

SENATE BILL NO. 143
INTRODUCED BY MAZUREK

IN THE SENATE

January 18, 1985	Introduced and referred to Committee on Business and Industry.
January 25, 1985	Committee recommend bill do pass. Report adopted.
January 26, 1985	Bill printed and placed on members' desks.
January 28, 1985	Second reading, do pass.
January 29, 1985	Considered correctly engrossed.
January 30, 1985	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Business and Labor.
March 8, 1985	Committee recommend bill be concurrent in. Report adopted.
March 9, 1985	Second reading, concurred in.
March 12, 1985	Third reading, concurred in. Returned to Senate.

IN THE SENATE

March 13, 1985	Received from House. Sent to enrolling. Reported correctly enrolled.
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4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE
5 DEVELOPMENT CORPORATION ACT TO CHANGE THE LIMIT ON LOANS
6 MADE TO THE CORPORATION BY FINANCIAL INSTITUTIONS; AMENDING
7 SECTION 32-4-302, MCA."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 32-4-302, MCA, is amended to read:

11 "32-4-302. Membership -- limitation and apportionment
12 of loans by members. Any financial institution may request
13 membership in the corporation by making application to the
14 board of directors on such form and in such manner as said
15 board of directors may require, and membership shall become
16 effective upon acceptance of such application by the board.
17 The application for membership will specify the loan limit
18 which shall be subject to call of the corporation, but in no
19 case shall the amount so specified exceed the limit provided
20 for in this chapter. Each member of the corporation shall
21 make loans to the corporation as and when called upon by it
22 to do so on such terms and other conditions as shall be
23 approved from time to time by the board of directors,
24 subject to the following conditions:

25 (1) All loan limits shall be established at the

1 thousand-dollar amount nearest the amount computed in
2 accordance with the provisions of this section.

3 (2) No loan to the corporation shall be made if
4 immediately thereafter the total amount of the obligations
5 of the corporation to its members would exceed 10 times the
6 amount then paid in on the outstanding capital stock of the
7 corporation.

8 (3) The total amount outstanding on loans to the
9 corporation made by any member at any one time, when added
10 to the amount of the investment in the capital stock of the
11 corporation then held by such member, shall not exceed:

12 (a) 20% of the total amount then outstanding on loans
13 to the corporation by all members, including in said total
14 amount outstanding amounts validly called for loan but not
15 yet loaned;

16 (b) the following limit, to be determined on the basis
17 of the member's balance sheet at the close of its 1982
18 fiscal year and then redetermined periodically with the
19 concurrence of the member:

20 (i) 3% of the capital and surplus of commercial banks
21 and trust companies;

22 (ii) 1/4 of 1% of the total outstanding loans made by a
23 building and loan association;

24 (iii) 2% of the capital and unassigned surplus of stock
25 insurance companies; and



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1 (iv) such comparable limits as may be approved by the
2 board of directors of the corporation for other financial
3 institutions.

4 (4) The board of directors, on the request of any
5 financial institution applying for membership and with the
6 approval of one-half of the members that are the same type
7 of financial institution as the applicant, may authorize a
8 different loan limit than that set forth in subsection
9 (3)(b).

10 (5) Subject to subsection (3)(a) of this section, each
11 call made by the corporation shall be prorated among the
12 members of the corporation in substantially the same
13 proportion that the adjusted loan limit of each member bears
14 to the aggregate of the adjusted loan limits of all members.
15 The adjusted loan limit of a member shall be the amount of
16 such member's loan limit, reduced by the balance of
17 outstanding loans made by such member to the corporation and
18 the investment in capital stock of the corporation held by
19 such member at the time of such call.

20 (6) All loans to the corporation by a member shall be
21 evidenced by bonds, debentures, notes, or other evidences of
22 indebtedness of the corporation, which shall be freely
23 transferable at all times and which shall bear interest at a
24 rate of not less than 1/4 of 1% in excess of the rate of
25 interest determined by the board of directors to be the

1 prime rate prevailing at the time."

-End-

APPROVED BY COMM. ON BUSINESS & INDUSTRY

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