JUDICIAL REMEDIES

CHAPTER 338

SENATE BILL NO. 2057 (Senator Evanson) (Representative Cleary)

ARCHITECT AND ENGINEER VOLUNTEER IMMUNITY

AN ACT to provide for immunity from liability for losses caused by an architect or a professional engineer's acts, errors, or omissions in the performance of voluntary engineering services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Definitions - Voluntary engineering services - Immunity.

- 1. As used in this section:
 - a. "Architect" means a person registered under chapter 43-03 as an architect.
 - b. "Building inspection official" means any appointed or elected federal, state, or local official with overall executive responsibility to coordinate building inspection in the jurisdiction in which the emergency or event has occurred.
 - c. "Law enforcement official" means any appointed or elected federal, state, or local official with overall executive responsibility to coordinate law enforcement in the jurisdiction in which the emergency or event has occurred.
 - d. "Professional engineer" means a person licensed under chapter 43-19.1 as a professional engineer.
 - e. "Public official" means any federal, state, or locally elected official with overall executive responsibility in the jurisdiction in which the emergency or event has occurred.
 - f. "Public safety official" means any appointed or elected federal, state, or local official with overall executive responsibility to coordinate public safety in the jurisdiction in which the emergency or event has occurred.
- 2. An architect or a professional engineer who voluntarily, without compensation, provides architectural or structural, electrical, mechanical, or other engineering services at the scene of a declared national, state, or local emergency caused by a major earthquake, hurricane, tornado, fire, explosion, collapse, or other similar disaster or catastrophic event at the request of a national, state, or local public official, law enforcement official, public safety official, or building inspection official acting in an official capacity, is not liable for any personal injury, wrongful death, property damage, or other loss caused by

the architect's or professional engineer's acts, errors, or omissions in the performance of any engineering services for any structure, building, piping, or other engineered system, either publicly or privately owned.

- 3. The immunity provided in this section applies only to a voluntary engineering service that occurs within ninety days of the emergency, disaster, or catastrophic event, unless extended by the governor under chapter 37-17.1.
- Nothing in this section provides immunity for wanton, willful, or intentional misconduct.

Approved March 4, 1993 Filed March 5, 1993

HOUSE BILL NO. 1515
(Representatives Kretschmar, Hokana, R. Berg)
(Senators Tallackson, Traynor, Dotzenrod)
(Approved by the Delayed Bills Committee)

TORT REVISION LAW EXTENSION

AN ACT to repeal section 15 of chapter 404 of the 1987 Session Laws of North Dakota, relating to the expiration date of legislation concerning tort liability; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. REPEAL. Section 15 of chapter 404 of the 1987 Session Laws of North Dakota is repealed.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure.

Approved April 28, 1993 Filed April 30, 1993

HOUSE BILL NO. 1484 (Representatives Ring, Gates) (Senators Holmberg, Kelly)

CRIME PROFITS RECOVERY

AN ACT to provide for the recovery of profits from a crime by a person with a right to recover from a convicted felon for injuries caused by the convicted felon.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Profits from the crime of a felon - Definitions - Action to recover profits from the crime - Violations - Remedies cumulative - Limitations of actions.

- 1. As used in this section:
 - a. "Beneficiary" means:
 - (1) A person who, under applicable law, other than the provisions of this section, has or had a right to recover damages from the convicted felon for physical, mental, or emotional injury, or pecuniary loss proximately caused by the convicted felon as a result of the crime for which the felon was convicted.
 - (2) If a beneficiary has died, a person or estate that is entitled to recover damages.
 - (3) If a person has died and the death was proximately caused by the convicted felon as a result of the crime for which the felon was convicted, a person described in chapter 32-21 or any beneficiary of a will of the decedent who had a right under that will to receive more than twenty-five percent of the value of the estate of the decedent.
 - b. "Beneficiary's interest in the profits from the crime" means that portion of the profits from the crime necessary to pay the following:
 - (1) In the case of a beneficiary described in paragraph 1 or 2 of subdivision a, those damages which, under applicable law, other than the provisions of this section, the beneficiary has a right to recover from the convicted felon for injuries proximately caused by the convicted felon as a result of the crime for which the felon was convicted.
 - (2) In the case of the beneficiary described in paragraph 3 of subdivision a, those damages which under all the circumstances of the case may be just.

