

Sixty-second
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1096

Introduced by

Judiciary Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact section 6-09-27, subsection 3 of section 6-09.15-01,
2 and section 6-09.15-03 of the North Dakota Century Code, relating to venue of civil actions
3 involving the Bank of North Dakota and the beginning entrepreneur loan guarantee program.

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

5 **SECTION 1. AMENDMENT.** Section 6-09-27 of the North Dakota Century Code is amended
6 and reenacted as follows:

7 **6-09-27. Civil actions on Bank transactions - Name of parties - Service - Venue.**

8 1. Civil actions may be brought against the state of North Dakota on account of claims for
9 relief claimed to have arisen out of transactions connected with the operation of the
10 Bank of North Dakota upon condition that the provisions of this section are complied
11 with. In such actions, the state must be designated as "The State of North Dakota,
12 doing business as The Bank of North Dakota". The actions may be brought in the
13 same manner and are subject to the same provisions of law as other civil actions. The
14 action must be brought in Burleigh County except as provided in section 28-04-01 or
15 except as provided in subsection 2.

16 2. If the Bank seeks to participate in a loan that involves multiple banks and if the loan
17 documents require the Bank to agree that civil actions will be commenced in a state
18 outside of North Dakota, the Bank may agree to venue outside of North Dakota if
19 approved by the attorney general.

20 **SECTION 2. AMENDMENT.** Subsection 3 of section 6-09.15-01 of the North Dakota
21 Century Code is amended and reenacted as follows:

22 3. "Loan guarantee" means an agreement that in the event of default by a beginning
23 entrepreneur under a note and mortgage or other loan or financing agreement, the
24 Bank of North Dakota shall pay the lender the amount agreed upon up to ~~eighty-five~~

1 ~~percenta~~ percentage to be determined by the Bank of the amount of principal due the
2 lender on a loan at the time the claim is approved from the loan guarantee fund.

3 **SECTION 3. AMENDMENT.** Section 6-09.15-03 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **6-09.15-03. Application for guarantee - Term - Annual fee.**

6 A lender may apply to the Bank of North Dakota for a loan guarantee for a loan of ~~up to one-~~
7 ~~hundred thousand dollars~~ amount to be determined by the Bank. The Bank may approve a
8 guarantee of a loan of up to five thousand dollars to a beginning entrepreneur for use by the
9 beginning entrepreneur for accounting, legal, and business planning and other consulting or
10 advisory services in planning for the establishment of a qualified revenue-producing enterprise.
11 The Bank may approve a guarantee of a loan of up to twenty-five thousand dollars to a
12 beginning entrepreneur without requiring the beginning entrepreneur to provide collateral for the
13 loan. The term of a loan guarantee may not exceed five years. The Bank may charge a lender
14 an annual fee during the term of a loan guarantee. Total outstanding guarantees under this
15 program at the time of issuance may not exceed five percent of the Bank's tier one capital as
16 defined by the department of financial institutions.