

BANKS AND BANKING

CHAPTER 108

S. B. No. 266
(Lips, Garaas, and George)

LIMITATION OF LOANS BY BANKS

AN ACT

To amend and reenact section 6-03-59 of the North Dakota Century Code, relating to limitation of loans by banks.

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

§ 1. **Amendment.)** Section 6-03-59 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-03-59. Loan—Limitation to One Person or Concern.) The total liability of any person, corporation, company, or firm to any state banking association shall not exceed at any time fifteen percent of the unimpaired capital and surplus of such association. The liability of a firm shall include the liabilities of the several members thereof for money borrowed and on paper purchased by the association upon which they are liable as makers, and the head of a family and all the dependent members thereof shall be regarded as one person. The discount of bills of exchange drawn in good faith against actual existing values, loans secured by bills of lading drawn against produce in transit, and loans secured by bonded warehouse receipts or elevator storage tickets covering produce actually in storage shall not be considered as money borrowed if all paper relating to such transactions is made payable to, and such paper and the security therefor remains in the possession and control of the association until the advance or debt is paid. An association may discount commercial or business paper actually owned by the person negotiating it without such discounting being deemed an addition to any loan made to the negotiator. The limitation on liability herein specified may be increased to an amount not exceeding twenty percent of the association's unimpaired capital and surplus with the consent and approval of the state examiner. In the case of obligations of any person, partnership, association, or corporation in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering livestock or giving a lien on livestock, the limitation on liability herein specified

may be increased to an amount not exceeding twenty-five percent of the association's unimpaired capital and surplus, when the market value of the livestock securing the obligation is not at any time less than one hundred fifteen percent of the face amount of the notes covered by such documents.

Approved March 3, 1961.

CHAPTER 109

S. B. No. 141

(Hystad, Miller, Berube, Witteman)

CREDIT UNIONS

AN ACT

To amend and reenact sections 6-06-14 and 6-06-29 of the North Dakota Century Code, relating to loans and taxation, and to provide for conversions of credit unions.

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

§ 1. **Amendment.**) Section 6-06-14 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-06-14. Loans—How Made—Security—Meetings and Duties of Credit Committee.) The credit committee shall have general supervision over all loans to members, and shall meet as often as may be necessary to perform its duties and at least once each month. Notice must be given to each member of the committee before any meeting is held. All applications for a loan shall be made on a form approved by the committee and shall set forth the purpose for which the loan is desired, the security, if any, which is offered, and such other data as the committee may require. No loan in excess of four hundred dollars shall be made without adequate security and security, under this section, shall include an assignment of shares or deposits, an endorsement made on the note by a responsible person, and such other security as the committee in its discretion may deem adequate. No loan shall be made unless it is approved by a majority of the entire committee and by all members of the committee who are present at the meeting at which the application is considered; except that the credit committee may appoint one or more loan officers, and delegate to him or them the power to approve loans up to the unsecured limit, or in excess of such limit if such excess is fully secured by unpledged shares. Each loan officer shall furnish to the

credit committee a record of each loan approved or not approved by him within seven days of the date of the filing of the application therefor. All loans not approved by a loan officer shall be acted upon by the credit committee. No individual shall have authority to disburse funds of the credit union for any loan which has been approved by him in his capacity as a loan officer. Not more than one member of the credit committee may be appointed as a loan officer.

§ 2. **Amendment.)** Section 6-06-29 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-06-29. Taxation of Credit Unions.) Any credit union organized under this Act or under the Federal Credit Union Act shall be exempt from all taxation now or hereafter imposed by the state or any municipality within the state or any local taxing authority and no law which taxes corporations in any form, or the shares thereof, or the accumulations thereon, shall apply to any such credit union; except that any real property and any tangible personal property owned by any credit union organized under this Act or under the Federal Credit Union Act shall be subject to taxation to the same extent as other similar property is taxed. The shares of credit unions shall not be subject to any stock transfer tax, either when issued or when transferred from one member to another. The participation by the credit union in any unemployment insurance funds, or social security fund, or old age fund, shall not be deemed a waiver of the tax immunities hereby granted.

§ 3. **Conversion from State to Federal Credit Union and from Federal to State Credit Union.)** 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 shall 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 shall 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 shall be by the affirmative vote of a majority of the members in person or in writing.

- b. A statement of the results of the vote, verified by the affidavits of the president or vice president and the secretary shall 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 shall be filed with the state credit union board a copy of the charter thus issued. Upon such filing the credit union shall cease to be a state credit union.
 - d. Upon ceasing to be a state credit union, such credit union shall no longer be subject to any of the provisions of the North Dakota credit union law. The successor federal credit union shall be vested with all of the assets and shall continue 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 state examiner and (3) filing with the state examiner organization certificates as required by North Dakota law.
 - b. When the state examiner has been satisfied that all of such requirements, and all other requirements of the North Dakota law have been complied with, the state credit union board shall approve the organization certificate. Upon such approval, the federal credit union shall become a state credit union as of the date it ceases to be a federal credit union. The state credit union shall be vested with all of the assets and shall continue responsible for all of the obligations of the federal credit union to the same extent as though the conversion had not taken place.

