

CHAPTER 13-02-12 INTERSTATE BANKING

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13-02-12-01. Scope.

To establish requirements for a reciprocating state bank holding company making an application to acquire or organize a North Dakota state or national bank and demonstrating how they will meet the credit needs for business expansion of the local community or trade area in which the bank and any facilities, stations, or banking houses are located.

History: Effective August 1, 1991.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-08.3

13-02-12-02. Definitions.

1. "Family farm" means agricultural real estate operated and owned or leased by a farmer, or other organization authorized to own or lease land used for farming or ranching under North Dakota Century Code chapter 10-06, where the majority of the labor necessary to operate the farm is performed by the farmer and the farmer's family, if any.
2. "Farmer" means a resident of North Dakota whose principal occupation is or will be the production of an agricultural commodity or livestock on a family farm if granted a loan.
3. "Investments in community development" means equity and debt instruments of corporations or projects designed primarily to promote community welfare such as economic rehabilitation and development of low income areas.
4. "Low and moderate income housing" means housing defined under section 8 of the United States Housing Act of 1937, and the regulations adopted under the Act.
5. "Student education loans" means those loans made to individuals under federal or state guidelines and direct loans for the purposes of financing education.

History: Effective August 1, 1991.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-08.3

13-02-12-03. Developmental loans.

Developmental loans include loans or investments made to residents of North Dakota in the Bank's trade area for the following purposes:

1. Operating loans for farmers and family farms;

2. Loans made to create or expand farm and nonfarm businesses;
3. Loans guaranteed by the small business administration or farmers home administration;
4. Investments in community development corporations or projects;
5. Low or moderate income housing loans;
6. Student education loans;
7. Loans made in distressed areas;
8. Loans made under the Bank of North Dakota's agricultural loan programs, including family farm loans, farm operating loans, conservation reserve program enhancement loans, and the rural rehabilitation corporation loan fund; and
9. Loans made under the Bank of North Dakota's commercial loan programs, including business development loans, small business concern loans, microbusiness loans, tourism and recreation investment program, oil and gas development loans, match loans, partnership in assisting community expansion loans, and agriculture partnership in assisting community expansion loans.

The board may designate distressed areas. The determination of a distressed area will be made on the area's unemployment rate, economic conditions, and credit needs.

History: Effective August 1, 1991.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-08.3-02

13-02-12-04. Application.

The application by the reciprocating bank holding company must contain a statement demonstrating a commitment to meet credit needs of the existing or proposed trade area. The applicant's statement must include a commitment for a level of developmental loans by number and amount, and a commitment to provide annual reports of developmental loans. Failure to set forth a plan to establish a percentage of developmental loans to total loans at a level no less than the percentage of developmental loans to total loans of the applicant's consolidated statement with all of its banking subsidiaries may constitute grounds for disapproval under subsection 5 of North Dakota Century Code section 6-08.3-03. The description of developmental loans must be filed on an annual basis together with the description of net new funds.

History: Effective August 1, 1991.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-08.3-02

13-02-12-05. Application content.

Repealed effective September 29, 1995.

13-02-12-06. Confidential material.

Repealed effective September 29, 1995.

13-02-12-07. Notice and publication.

Repealed effective September 29, 1995.

13-02-12-08. Divestiture.

Failure to maintain the required level and percentage of developmental loans may constitute grounds for divestiture or cease and desist proceedings under North Dakota Century Code section 6-08.3-07.

History: Effective August 1, 1991.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-08.3-07

13-02-12-09. Undue concentration of resources or substantial lessening of competition.

Repealed effective September 29, 1995.