

**FIRST ENGROSSMENT
with Senate Amendments**

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1116

Introduced by

Industry, Business and Labor Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 6-09-15 of
2 the North Dakota Century Code, relating to trust preferred securities transactions; to amend
3 and reenact subsection 1 of section 6-09-15 of the North Dakota Century Code, relating to
4 authority of the Bank of North Dakota to guarantee loans; and to provide an expiration date.

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

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

- 8 1. Make, purchase, guarantee, or hold loans:
- 9 a. To state or federally chartered lending agencies or institutions, or any other
10 financial institutions.
- 11 b. To holders of Bank of North Dakota certificates of deposit and savings
12 accounts up to ninety percent of the value of the certificates and savings
13 accounts offered as security.
- 14 c. To actual farmers who are residents of this state, if the loans are secured by
15 recorded mortgages giving the Bank of North Dakota a first lien on real estate
16 in North Dakota in amounts not to exceed eighty percent of the value of the
17 security.
- 18 d. That are insured or guaranteed in whole or in part by the United States, its
19 agencies, or instrumentalities.
- 20 e. That are eligible to be guaranteed under chapter 15-62.1. Loans made
21 pursuant to this subdivision may provide for interest that remains unpaid at
22 the end of any period specified in the loan to be added to the principal amount
23 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 **SECTION 2.** A new subdivision to subsection 1 of section 6-09-15 of the North Dakota
24 Century Code is created and enacted as follows:

25 To an investment company created for completing a trust preferred securities
26 transaction for the benefit of a financial institution located in this state.

27 **SECTION 3. EXPIRATION DATE.** Section 1 of this Act is effective through July 31,
28 2007, and after that date is ineffective.