Approved March 16, 1961.

CHAPTER 110

H. B. No. 923
(Goebel)

NONSUFFICIENT FUNDS

AN ACT

To amend and reenact section 6-08-16 and to create and enact section 6-08-16.1 of the North Dakota Century Code, relating to the issuance of a check or draft without sufficient funds or an account, and providing a penalty.

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

§ 1. **Amendment.)** Section 6-08-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-08-16. Issuing Check or Draft Without Sufficient Funds or Credit — Notice — and Time Limitation — Penalty.) 1. Any person for himself or as the agent or representative of another, or as an officer or member of a firm, company, copartnership, or corporation makes or draws or utters or delivers any check, draft, or order for the payment of money upon a bank, banker, or depository, and at the time of such making, drawing, uttering or delivery, or at the time of presentation for payment if made within one week after the original delivery thereof, has not sufficient funds in or credit with such bank, banker, or depository to meet such check, draft, or order in full upon its presentation, shall be punished by a fine of not less than ten dollars, and not more than one hundred dollars, or by imprisonment in the county jail for not more than thirty days, or by both such fine and imprisonment. The word "credit" as used in this section shall mean an arrangement or understanding with the bank, banker, or depository for the payment of such check, draft, or order. The making of a postdated check knowingly received as such, or of a check issued under an agreement with the payee that the same would not be presented for payment for a time specified, shall not constitute a violation of this section. This section shall not be construed to nullify or supersede any of the provisions of chapter 12-38.

2. A notice of dishonor may be sent by the holder of the check upon dishonor, said notice to be in substantially the following form:

Notice of Dishonored Check

Date
Name of Issuer
Street Address

City and State

You are according to law hereby notified that a check dated, 19....., drawn on the

Bank of in the amount of has been returned unpaid with the notation that payment has been refused because of nonsufficient funds. Within ten days from the receipt of this notice, you must pay or tender to sufficient moneys to pay

(Holder)

such instrument in full. Such notice may also contain a recital of the penal provisions of this section.

The criminal complaint for the offense of issuing a check, draft, or money order without sufficient funds under this section must be executed within not more than sixty days after the dishonor by the drawee of said instrument for non-sufficient funds. Failure to execute a complaint within said time shall bar the criminal charge under this section.

§ 2.) Section 6-08-16.1 of the North Dakota Century Code is hereby created and enacted to read as follows:

6-08-16.1. Issuing Check or Draft Without Account.) Any person who shall issue any check, draft, or order upon any bank, for the payment of money, and, at the time of such issuance does not have an account with such bank, shall be guilty of a misdemeanor and shall be punished by a fine of not more than five hundred dollars, or by imprisonment in the county jail for not more than one year, or by both such fine and imprisonment.

Approved March 16, 1961.

CHAPTER 111

H. B. No. 802
(Gietzen, Bloom, Diehl)

UNCLAIMED CHECKING ACCOUNTS

AN ACT

To create and enact section 6-08-24.1 of the North Dakota Century Code, relating to the disposition of certain unclaimed checking accounts.

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

§ 1.) Section 6-08-24.1 of the North Dakota Century Code is hereby created and enacted to read as follows:

6-08-24.1 Disposition of Certain Unclaimed Accounts.) Any association other than a natural person, corporation, trust,

estate or partnership, which has left on deposit in a checking account with any banking institution, as defined in section 6-01-02, any funds, and has not dealt therewith for a period of ten years by adding thereto, withdrawing therefrom, or asserting any claim thereto, is presumed to have abandoned the same. Upon the effective date of this section and thereafter upon the expiration of such ten-year period, the cashier or managing officer of any such banking institution shall turn the balance in such accounts over to the state examiner who shall issue his receipt therefor. The banking institution shall then be relieved of all liability on such accounts. The state examiner shall deposit such funds with the state treasurer who shall distribute such funds to the county in which the bank previously holding such account was located and the county treasurer shall credit such funds to the county welfare fund.

Approved March 17, 1961.

CHAPTER 112

H. B. No. 757

(Sorlie, Karabensh, Burk, Trom, Einarson)

BANK OF NORTH DAKOTA PROPERTY

AN ACT

To amend and reenact section 6-09-03 of the North Dakota Century Code, relating to property of the Bank of North Dakota.

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

§ 1. **Amendment.**) Section 6-09-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-09-03. Industrial Commission May Acquire Property by Purchase or Eminent Domain—Investment in Banking House and Furnishings.) To accomplish the purposes of this chapter, the industrial commission shall have the authority to acquire by purchase, lease or by exercise of the right of eminent domain, all requisite property and property rights, and may construct, remodel, and repair buildings. It shall invest in furniture, fixtures, lands and buildings for office purposes only in accordance with legislative appropriation.

Approved March 11, 1961.