Sixty-third Legislative Assembly of North Dakota

SENATE BILL NO. 2064

Introduced by

Government and Veterans Affairs Committee

(At the request of the Bank of North Dakota)

- 1 A BILL for an Act to amend and reenact section 6-09-44 of the North Dakota Century Code,
- 2 relating to the Bank of North Dakota residential mortgage loan program.

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

SECTION 1. AMENDMENT. Section 6-09-44 of the North Dakota Century Code is amended
and reenacted as follows:

6 6-09-44. (Effective through July 31, 2013) Residential mortgages.

- The Bank may establish a residential mortgage loan program under which the Bank
 may originate residential mortgages if private sector mortgage loan services are not
 reasonably available. Under this program a local financial institution may assist the
 Bank in taking a loan application, gathering required documents, ordering required
 legal documents, and maintaining contact with the borrower.
- 12 2. If the Bank establishes a program under this section, at a minimum the program must13 provide:
- 14 a. The Bank originate no more than eight million dollars in conventional rural
 15 residential mortgages;
- b. An applicant must be referred to the Bank by a local financial institution and the
 Bank may not have received from any other local financial institution an objection to the Bank's program;
- 19 e.<u>b.</u> The loan application must be for an owner-occupied primary residence;
- 20 d.c. The Bank provide all regulatory disclosures, process and underwrite the loan,
 21 prepare closing documents, and disburse the loan; and
- 22 e.d. The terms of the loan originated by the Bank must provide:
- 23 (1) The amount of the loan may not exceed two hundred thousand dollarsan
 24 amount to be established by Bank policy;

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.