

**Fifty-sixth Legislative Assembly, State of North Dakota, begun in the
Capitol in the City of Bismarck, on Tuesday, the fifth day of January,
one thousand nine hundred and ninety-nine**

HOUSE BILL NO. 1163
(Agriculture Committee)
(At the request of the Bank of North Dakota)

AN ACT to amend and reenact sections 6-09.11-03, 6-09.11-05, and 6-09.11-06 of the North Dakota Century Code, relating to family farm loan amount restrictions, residency requirements, and net worth restrictions.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

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

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

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

6-09.11-06. Loan restrictions.

1. A loan under this chapter may not ~~exceed~~ be greater than the lesser of one hundred fifty thousand dollars or ninety percent of the appraised value of the security given for the loan, with the actual percentage to be determined by the Bank of North Dakota. The Bank may do all things and acts, may require such security, and may establish additional terms and

conditions as is determined necessary to purchase a participation interest in a loan under this chapter.

2. Except as otherwise provided:
 - a. A loan under this chapter must be repayable in installments and may have a term up to twenty years.
 - b. All or part of a loan under this chapter may be repaid at any time, subject to conditions set forth in the mortgage.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-sixth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1163.

House Vote: Yeas 96 Nays 0 Absent 2

Senate Vote: Yeas 47 Nays 0 Absent 2

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 1999.

Approved at _____ M. on _____, 1999.

Governor

Filed in this office this _____ day of _____, 1999,

at _____ o'clock _____ M.

Secretary of State