

**SENATE BILL NO. 2103**

Introduced by

Industry, Business and Labor Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact section 6-09-15 of the North Dakota Century Code,  
2 relating to the powers of the Bank of North Dakota.

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

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

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

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

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

- 1           4. Invest its funds:
  - 2           a. In conformity with policies of the industrial commission.
  - 3           b. In a public venture capital corporation organized and doing business in this  
4           state through the purchase of shares of stock.
  - 5           c. In North Dakota alternative and venture capital investments and early-stage  
6           capital funds, including the North Dakota development fund, incorporated, not  
7           to exceed ten million dollars, for the purpose of providing funds for investment  
8           in North Dakota alternative and venture capital investments and early-stage  
9           capital funds. The Bank may invest a maximum of two hundred thousand  
10           dollars per biennium in North Dakota-based venture capital entities that make  
11           investments in companies located outside North Dakota. The Bank may allow  
12           for third-party management of the funds invested under this subdivision if the  
13           management is provided by the North Dakota development fund,  
14           incorporated, or a third party that is located in the state and that has  
15           demonstrated fund management experience.
- 16          5. Buy and sell federal funds.
- 17          6. Lease, assign, sell, exchange, transfer, convey, grant, pledge, or mortgage all real  
18           and personal property, title to which has been acquired in any manner.
- 19          7. Acquire real or personal property or property rights by purchase, lease, or, subject  
20           to chapter 32-15, the exercise of the right of eminent domain and may construct,  
21           remodel, and repair buildings.
- 22          8. Receive deposits from any source and deposit its funds in any bank or other  
23           financial institution.
- 24          9. Perform all acts and do all things necessary, convenient, advisable, or desirable to  
25           carry out the powers expressly granted or necessarily implied in this chapter  
26           through or by means of its president, officers, agents, or employees or by contracts  
27           with any person, firm, or corporation.
- 28          10. Purchase mortgage loans on residential real property originated by financial  
29           institutions.

30       ~~(Effective after July 31, 2009) Powers. The Bank of North Dakota may:~~

- 31       ~~4. Make, purchase, or hold loans:~~

Sixty-first  
Legislative Assembly

- 1 a. ~~To state-chartered or federally-chartered lending agencies or institutions or~~  
2 ~~any other 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 e. ~~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.~~

Sixty-first  
Legislative Assembly

- 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 chartered or federally chartered lending agencies or institutions,~~  
15       ~~any other financial institutions, or any other entity that provides financial services~~  
16       ~~and that meets underwriting standards that are generally accepted by state or~~  
17       ~~federal 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, sell, exchange, transfer, convey, grant, pledge, or mortgage all real~~  
24       ~~and 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, subject~~  
26       ~~to chapter 32-15, the exercise of the right of eminent domain and may construct,~~  
27       ~~remodel, and repair 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~~

Sixty-first  
Legislative Assembly

- 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.~~