

Introduced by

1 A BILL for an Act to amend and reenact sections 6-09-15 and 10-30.5-04 of the North Dakota  
2 Century Code, relating to the powers of the Bank of North Dakota and the powers of the North  
3 Dakota development fund, incorporated; and to provide a report to the legislative council.

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

5 **SECTION 1. AMENDMENT.** Section 6-09-15 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **6-09-15. (Effective through July 31, ~~2007~~ 2009) Powers.** The Bank of North Dakota  
8 may:

- 9 1. Make, purchase, guarantee, or hold loans:
  - 10 a. To state or federally chartered lending agencies or institutions, or any other  
11 financial institutions.
  - 12 b. To holders of Bank of North Dakota certificates of deposit and savings  
13 accounts up to ninety percent of the value of the certificates and savings  
14 accounts offered as security.
  - 15 c. To actual farmers who are residents of this state, if the loans are secured by  
16 recorded mortgages giving the Bank of North Dakota a first lien on real estate  
17 in North Dakota in amounts not to exceed eighty percent of the value of the  
18 security.
  - 19 d. That are insured or guaranteed in whole or in part by the United States, its  
20 agencies, or instrumentalities.
  - 21 e. That are eligible to be guaranteed under chapter 15-62.1. Loans made  
22 pursuant to this subdivision may provide for interest that remains unpaid at  
23 the end of any period specified in the loan to be added to the principal amount  
24 of the debt and thereafter accumulate interest.

- 1           f.    To individuals or bank holding companies for the purpose of purchasing or
- 2                 refinancing the purchase of bank stock of a bank located in the state.
- 3           g.    To nonprofit organizations that are exempt from federal taxation under section
- 4                 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of
- 5                 the loans to be used for construction, reconstruction, repair, renovation,
- 6                 maintenance, and associated costs on property under the control of the parks
- 7                 and recreation department.
- 8           h.    Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as
- 9                 amended through December 31, 1996, to nonprofit corporations for the
- 10                purpose of relending loan funds to rural businesses.
- 11          i.    Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951,
- 12                 subparts F and R; and part 1955, subparts A, B, and C, as amended through
- 13                 December 31, 1996, to finance businesses and community development
- 14                 projects in rural areas.
- 15          j.    Obtained as security pledged for or originated in the restructuring of any other
- 16                 loan properly originated or participated in by the Bank.
- 17          k.    To instrumentalities of this state.
- 18          l.    As otherwise provided by this chapter or other statutes.
- 19          m.    If the Bank is participating in the loan and the Bank deems it is in the best
- 20                 interests of the Bank to do so, it may purchase the remaining portion of the
- 21                 loan from a participating lender that is closed by regulatory action, or from the
- 22                 receiver of the participating lender's assets.
- 23          n.    To an investment company created for completing a trust preferred securities
- 24                 transaction for the benefit of a financial institution located in this state.
- 25          2.    Make agricultural real estate loans in order to participate in the agricultural
- 26                 mortgage secondary market program established pursuant to the Agricultural
- 27                 Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as
- 28                 amended through December 31, 1996.
- 29          3.    Purchase participation interests in loans made or held by banks, bank holding
- 30                 companies, state or federally chartered lending agencies or institutions, any other
- 31                 financial institutions, or any other entity that provides financial services and that

- 1           meets underwriting standards that are generally accepted by state or federal  
2           financial regulatory agencies.
- 3           4. Invest its funds:
- 4           a. In conformity with policies of the industrial commission.
- 5           b. In a public venture capital corporation organized and doing business in this  
6           state through the purchase of shares of stock.
- 7           c. In North Dakota alternative and venture capital investments and early-stage  
8           capital funds including the North Dakota development fund, incorporated, not  
9           to exceed ~~five~~ ten million dollars, for the purpose of providing funds for  
10          investment in North Dakota alternative and venture capital investments and  
11          early-stage capital funds. The Bank may allow for third-party management of  
12          the funds invested under this subdivision if the management is provided by  
13          North Dakota development fund, incorporated, or a third party that is located  
14          in the state and that has demonstrated fund management experience.
- 15          5. Buy and sell federal funds.
- 16          6. Lease, assign, exchange, transfer, convey, grant, pledge, or mortgage all real and  
17          personal property, title to which has been acquired in any manner.
- 18          7. Acquire real or personal property or property rights by purchase, lease, or the  
19          exercise of the right of eminent domain and may construct, remodel, and repair  
20          buildings.
- 21          8. Receive deposits from any source and deposit its funds in any bank or other  
22          financial institution.
- 23          9. Perform all acts and do all things necessary, convenient, advisable, or desirable to  
24          carry out the powers expressly granted or necessarily implied in this chapter  
25          through or by means of its president, officers, agents, or employees or by contracts  
26          with any person, firm, or corporation.
- 27          10. Purchase mortgage loans on residential real property originated by financial  
28          institutions.
- 29          **(Effective after July 31, ~~2007~~ 2009) Powers.** The Bank of North Dakota may:
- 30          1. Make, purchase, or hold loans:

