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 T	THE	HOUSE
February 27, 1985			Introduced and referred to Committee on Business and Labor.
March 8, 1985			Committee recommend bill be concurred in. Report adopted.
March 9, 1985			Second reading, concurred in.
March 12, 1985			Third reading, concurred in.
			Returned to Senate.
	IN T	THE	SENATE
March 13, 1985			Received from House.
			Sent to enrolling.
			Reported correctly enrolled.

LC 0929/01

INTRODUCED BY Mayul 1 2 з

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."

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

Section 1. Section 32-4-302, MCA, is amended to read: 10 11 "32-4-302. Membership -- limitation and apportionment of loans by members. Any financial institution may request 12 membership in the corporation by making application to the 13 14 board of directors on such form and in such manner as said board of directors may require, and membership shall become 15 effective upon acceptance of such application by the board. 16 The application for membership will specify the loan limit 17 which shall be subject to call of the corporation, but in no 18 case shall the amount so specified exceed the limit provided 19 20 for in this chapter. Each member of the corporation shall make loans to the corporation as and when called upon by it 21 to do so on such terms and other conditions as shall be 22 approved from time to time by the board of directors, 23 subject to the following conditions: 24

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(1) All loan limits shall be established at the



thousand-dollar amount nearest the amount computed in
 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;

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

24 (iii) 2% of the capital and unassigned surplus of stock

25 insurance companies; and



(iv) such comparable limits as may be approved by the
 board of directors of the corporation for other financial
 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 proportion that the adjusted loan limit of each member bears 13 to the aggregate of the adjusted loan limits of all members. 14 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.

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

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1 prime rate prevailing at the time."

-End-

APPROVED BY COMM. ON BUSINESS & INDUSTRY

INTRODUCED BY Maynuk 1 2 3

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

16 (b) the following limit, to be determined on the basis of the member's balance sheet at the close of its 1982 17 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;

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

> SECOND READING -2-53 143

(iv) such comparable limits as may be approved by the
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 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).

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

(6) All loans to the corporation by a member shall be
evidenced by bonds, debentures, notes, or other evidences of
indebtedness of the corporation, which shall be freely
transferable at all times and which shall bear interest at a
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-End-

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SB 0143/02

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REFERENCE BILL SB 143

Montana Legislative Council

SB 0143/02

SB 143

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-End-

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