

Sixty-second  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2078

Introduced by

Industry, Business and Labor Committee

(At the request of the Bank of North Dakota)

1 A BILL ~~for an Act to amend and reenact subsection 10 of section 6-09-15 of the North Dakota~~  
2 ~~Century Code, relating to authority of the Bank of North Dakota to originate residential mortgage~~  
3 ~~loans; and to declare an emergency.~~for an Act to create and enact a new section to chapter  
4 6-09 of the North Dakota Century Code, relating to residential mortgages originated by the Bank  
5 of North Dakota; to provide an effective date; to provide an expiration date; and to declare an  
6 emergency.

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

8 ~~SECTION 1. AMENDMENT. Subsection 10 of section 6-09-15 of the North Dakota Century~~  
9 ~~Code is amended and reenacted as follows:~~

10 ~~10. Purchase Originate residential mortgage loans on real property located in areas in~~  
11 ~~which residential mortgage loan origination services are not reasonably available and~~  
12 ~~by referral from a local financial institution or purchase mortgage loans on residential~~  
13 ~~real property originated by financial institutions.~~

14 ~~SECTION 2. EMERGENCY. This Act is declared to be an emergency measure.~~

15 SECTION 1. A new section to chapter 6-09 of the North Dakota Century Code is created  
16 and enacted as follows:

17 Residential mortgages.

18 1. The Bank may establish a residential mortgage loan program under which the Bank  
19 may originate residential mortgages if private sector mortgage loan services are not  
20 reasonably available. Under this program a local financial institution may assist the  
21 Bank in taking a loan application, gathering required documents, ordering required  
22 legal documents, and maintaining contact with the borrower.

23 2. If the Bank establishes a program under this section, at a minimum the program must  
24 provide:

- a. The Bank originate no more than eight million dollars in conventional rural residential mortgages;
  - b. An applicant must be referred to the Bank by a local financial institution and the Bank may not have received from any other local financial institution an objection to the Bank's program;
  - c. The loan application must be for an owner-occupied primary residence;
  - d. The Bank provide all regulatory disclosures, process and underwrite the loan, prepare closing documents, and disburse the loan; and
  - e. The terms of the loan originated by the Bank must provide:
    - (1) The amount of the loan may not exceed two hundred thousand dollars;
    - (2) The term of the loan may not exceed thirty years;
    - (3) The rate of the loan must be equal to the Bank's market rate;
    - (4) The maximum loan to value may not exceed eighty percent of appraised value; however, a local financial institution may take a second mortgage that does not exceed a combined loan to value of ninety-five percent; and
    - (5) Standard credit underwriting and documentation applies.
3. The Bank may sell eligible first-time home buyer loans to the North Dakota housing finance agency.

**SECTION 2. EFFECTIVE DATE.** This Act becomes effective July 1, 2011.

**SECTION 3. EXPIRATION DATE.** This Act is effective through July 31, 2013, and after that date is ineffective.

**SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure.