

HOUSE BILL NO. 1168

Introduced by

Industry, Business and Labor Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to create and enact a new section to chapter 21-04 and a new subdivision to
2 subsection 1 of section 41-09-23 of the North Dakota Century Code, relating to letters of credit
3 issued by the Bank of North Dakota and requirements for security interests in collateral given to
4 obtain a letter of credit for a pledge of security on a public deposit; and to declare an
5 emergency.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new section to chapter 21-04 of the North Dakota Century Code is
8 created and enacted as follows:

9 **Letters of credit for public deposits - Security interest - Priority - Written**
10 **agreement.** Letters of credit issued by the Bank of North Dakota in connection with section
11 21-04-09 must be secured by collateral. A security interest is created and attaches when the
12 Bank issues a letter of credit in connection with section 21-04-09. Filing is not required for
13 perfection of the security interest created and it is entitled to priority as to all creditors. The
14 board of directors of a financial institution seeking a letter of credit from the Bank shall execute
15 a written agreement with the Bank, reflect approval of the agreement in the board of director's
16 minutes and, as of the date of execution of the agreement, keep a copy of the agreement as an
17 official record.

18 **SECTION 2.** A new subdivision to subsection 1 of section 41-09-23 of the 1997
19 Supplement to the North Dakota Century Code is created and enacted as follows:

20 Collateral given by a financial institution to secure a letter of credit issued by
21 the Bank of North Dakota to serve as a pledge of security for a public deposit
22 under section 21-04-09.

23 **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.