

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2078**

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 section to chapter 6-09 of the North Dakota Century
2 Code, relating to residential mortgages originated by the Bank of North Dakota; to provide an
3 effective date; to provide an expiration date; and to declare an emergency.

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

5 **SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Residential mortgages.**

- 8 1. The Bank may establish a residential mortgage loan program under which the Bank
9 may originate residential mortgages if private sector mortgage loan services are not
10 reasonably available. Under this program a local financial institution may assist the
11 Bank in taking a loan application, gathering required documents, ordering required
12 legal documents, and maintaining contact with the borrower.
- 13 2. If the Bank establishes a program under this section, at a minimum the program must
14 provide:
- 15 a. The Bank originate no more than eight million dollars in conventional rural
16 residential mortgages;
- 17 b. An applicant must be referred to the Bank by a local financial institution and the
18 Bank may not have received from any other local financial institution an objection
19 to the Bank's program;
- 20 c. The loan application must be for an owner-occupied primary residence;
- 21 d. The Bank provide all regulatory disclosures, process and underwrite the loan,
22 prepare closing documents, and disburse the loan; and
- 23 e. The terms of the loan originated by the Bank must provide:
- 24 (1) The amount of the loan may not exceed two hundred thousand dollars;

- 1 (2) The term of the loan may not exceed thirty years;
2 (3) The rate of the loan must be equal to the Bank's market rate;
3 (4) The maximum loan to value may not exceed eighty percent of appraised
4 value; however, a local financial institution may take a second mortgage that
5 does not exceed a combined loan to value of ninety-five percent; and
6 (5) Standard credit underwriting and documentation applies.
7 3. The Bank may sell eligible first-time home buyer loans to the North Dakota housing
8 finance agency.

9 **SECTION 2. EFFECTIVE DATE.** This Act becomes effective July 1, 2011.

10 **SECTION 3. EXPIRATION DATE.** This Act is effective through July 31, 2013, and after that
11 date is ineffective.

12 **SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure.