

HOUSE BILL NO. 359

INTRODUCED BY NISBET, MILLER

BY REQUEST OF THE DEPARTMENT OF COMMERCE

IN THE HOUSE

January 22, 1985	Introduced and referred to Committee on State Administration.
February 6, 1985	Committee recommend bill do pass. Report adopted. Bill printed and placed on members' desks.
February 8, 1985	Second reading, do pass.
February 9, 1985	Considered correctly engrossed.
February 11, 1985	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 12, 1985	Introduced and referred to Committee on Business and Industry.
March 13, 1985	Committee recommend bill be concurred in. Report adopted.
March 21, 1985	Second reading, pass consideration.
March 22, 1985	Second reading, concurred in.
March 25, 1985	Third reading, concurred in. Ayes, 49; Noes, 0. Returned to House.

IN THE HOUSE

March 26, 1985

Received from Senate.

Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 359

INTRODUCED BY Wesley Miller

BY REQUEST OF THE DEPARTMENT OF COMMERCE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT LOANS GUARANTEED BY OR COVERED BY TAKEOVER AGREEMENTS OF STATE AGENCIES OR BOARDS ARE NOT SUBJECT TO THE LOAN LIMITS OF SECTION 32-1-432, MCA; AMENDING SECTION 32-1-432, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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

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

(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  
4 the liabilities of the limited partnership for which the  
5 limited partner is free from liability shall be excluded.

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

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

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

17 (6) The limitations of this section do not apply to  
18 the extent that a loan is covered by a guarantee or by  
19 commitments or agreements to take over or purchase such loan  
20 made by an agency or board of the state of Montana  
21 authorized by law to provide such guarantees, commitments,  
22 or agreements."

23 NEW SECTION. Section 2. Effective date. This act is  
24 effective on passage and approval.

-End-

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

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2    INTRODUCED BY Misset Miller  
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5    A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT LOANS  
6    GUARANTEED BY OR COVERED BY TAKEOVER AGREEMENTS OF STATE  
7    AGENCIES OR BOARDS ARE NOT SUBJECT TO THE LOAN LIMITS OF  
8    SECTION 32-1-432, MCA; AMENDING SECTION 32-1-432, MCA; AND  
9    PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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15    including loans to a partnership and to the several members  
16    thereof, shall at no time exceed 20% of the amount of the  
17    unimpaired capital and surplus of that bank.

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

1    borrowed.

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

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

19            (2) The combined liabilities of the several members of  
20    a firm, partnership, or unincorporated association to the  
21    loaning bank shall be included in the liabilities of the  
22    firm, partnership, or unincorporated association. That  
23    portion of the liabilities of the firm, partnership, or  
24    unincorporated association for which a member individually  
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