

HOUSE BILL NO. 1163

Introduced by

Agriculture Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact sections 6-09.11-03, 6-09.11-05, and 6-09.11-06 of the
2 North Dakota Century Code, relating to family farm loan amount restrictions, residency
3 requirements, and net worth restrictions.

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

5 **SECTION 1. AMENDMENT.** Section 6-09.11-03 of the 1997 Supplement to the North
6 Dakota Century Code is amended and reenacted as follows:

7 **6-09.11-03. Loans - Participation by the Bank of North Dakota.**

- 8 1. The Bank of North Dakota may make available an appropriate amount of funds to
9 purchase participation interests in loans made by financial institutions for the
10 purposes as set forth in section 6-09.11-04. Interest charged on a participation
11 interest purchased by the Bank under this section may not be greater than one
12 percent less than the Bank's base rate as in effect from time to time, and may float.
13 However, the interest rate may not exceed eleven percent during the course of the
14 loan. The Bank may charge for necessary and reasonable fees as determined by
15 the industrial commission.
- 16 2. The amount of a participation interest purchased by the Bank under this section
17 may not be greater than the lesser of ~~seventy-five~~ one hundred fifty thousand
18 dollars or ninety percent of the loan amount.

19 **SECTION 2. AMENDMENT.** Section 6-09.11-05 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **6-09.11-05. Loan applications.** An applicant for a loan must meet all of the following
22 qualifications:

- 23 1. The applicant is at least eighteen years of age.

- 1 2. ~~The applicant has resided in North Dakota continuously during the three years~~
2 ~~immediately preceding the date of the application.~~
- 3 ~~3.~~ The applicant is a farmer.
- 4 4. 3. The applicant has had the farming experience and training necessary to enable the
5 applicant to operate a family farm and to make proper use of the proceeds of the
6 loan.
- 7 ~~5.~~ 4. The net worth of the applicant does not exceed ~~one~~ two hundred ~~fifty~~ thousand
8 dollars.

9 **SECTION 3. AMENDMENT.** Section 6-09.11-06 of the 1997 Supplement to the North
10 Dakota Century Code is amended and reenacted as follows:

11 **6-09.11-06. Loan restrictions.**

- 12 1. A loan under this chapter may not ~~exceed~~ be greater than the lesser of one
13 hundred fifty thousand dollars or ninety percent of the appraised value of the
14 security given for the loan, with the actual percentage to be determined by the
15 Bank of North Dakota. The Bank may do all things and acts, may require such
16 security, and may establish additional terms and conditions as is determined
17 necessary to purchase a participation interest in a loan under this chapter.
- 18 2. Except as otherwise provided:
- 19 a. A loan under this chapter must be repayable in installments and may have a
20 term up to twenty years.
- 21 b. All or part of a loan under this chapter may be repaid at any time, subject to
22 conditions set forth in the mortgage.