SENATE BILL NO. 2064

A BILL for an Act to amend and reenact section 6-09-44 of the North Dakota Century Code, relating to the Bank of North Dakota residential mortgage loan program.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09-44 of the North Dakota Century Code is amended and reenacted as follows:

6-09-44. (Effective through July 31, 2013) Residential mortgages.
1. The Bank may establish a residential mortgage loan program under which the Bank may originate residential mortgages if private sector mortgage loan services are not reasonably available. Under this program a local financial institution or credit union may assist the Bank in taking a loan application, gathering required documents, ordering required legal documents, and maintaining contact with the borrower.

2. If the Bank establishes a program under this section, at a minimum the program must 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 or credit union;
   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 an amount to be established by Bank policy;
1. (2) The term of the loan may not exceed thirty years;
2. (3) The rate of the loan must be equal to the Bank's market rate;
3. (4) The maximum loan to value may not exceed eighty percent of appraised value; however, a local financial institution or credit union may take a second mortgage that does not exceed a combined loan to value of ninety-five percent; and
4. (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.