

17-10a02. Powers of members or borrowers. Building and loan associations, and other institutions eligible under the federal home loan bank act to become members of a federal home loan bank, or to borrow money therefrom, may, when authorized by the bank, act as agents for such bank in the collection of interest, and amortization or installment payments, as the same become due on collateral pledged to said bank.

The federal home loan bank may agree with a member or borrower that after making current payments of interest or installments on their indebtedness to such bank, any balance of funds so collected may be used in the transaction of their regular or customary business. Such an arrangement between the federal home loan bank and a member or borrower shall not be construed as in any way affecting or invalidating the lien of the bank upon uncollected balances due on securities pledged as collateral.

Any officer, director, trustee, attorney, or agent of a building and loan association, or other borrower, acting as agent for a federal home loan bank in the collection of interest, amortization, or installment payments on collateral deposited with said bank, who shall apply the proceeds of such collections otherwise than as provided in the agreement with the bank, shall be deemed guilty of embezzlement, and subject to the punishment provided by the laws of this state for that offense.

History: L. 1933, ch. 143, § 2; Jan. 26.