

BANKS AND BANKING

CHAPTER 103

S. B. No. 161

(Ringsak, Yunker, Kee, Van Horn, Andre, Wartner and Hernet)

LOAN LIMITATIONS OF STATE BANKING ASSOCIATIONS

AN ACT

To amend and reenact section 6-0305 of the North Dakota Revised Code of 1943, relating to limitation of real estate loans by state banking associations.

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

§ 1. **Amendment.)** Section 6-0305 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

6-0305. Loans on Real Estate; Regulation; Limitation; Amortized Loans Provided for.) No association shall own or carry among its assets at any one time loans dependent primarily upon real estate security in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of sixty-six and two thirds percent of the amount of its time and savings deposits, whichever is the greater, and then only upon first mortgages constituting first liens upon such real estate not exceeding fifty percent of the actual cash value of the property mortgaged. Before any such loan is made the board of directors shall appoint from among its members a committee which shall make actual inspection of the security offered and shall appraise both the land and the improvements thereon, if any, and shall report to the board of directors, in writing the results of the appraisal together with any other facts relating to such proposed loan and proposed security as will best enable the board to determine if the loan shall be granted. Such written report shall be made a permanent record in the bank's files and shall be made available to the state examiner. No director shall act as an appraiser of his own property nor of property offered as security for loans the proceeds of which are to be used for his benefit. No such loan shall be made for a longer period than five years. Provided, however, any such loan may be made in an amount not to exceed sixty-six and two thirds percent of the actual cash value of the real estate mortgaged

and for a term not longer than ten years if the loan is secured by an amortized mortgage under the terms of which the installment payments are sufficient to amortize forty percent or more of the principal of the loan within a period of not more than ten years.

Any such loan may be made in an amount not to exceed sixty-six and two thirds percent of the appraised value of the real estate offered as security and for a term not longer than twenty years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within a period of not more than twenty years.

Approved March 10, 1959.

CHAPTER 104

H. B. No. 728

(Brown, Sjaastad, Strand,)

(Neukircher, Halverson and Witteman)

CREDIT UNION EXAMINATION AND SUPERVISORY COMMITTEE

AN ACT

To amend and reenact sections 6-0608 of the 1957 Supplement to the North Dakota Revised Code of 1943 and 6-0611 of the North Dakota Revised Code of 1943, relating to the examination of credit unions and to the annual election of the supervisory committee.

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

§ 1. **Amendment.**) Section 6-0608 of the 1957 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted 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 credit unions shall report to the state examiner at least once annually, upon call of the state examiner, on blanks supplied by the examiner for the purpose. Additional reports may be required by the board or examiner. Credit unions shall be examined at least once each year by the examiner or with the approval of the state credit union board, credit unions may be examined annually

by a certified public accountant or the North Dakota Credit Union League. If the examination is not made by the state examiner, the expense of such examination shall be borne by the credit union examined and such examination shall be in such form and contain such information as the state examiner may require. Two copies of such examination shall be filed with the state examiner and shall be approved by him. If it is determined through an 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 a fee equal to twenty cents per thousand dollars of assets for the first one hundred thousand dollars, and ten cents per thousand dollars of assets in excess of one hundred thousand dollars, except that the minimum fee for the examination of a credit union shall be twenty-five dollars.

§ 2. **Amendment.)** Section 6-0611 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

6-0611. Annual Meetings; Election of Directors and Committees.) The organization meeting of the members of a credit union shall be the first annual meeting. At its annual meeting, its members shall elect a board of directors of not less than five members, a credit committee of not less than three members, and a supervisory committee of not less than three members, all to hold office for such terms, respectively, as provided by the bylaws of the credit union and until their successors qualify. A record of the names and addresses of the officers and members of the board and committees shall be filed with the state examiner within ten days after their election.

Approved March 12, 1959.