

BANKS AND BANKING

CHAPTER 143

H. B. No. 79

Introduced by Representatives Forseth, Esterby, Bymers, Sandness
and Haugen

BANKING AND CREDIT UNIONS, CONTROL ACT

An Act Amending and re-enacting Title 6, of the North Dakota revised Code of 1943, relating to banks and banking, by amending and re-enacting sections 6-0101, of the North Dakota Revised Code of 1943, relating to management and control of state department of banking and state credit union; section 6-0103, of the North Dakota Revised Code of 1943, relating to state banking board and state credit union board; section 6-0104, of the North Dakota Revised Code of 1943, relating to powers and duties of the state banking board and state credit union board; section 6-0107, of the North Dakota Revised Code of 1943, relating to records of state banking board, state examiner, and state credit union board; section 6-0601, of the North Dakota Revised Code of 1943, relating to organization of credit union; paragraph 5 of section 6-0602, of the North Dakota Revised Code of 1943, relating to manner of organization of credit union; section 6-0604, of the North Dakota Revised Code of 1943, relating to amendment of certificate or by-laws; approval by state banking board and state credit union board; section 6-0608, of the North Dakota Revised Code of 1943, relating to state credit union board to supervise credit unions, reports, examination, fee; making an appropriation; repealing all acts in conflict herewith.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] That section 6-0101 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

6-0101. MANAGEMENT AND CONTROL; STATE DEPARTMENT OF BANKING AND CREDIT UNIONS.] The state department of banking, which shall be known and designated as the banking department and shall be under the management and control of the state banking board and a chief officer designated and known as the state examiner, shall have charge of the execution of all laws relating to state banks, savings banks, trust companies, building and loan associations, mutual investment corporations, mutual savings corporations, banking institutions and other financial corporations, exclusive of the Bank of North Dakota and all credit unions, organized or doing business under the laws of this state and engaged wholly or in part in the receiving of deposits or the selling of their certificates or other evidences of indebtedness or obligations to the public. The same power granted herein to the state department of banking with reference to the cor-

porations named in this section shall be granted to the state credit union board with reference to credit unions.

§ 2. AMENDMENT.] That section 6-0103 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

6-0103. STATE BANKING BOARD AND STATE CREDIT UNION BOARD.] The state banking board shall consist of the state examiner and two members to be appointed by the governor who each shall have had at least ten years experience in an executive capacity in the management of a state bank in the state of North Dakota, a majority of whose stock is owned by the residents of the state. The term of office of the members of such board, other than the state examiner, shall be for a period of five years, except that one of the two first appointed to such board shall serve for a term of three years and the other for a term of five years. In case of a vacancy in such board, by death, resignation, or removal of an appointed member, the vacancy shall be filled by appointment by the governor for the unexpired term. The state examiner shall be the chairman of such board and the attorney general shall be, ex officio, the attorney for such board. The chief deputy examiner shall serve as its secretary. The board shall hold regular meetings on the first Wednesday of January, April, July, and October of each year in the office of the state examiner in the state capitol at Bismarck, and shall hold special meetings at the call of the state examiner in such place as he may designate within the state of North Dakota. The members of such board, other than the state examiner, shall receive ten dollars per day and their actual necessary expenses for transportation while attending meetings, or in the performance of such special duties as the board may direct. In the event of travel by automobile, they shall receive not to exceed five cents per mile for such expense.

The state credit union board shall consist of the state examiner and two members to be appointed by the governor from a panel of five names of persons, residents of North Dakota, who have had at least three years experience as an officer, director or committee member of a North Dakota State Chartered Credit Union, said panel of five names to be furnished to the governor by the North Dakota Credit Union League. Of the original board members selected by the governor, after the taking effect of this act, one shall serve for a term of three years and one for a term of five years. Thereafter, on the expiration of the term of appointment of any such board member appointments shall be for a term of five years. In case of a vacancy in such board, by death, resignation, or removal of an appointed member, the vacancy shall be filled by appointment by the governor for the unexpired term. The state examiner shall be the chairman of such board and the attorney general shall be ex officio, the attorney for such board. The chief deputy examiner shall serve as

its secretary. The members of the state credit union board shall receive the same remuneration as is provided for the members of the state banking board. The state credit union board shall hold meetings on the first Wednesday of June and December of each year in the office of the state examiner in the state capitol at Bismarck and shall hold special meetings at the call of the state examiner in such place as he may designate within the state of North Dakota.

The word "board" when used in this Title shall include the state banking board and the state credit union board.

§ 3. AMENDMENT.] That section 6-0104 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

6-0104. POWERS AND DUTIES OF THE STATE BANKING BOARD AND STATE CREDIT UNION BOARD.] The board shall have power to make such rules and regulations for the government of financial corporations mentioned in section 6-0101 as in its judgment may seem wise and expedient, but such rules and regulations shall not conflict with any law of this state or of the United States. The board shall review all reports made by the financial corporations and institutions under its jurisdiction and all reports of regular and special examinations thereof made by the state examiner, and shall approve or disapprove such reports. The board shall make and enforce such orders as, in its judgment, may be necessary or proper to protect the public and the depositors or creditors of said financial corporations and institutions.

The same powers shall be given to the state credit union board with reference to credit unions as are herein granted to the state banking board with reference to financial corporations named in this article.

§ 4. AMENDMENT.] That section 6-0107 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

6-0107. RECORDS OF STATE BANKING BOARD, STATE EXAMINER AND STATE CREDIT UNION BOARD.] The state banking board and state credit union board shall keep a full and complete record of all their proceedings and of all orders made by them, and the records of the board and of the state examiner, and any and all reports made by or filed with the board or the state examiner relating to any financial institution, shall be open to inspection and examination by stockholders, depositors, creditors, and sureties on any bonds of any such institution or on the bonds of any officer or employee thereof, under proper restrictions and during regular business hours.

