

Date Issued: July 8, 1981 (AGO 81-71)

Requested by: L. M. Stenehjem, Jr.,  
Commissioner, Department of Banking and Financial Institutions

- QUESTION PRESENTED -

Whether the State Credit Union Board has the authority to set an interest rate on loans in excess of one and one-half percent a month on unpaid balances.

- ATTORNEY GENERAL'S OPINION -

It is my opinion that the State Credit Union Board has the statutory authority to establish an unlimited interest rate on loans made by a credit union.

- ANALYSIS -

Section 6-06-18 of the North Dakota Century Code was amended by the 1981 Legislative Assembly (House Bill No. 1315) to provide as follows:

6-06-18. INTEREST RATES. Interest rates on loans made by a credit union shall not exceed one and one-half percent a month on unpaid balances, unless a greater maximum is approved by the state credit union board.

Therefore, effective July 1, 1981, the interest rate that may be charged on consumer loans by credit unions is eighteen percent. However, the State Credit Union Board has the specific authority to approve a greater maximum interest rate. This authority was granted to the State Credit Union Board primarily because existing usury ceiling rates in North Dakota have been repealed with respect to loans made by other lending institutions regulated or funded by the state or federal government. See section 47-14-09, N.D.C.C. (Senate Bill No. 2330).

It is my opinion that, in accordance with section 6-06-18, N.D.C.C., the State Credit Union Board has the authority to either establish a specific interest rate which is greater than eighteen percent or, in the alternative, establish an unlimited interest rate as other lending institutions regulated or funded by an agency of the state or federal government are now allowed to do pursuant to section 47-14-09, N.D.C.C.

In order to establish a greater maximum usury rate limitation, the State Credit Union Board can call a special meeting. The board should attempt to assign a time and place for a hearing on the matter and, if possible, provide reasonable notice to all known interested parties where it deems such action appropriate.

- EFFECT -

This opinion is issued pursuant to section 54-12-01, N.D.C.C. It governs the actions of public officials until such time as the question presented is decided by the courts.

ROBERT O. WEFALD  
Attorney General

Prepared by: Daniel Hovland  
Assistant Attorney General