- 1           a. To state or federally chartered lending agencies or institutions, or any other  
2           financial institutions.
- 3           b. To holders of Bank of North Dakota certificates of deposit and savings  
4           accounts up to ninety percent of the value of the certificates and savings  
5           accounts offered as security.
- 6           c. To actual farmers who are residents of this state, if the loans are secured by  
7           recorded mortgages giving the Bank of North Dakota a first lien on real estate  
8           in North Dakota in amounts not to exceed eighty percent of the value of the  
9           security.
- 10          d. That are insured or guaranteed in whole or in part by the United States, its  
11          agencies, or instrumentalities.
- 12          e. That are eligible to be guaranteed under chapter 15-62.1. Loans made  
13          pursuant to this subdivision may provide for interest that remains unpaid at  
14          the end of any period specified in the loan to be added to the principal amount  
15          of the debt and thereafter accumulate interest.
- 16          f. To individuals or bank holding companies for the purpose of purchasing or  
17          refinancing the purchase of bank stock of a bank located in the state.
- 18          g. To nonprofit organizations that are exempt from federal taxation under section  
19          501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of  
20          the loans to be used for construction, reconstruction, repair, renovation,  
21          maintenance, and associated costs on property under the control of the parks  
22          and recreation department.
- 23          h. Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as  
24          amended through December 31, 1996, to nonprofit corporations for the  
25          purpose of relending loan funds to rural businesses.
- 26          i. Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951,  
27          subparts F and R; and part 1955, subparts A, B, and C, as amended through  
28          December 31, 1996, to finance businesses and community development  
29          projects in rural areas.
- 30          j. Obtained as security pledged for or originated in the restructuring of any other  
31          loan properly originated or participated in by the Bank.

- 1 k. To instrumentalities of this state.
- 2 l. As otherwise provided by this chapter or other statutes.
- 3 m. If the Bank is participating in the loan and the Bank deems it is in the best  
4 interests of the Bank to do so, it may purchase the remaining portion of the  
5 loan from a participating lender that is closed by regulatory action, or from the  
6 receiver of the participating lender's assets.
- 7 n. To an investment company created for completing a trust preferred securities  
8 transaction for the benefit of a financial institution located in this state.
- 9 2. Make agricultural real estate loans in order to participate in the agricultural  
10 mortgage secondary market program established pursuant to the Agricultural  
11 Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as  
12 amended through December 31, 1996.
- 13 3. Purchase participation interests in loans made or held by banks, bank holding  
14 companies, state or federally chartered lending agencies or institutions, any other  
15 financial institutions, or any other entity that provides financial services and that  
16 meets underwriting standards that are generally accepted by state or federal  
17 financial regulatory agencies.
- 18 4. Invest its funds:
  - 19 a. In conformity with policies of the industrial commission.
  - 20 b. In a public venture capital corporation organized and doing business in this  
21 state through the purchase of shares of stock.
- 22 5. Buy and sell federal funds.
- 23 6. Lease, assign, exchange, transfer, convey, grant, pledge, or mortgage all real and  
24 personal property, title to which has been acquired in any manner.
- 25 7. Acquire real or personal property or property rights by purchase, lease, or the  
26 exercise of the right of eminent domain and may construct, remodel, and repair  
27 buildings.
- 28 8. Receive deposits from any source and deposit its funds in any bank or other  
29 financial institution.
- 30 9. Perform all acts and do all things necessary, convenient, advisable, or desirable to  
31 carry out the powers expressly granted or necessarily implied in this chapter

1 through or by means of its president, officers, agents, or employees or by contracts  
2 with any person, firm, or corporation.

3 10. Purchase mortgage loans on residential real property originated by financial  
4 institutions.

5 **SECTION 2. AMENDMENT.** Section 10-30.5-04 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **10-30.5-04. (Effective through July 31, ~~2007~~ 2009) Powers.** The corporation must  
8 be organized as a nonprofit corporation. In addition to the powers in chapter 10-33, the  
9 corporation may:

- 10 1. Cooperate and contract with any private or public entity.
- 11 2. Receive appropriations from the legislative assembly and other public moneys as  
12 well as contributions from other private or public contributors.
- 13 3. Borrow funds not to exceed ~~five~~ ten million dollars from the Bank of North Dakota  
14 for the purpose of investing in North Dakota alternative and venture capital  
15 investments and early-stage capital funds. The corporation may provide  
16 management services for the Bank's alternative and venture capital investments  
17 and early-stage capital funds.

18 **(Effective after July 31, ~~2007~~ 2009) Powers.** The corporation must be organized as a  
19 nonprofit corporation. In addition to the powers in chapter 10-33, the corporation may:

- 20 1. Cooperate and contract with any private or public entity.
- 21 2. Receive appropriations from the legislative assembly and other public moneys as  
22 well as contributions from other private or public contributors.

23 **SECTION 3. REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the  
24 president of the Bank of North Dakota shall report to the legislative council on the status of the  
25 alternative and venture capital investments and early-stage capital funds. The president shall  
26 inform the legislative council whether this investment program should continue and whether  
27 there are potential changes that could be made to improve the state's venture capital and  
28 early-stage capital investment structure.