§ 5. AMENDMENT.] That section 6-0601 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

6-0601. SAVINGS AND CREDIT ASSOCIATION MAY BE ORGANIZED.] Any seven residents of this state may apply to the state credit union board for permission to organize a corporate cooperative association to be known as a credit union.

§ 6. AMENDMENT.] That paragraph 5 of section 6-0602 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

6-0602. MANNER OF ORGANIZATION OF CREDIT UNION.] A credit union shall be organized in the following manner:

5. The examiner shall notify the applicants and the state credit union board of his decision, and if it is favorable, the board shall instruct the secretary of state to issue a charter, which shall be by him attached to the duplicate certificate of organization and returned, together with the duplicate by-laws, to the applicants upon payment of a filing fee of five dollars to the secretary of state; and

§ 7. AMENDMENT.] That section 6-0604 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

6-0604. AMENDMENT OF CERTIFICATE OR BY-LAWS; APPROVAL BY STATE CREDIT UNION BOARD.] The certificate of organization or by-laws of a credit union may be amended at a regular or special meeting of the members thereof. The proposed amendments must be fully set forth in the notice of the meeting at which the proposed amendments are to be submitted for action. Any amendment to the certificate of organization must be approved by a majority vote of the entire membership of the credit union, and any amendment to the by-laws must be approved by three-fourths of the members present at the meeting. No amendment to the certificate or by-laws shall become operative until approved by the state credit union board. The resolution containing the full text of any amendment to the certificate of organization, verified by the president and the treasurer of the credit union and approved by the state credit union board, shall be recorded in the office of the register of deeds of the county in which the principal place of business of the credit union is located.

§ 8. AMENDMENT.] That section 6-0608 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

6-0608. STATE CREDIT UNION BOARD TO SUPERVISE CREDIT UNIONS; REPORTS; EXAMINATIONS; FEE.] Credit unions and the permanent loan funds thereof, if any, shall be under the supervision of the state credit union board. The unions shall report to the state examiner at least once annually, upon call of the state examiner, on blanks supplied by the examiner for that purpose. Additional reports

may be required by the board or examiner. Credit unions shall be examined at least once each year by the examiner. If it is determined through any examination or otherwise that the credit union is violating the provisions of this chapter, or is insolvent, the state credit union board may serve notice on the credit union of its intention to revoke the charter. If such violations continue for a period of fifteen days after such notice, the board may revoke the charter and take possession of the business and property of such credit union, and shall maintain possession then until such time as it shall permit the reinstatement of the charter and the continuation of business by the credit union, or until its affairs finally are liquidated. The board may take similar action if any required report remains in arrears for more than fifteen days. The credit union shall pay to the state examiner for examination the same fee that now is required to be paid for such examinations by building and loan associations, except that the minimum fee for examination of a credit union shall be five dollars.

§ 9. APPROPRIATION.] There is hereby appropriated out of any money in the state Treasury not otherwise appropriated the sum of Five Hundred Dollars (\$500.00) for the biennium beginning July 1, 1945 and ending June 30, 1947, or so much thereof as may be necessary to pay to the members of the state credit union board compensation and actual necessary expenses for transportation while attending meetings, or in the performance of such special duties as the board may direct.

§ 10. REPEAL.] All acts or parts of acts in conflict herewith are hereby repealed.

Approved March 2, 1945.

CHAPTER 144

S. B. No. 168

Introduced by Senators Raschko, Bridston and Shure

LOANS AND INVESTMENTS OF FINANCIAL INSTITUTIONS

An Act Relating to loans and investments of banks, building and loan associations, insurance companies and other organizations of this state authorized to make mortgage loans and whose mortgage lending is regulated by law and insured or guaranteed in whole or part by the United States or any instrumentality thereof, or by this state or any instrumentality thereof.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Without regard to any other provision of law, banks, building and loan associations, insurance companies, and other organ-

izations of this state authorized to make mortgage loans and whose mortgage lending is regulated by law, are authorized to make or buy and sell any loan secured or unsecured, which is insured or guaranteed in any manner in part or in full by the United States or any instrumentality thereof, or by this state or any instrumentality thereof, or for which there is a commitment to so insure or guarantee, or for which a conditional guarantee has been issued, provided, however, that if such insurance or guarantee is less than twenty percent of the true normal value it must first be approved in writing by the State Examiner, and in the event of any such loan being made by a state bank in a principal amount in excess of ten percent of the capital and surplus of such bank, it must first be approved by the State Examiner.

Approved March 13, 1945.

BUILDING AND LOAN ASSOCIATIONS

CHAPTER 145

H. B. No. 220

Introduced by Representatives Hovey and Olson of Barnes

ADVANCEMENT OF FUNDS BY BUILDING AND LOAN ASSOCIATIONS

An Act To amend and re-enact Section 7-0414 and Section 7-0417 of the North Dakota Revised Code of 1943 pertaining to advances by Building and Loan Associations and repayment of the same.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] Section 7-0414 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

§ 1. 7-0414. ADVANCEMENT OF FUNDS TO PROTECT LIENS.] Any association may advance funds or make additional loans to members from time to time for maintenance, repairs, modernization and improvement of real estate on which the association owns a first mortgage lien, and for insurance premiums and taxes due and owing thereon, up to the original amount of said mortgage or five hundred dollars, whichever may be the lesser, with or without changing the terms of said mortgage, and may carry such advances or loans upon its books as assets of the association, provided the said first mortgage