

SENATE BILL NO. 206

INTRODUCED BY GAGE

BY REQUEST OF THE DEPARTMENT OF COMMERCE

IN THE SENATE

January 19, 1983	Introduced and referred to Committee on Business and Industry.
February 9, 1983	Committee recommend bill do pass as amended. Report adopted.
February 10, 1983	Bill printed and placed on members' desks.
February 11, 1983	Second reading, do pass.
February 12, 1983	Correctly engrossed.
February 14, 1983	Third reading, passed. Ayes, 48; Noes, 0. Transmitted to House.

IN THE HOUSE

March 1, 1983	Introduced and referred to Committee on Business and Industry.
March 14, 1983	Committee recommend bill be concurred in. Report adopted.
March 18, 1983	Second reading, concurred in.
March 19, 1983	Third reading, concurred in.

IN THE SENATE

March 21, 1983	Returned to Senate. Sent to enrolling.
	Reported correctly enrolled.

1 *Smith* BILL NO. *206*
2 INTRODUCED BY *Smith*
3 BY REQUEST OF THE DEPARTMENT OF COMMERCE
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5 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
6 32-1-432, MCA, TO PROVIDE EXCLUSIONS FROM A BANK'S LENDING
7 LIMIT FOR LOANS SECURED BY CERTAIN DEPOSITS; AND TO PROVIDE
8 A SIMILAR EXCLUSION FOR 2-DAY LOANS TO OTHER BANKS."
9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 32-1-432, MCA, is amended to read:

12 "32-1-432. Limitations on loans. (1) (a) The total
13 loans to a person, partnership, or corporation by a bank,
14 including loans to a partnership and to the several members
15 thereof, shall at no time exceed 20% of the amount of the
16 unimpaired capital and surplus of that bank.

17 (b) The discount of bills of exchange drawn in good
18 faith against actual existing values, the discount of
19 bankers, acceptances of other banks, the discount of
20 commercial or business paper actually owned by the person
21 negotiating it, and the obligations of the United States or
22 general obligations of any state or of any political
23 subdivision thereof, or obligation issued under authority of
24 the Federal Farm Loan Act, may not be considered as money
25 borrowed.

1 (c) The limitations imposed on total loans by this
2 section do not apply to loans and investments secured by
3 obligations of the United States having a value of 100% of
4 the amount loaned or invested or to loans made on warehouse
5 receipts and bills of lading, when the warehouse receipts
6 and bills of lading cover nonperishable commodities of the
7 marketable value of at least 120% of the amount loaned on
8 them.

9 (d) Loans or obligations are not subject under this
10 section to any limitation based upon that unimpaired capital
11 and surplus to the extent that they are secured or covered
12 by guaranties, or by commitments or agreements to take over
13 or to purchase them, made by a federal reserve bank or by
14 the United States or a department, bureau, board,
15 commission, or establishment of the United States, including
16 a corporation wholly owned, directly or indirectly, by the
17 United States.

18 (2) The combined liabilities of the several members of
19 a firm, partnership, or unincorporated association to the
20 loaning bank shall be included in the liabilities of the
21 firm, partnership, or unincorporated association. That
22 portion of the liabilities of the firm, partnership, or
23 unincorporated association for which a member individually
24 is legally responsible shall be included in the liabilities
25 of the member in determining the limitations imposed by this

1 section. In determining the limitation for loans to a
2 limited partner of a limited partnership, those portions of
3 the liabilities of the limited partnership for which the
4 limited partner is free from liability shall be excluded.

5 (3) When, in the judgment of the department, the
6 liabilities of a corporation or the combined liabilities of
7 a corporation and one or more of its stockholders to a bank
8 are excessive, it shall require the reduction to the limits
9 and within the time it prescribes.

10 ~~(4) The limitations of this section do not apply to~~
11 ~~the extent that the loan is secured by pledged deposits in~~
12 ~~the lending bank.~~

13 ~~(5) The limitations of this section do not apply to a~~
14 ~~loan of funds made by a bank to another bank if the term of~~
15 ~~the loan does not exceed 2 business days."~~

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Approved by Committee
on Business and Industry

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(b) The discount of bills of exchange drawn in good faith against actual existing values, the discount of bankers' acceptances of other banks, the discount of commercial or business paper actually owned by the person negotiating it, and the obligations of the United States or general obligations of any state or of any political subdivision thereof, or obligation issued under authority of the Federal Farm Loan Act, may not be considered as money

borrowed.

(c) The limitations imposed on total loans by this section do not apply to loans and investments secured by obligations of the United States having a value of 100% of the amount loaned or invested or to loans made on warehouse receipts and bills of lading, when the warehouse receipts and bills of lading cover nonperishable commodities of the marketable value of at least 120% of the amount loaned on them.

(d) Loans or obligations are not subject under this section to any limitation based upon that unimpaired capital and surplus to the extent that they are secured or covered by guaranties, or by commitments or agreements to take over or to purchase them, made by a federal reserve bank or by the United States or a department, bureau, board, commission, or establishment of the United States, including a corporation wholly owned, directly or indirectly, by the United States.

(2) The combined liabilities of the several members of a firm, partnership, or unincorporated association to the loaning bank shall be included in the liabilities of the firm, partnership, or unincorporated association. That portion of the liabilities of the firm, partnership, or unincorporated association for which a member individually is legally responsible shall be included in the liabilities

1 of the member in determining the limitations imposed by this
2 section. In determining the limitation for loans to a
3 limited partner of a limited partnership, those portions of
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17 ~~SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON~~
18 ~~PASSAGE AND APPROVAL.~~

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