

**Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine**

HOUSE BILL NO. 1168  
(Industry, Business and Labor Committee)  
(At the request of the Bank of North Dakota)

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

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

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

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

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

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

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

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Chief Clerk of the House

\_\_\_\_\_  
Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-sixth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1168 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote:      Yeas          97                  Nays          0                  Absent        1

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote:      Yeas          47                  Nays          0                  Absent        2

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Secretary of the Senate

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 1999.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 1999.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 1999,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State