

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1297

Introduced by

Representatives Ruby, Brabandt, Frantsvog, Maragos, Meier

Senators Burckhard, Hogue, Larsen

1 A BILL for an Act to amend and reenact section 6-09-46 of the North Dakota Century Code,
2 relating to partial forgiveness of loans from the rebuilders loan program.

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

4 **SECTION 1. AMENDMENT.** Section 6-09-46 of the North Dakota Century Code is amended
5 and reenacted as follows:

6 **6-09-46. Rebuilders loan program - Loan fund - Continuing appropriation -**
7 **Requirements - Partial loan forgiveness qualification.**

8 1. The Bank of North Dakota shall maintain a loan fund to make or participate in loans to
9 North Dakota residents affected by a presidentially declared disaster in the state for
10 the purpose of the resident rebuilding the resident's flood-damaged home or
11 purchasing a new home in the disaster-impacted community. Up to twenty percent of
12 the loan proceeds disbursed under this program may be used for debt service, debt
13 retirement, or other credit obligations. All moneys transferred into the fund, interest
14 upon moneys in the fund, and payments to the fund of principal and interest on loans
15 made from the fund are appropriated for the purpose of providing loans in accordance
16 with this section.

17 2. The Bank shall administer and supervise the loan fund and loans made from the fund.
18 The Bank may deduct, from interest payments received on loans, a service fee for
19 administering the fund for the Bank and originating financial institutions. An application
20 for a loan from the fund must be made to the Bank or originating financial institution
21 and, upon approval, a loan must be made from the fund in accordance with this
22 section.

23 3. A loan may be made from the fund only to a homeowner residing in an area in this
24 state in which federal emergency management agency individual assistance was

1 available to homeowners after a presidentially declared disaster in the state as a result
2 of a flood event occurring during 2011. A loan may be made from the fund only to a
3 homeowner residing in this state whose home was granted a reduction in 2011 in true
4 and full valuation from the individual's property's preflood value by an assessment
5 reduction pursuant to the governor's executive order 2011-22 or by an abatement for
6 flood-damaged property granted by the board of county commissioners. An initial loan
7 made to a homeowner under this section from state funds may not exceed thirty
8 thousand dollars or the actual amount of documented damage not paid by flood
9 insurance, whichever is less. If federal funds are made available for this program, an
10 additional amount as determined by the Bank may be borrowed by eligible
11 homeowners who received an initial loan of thirty thousand dollars.

- 12 4. A loan from the fund must have the interest rate fixed at one percent per year for no
13 more than twenty years.
- 14 5. For every loan made from the fund, principal and interest payments must be deferred
15 for the first twenty-four months of the loan.
- 16 6. A loan application under this section may not be accepted after September 30, 2012.
- 17 7. If, subsequent to receiving a loan from the fund, the property for which the loan was
18 made is purchased for flood mitigation purposes or otherwise sold, the balance of the
19 loan and any interest accrued on the loan must be repaid to the fund upon the closing
20 of the sale.
- 21 8. The industrial commission shall contract with a certified public accounting firm to audit
22 the fund as necessary. The cost of the audit, and any other actual costs incurred by
23 the Bank on behalf of the fund, must be paid by the fund.
- 24 9. For every loan made from the fund, when the borrower has completed sixty months of
25 payments, or an equivalent amount of repayment of the principal, on the loan without
26 delinquency the Bank shall forgive repayment of, and deduct from the remaining
27 principal balance, one-third of the amount of the original loan. At the close of each
28 month in which the Bank has forgiven repayment of any loans under this subsection,
29 the Bank shall certify to the state treasurer the total amount of deductions from loan
30 principal balances under this subsection during that month and the state treasurer
31 shall transfer that amount from the state general fund to the Bank, but not in an

- 1 amount, when added to other repayment received by the Bank, exceeding the amount
2 necessary to replenish thirty million dollars of the Bank's undivided profits which was
3 transferred to the rebuilders loan program fund under section 7 of chapter 579 of the
4 2011 Session Laws.
5 10. The Bank shall adopt policies to implement this section.