

BUILDING AND LOAN ASSOCIATIONS

CHAPTER 105

H. B. No. 574

(Baldwin, Anderson of Richland, Dahlund, Neukircher,
(Strege, Davis, Streibel, Magnuson and Kelly)

LOANS FOR RESIDENTIAL DEVELOPMENT PURPOSES

AN ACT

To permit building and loan associations to lend funds for residential development purposes.

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

§ 1. Authority for Land Development for Residential Purposes.) Any building and loan association, or two or more associations, shall have authority to lend funds on first mortgage liens on land for residential development. Such development may include the laying out and dedication of streets and alleys and installation of curbing, sidewalks, water, sewer, paving and like improvements.

Approved March 14, 1959.

CHAPTER 106

H. B. No. 839

(Hilleboe, Brown, Idso, Aamoth)

LOAN LIMITATIONS ON BUILDING AND LOAN ASSOCIATIONS

AN ACT

To amend and reenact section 7-0413 of the North Dakota Revised Code of 1943, relating to loans to members of savings and loan associations or building and loan associations, and providing loan limitation equal to federally chartered associations.

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

§ 1. Amendment.) Section 7-0413 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

7-0413. Loans to Members.) Loans may be made to members on notes secured by mortgages which shall be a first lien on improved real property. Such loans shall not exceed seventy-five per cent of the cash value of such property and shall be payable in shares of the association or by periodical installments, provided, however, that, as to percentage of loan to value, such percentage as is permitted for federally chartered associations shall also be legal, for loan purposes, for any federally insured state-chartered association in the territory in which such state association is authorized to operate, any provision herein contained notwithstanding. When an association holds a mortgage on real property which is a first and prior lien thereon, the association may increase its loan thereon and secure the same by a second or subsequent mortgage payable in installments. A prior lien or encumbrance on real property, upon which the association holds a subsequent mortgage or encumbrance, may be sold, transferred, or assigned, but the aggregate amount of such outstanding and unsatisfied prior liens or encumbrances so sold, transferred, or assigned shall not exceed ten percent of the association's assets at any one time and shall not in any event exceed the amount of its reserve fund. The total indebtedness of a member to the association, less the amount of dues paid on the shares pledged for a loan, shall not exceed seventy-five percent of the cash value of the real property securing the loan. An association may permit members to secure the repayment of loans by giving the association a straight note and mortgage on real property for a fixed period, but in such event the amount of the loan shall not exceed fifty percent of the cash value of the property, and the loan must be approved by the board of directors prior to the granting thereof. No association shall make straight loans on real property in excess of ten percent of the assets of the association, and neither fines nor penalties may be collected on a straight note and mortgage. Loans may be made on the mutual plan or on the definite contract plan. Loans made on the mutual plan shall be accompanied by a pledge of shares having a matured or par value equal to the face of the loan, and shall become due and payable upon the date of maturity of the stock of the borrowing member pledged as collateral security to such loan, but the payments made by the borrower upon the shares so pledged shall not be considered as payments upon the principal of the loan. Definite contract loans shall be repayable in a definite number of equal periodical installments to be set out in the note or obligation, each in an amount sufficient so that the aggregate of all will repay the principal of the loan, together with the interest on the unpaid periodical balances, within the time and at the rate agreed upon. Upon the pledge as collateral security of shares of such association, loans may be made to shareholders in an

amount not to exceed ninety percent of the withdrawal value of shares pledged.

Approved March 9, 1959.

CHAPTER 107

H. B. No. 573

(Baldwin, Anderson of Richland, Dahlund, Strege, Kelly,)
(Neukircher, Davis, Streibel, Van Sickle, Magnuson, Johnston)

LOAN LIMITATIONS OF BUILDING AND LOAN ASSOCIATIONS

AN ACT

To amend and reenact section 7-0416 of the 1957 Supplement to the North Dakota Revised Code of 1943, relating to loans made by building and loan associations and removing the limitation of one hundred thousand dollars on loans made upon any one piece of property.

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

§ 1. Amendment.) Section 7-0416 of the 1957 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

7-0416. Limitation of Loans.) It shall be unlawful for any association, the assets of which do not exceed fifty thousand dollars, to make loans exceeding five thousand dollars in the aggregate upon any one piece of property. If its assets exceed fifty thousand dollars but do not exceed one hundred thousand dollars, it shall be unlawful for it to make loans exceeding seven thousand five hundred dollars in the aggregate upon any one piece of property. If its assets exceed one hundred thousand dollars but do not exceed two hundred thousand dollars, it shall be unlawful for it to make loans exceeding ten thousand dollars in the aggregate upon any one piece of property. If its assets exceed two hundred thousand dollars but do not exceed five hundred thousand dollars, it shall be unlawful for it to make loans exceeding fifteen thousand dollars in the aggregate upon any one piece of property. If its assets exceed five hundred thousand dollars, it shall be unlawful for it to loan to exceed three percent of its assets upon any one piece of property. Any loan exceeding twenty thousand dollars, before being accepted and passed by any association, shall have the approval of an affirmative vote of two-thirds of the members of the board of directors of such association, and such vote shall be recorded.

Approved March 10, 1959.