operate one or more branches in a state other than this state. An application must be filed with the commissioner or board at the time an application is filed with the responsible federal regulatory authority. The North Dakota state-chartered bank must also comply with section 6-03-11 or 6-03-13.3, as applicable. The commissioner or board may approve the transaction if the commissioner or board finds that:

1. The proposed transaction will not be detrimental to the safety and soundness of the North Dakota state-chartered bank;
2. Any new officers and directors are qualified, and possess appropriate experience and financial responsibility; and
3. The proposed transaction is consistent with the convenience and needs of the communities to be served by the bank in this state and is otherwise in the public interest.

If the commissioner's decision with respect to an application is unfavorable, the applicant bank may appeal the decision to the board by filing a notice of appeal with the commissioner within twenty days after the commissioner has notified the applicant bank of the decision.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixtieth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1062.

House Vote: Yeas 93 Nays 0 Absent 1

Senate Vote: Yeas 44 Nays 0 Absent 3

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2007.

Approved at _____ M. on _____, 2007.

Governor

Filed in this office this _____ day of _____, 2007,

at _____ o'clock _____ M.

Secretary of State