- c. "Convicted felon" means any person convicted of a felony, or found not guilty by reason of insanity of a felony committed in this state, either by a court or jury trial or by entry of a plea in court.
- "Felony" means a felony defined by any North Dakota or federal statute.
- e. "Profits from the crime" means:
 - Any property obtained through or income substantially related to the commission of a crime of which the defendant was convicted;
 - (2) Any property obtained by or income substantially related to the sale, conversion, or exchange of proceeds of a crime, including any gain realized by the sale, conversion, or exchange; and
 - (3) Any property that the convicted felon obtained or income substantially related to the commission of the crime, including any assets obtained through the use of unique knowledge obtained during the commission of, or in preparation for the commission of, the crime, as well as any property obtained by or income substantially related to the sale, conversion, or exchange of such property and any gain realized by such sale, conversion, or exchange.
- f. "Representative of the felon" means any person or entity receiving profits from the crime by designation of the felon, or on behalf of the felon or in the stead of the felon, whether by the felon's designation or by operation of law.
- 2. All profits from the crime belonging to the convicted felon are subject to a constructive trust for the benefit of the beneficiaries set forth in this section. The trust continues until six years after the date of conviction. If an action is filed by a beneficiary to recover the beneficiary's interest in a trust within that time limitation, the trust character of the property continues until the conclusion of the action.
- a. Any beneficiary may bring an action against a convicted felon or representative of the felon to recover the beneficiary's interest in the trust established by this section.
 - b. The action may be brought in the district court where the beneficiary resides, where the convicted felon resides, or where the proceeds are located.
 - c. If the court determines that a beneficiary is entitled to profits from the crime pursuant to this section, the court shall order the payment from profits from the crime that have been received, and if that is insufficient, from profits from the crime that may be received in the future.
 - d. A beneficiary's interest in the profits from the crime must be reduced by the following amount:

- (1) Money paid to the beneficiary from the crime victim's reparations fund under chapter 65-13 because of the crime for which the felon was convicted.
- (2) Money paid to the beneficiary by the convicted felon because of a requirement of restitution imposed by a court in connection with the crime for which the felon was convicted.
- (3) Money paid to the beneficiary because of a judgment against the convicted felon based upon the crime for which the felon was convicted.
- e. In the case of an unsatisfied existing judgment or order of restitution against the convicted felon and in favor of a beneficiary, any money paid to the beneficiary pursuant to this section must be applied to reduce the amount of the unsatisfied judgment or order.
- 4. If there are two or more beneficiaries and the available profits from the crime are insufficient to pay all beneficiaries, the profits from the crime may be equitably apportioned among the beneficiaries taking into account the impact of the crime upon them. Twenty-five percent of the profits from the crime must be reserved for payment to the beneficiaries.
- 5. a. The attorney general shall bring an action to require profits from the crime received by a convicted felon to be held in an express trust in a bank authorized to act as a trustee.
 - b. An action may be brought under this subdivision within six months after the receipt of profits from the crime by a convicted felon or six months after the date of conviction, whichever is later. The action must be brought in the district court for Burleigh County.
 - c. If the attorney general proves that the profits from the crime are subject to a constructive trust pursuant to this section and that it is more probable than not that there are beneficiaries within the meaning of this section, the court shall order all proceeds deposited in a bank and held by the bank as trustee of the trust until an order of disposition is made by a court pursuant to subsection 4, or until the expiration of the period specified in subsection 2.
 - In any action brought pursuant to subsection 4 or 5, upon motion of a party the court shall grant a preliminary injunction to prevent any waste of the profits from the crime, if it appears that the profits from the crime are subject to the provisions of this section and that they may be subject to waste.
- 6. The remedies provided by this section are in addition to other remedies provided by law. No period of limitations, except those provided by this section, limits the right of recovery under this section.
- 7. The offender or any person contracting with an offender shall notify the attorney general at least thirty days before the transfer of any profits from a crime. A person who willfully violates this subsection is guilty of a class A misdemeanor.

8. Any contract between a convicted felon or representative of the felon and another person which provides for the payment of profits from a crime other than as provided by this section is void.

Approved April 8, 1993 Filed April 9, 1993

SENATE BILL NO. 2458
(Senators Keller, Goetz, Streibel)
(Representatives Bodine, Byerly, Wardner)

CARBON DIOXIDE PIPELINES

AN ACT to amend and reenact subsection 10 of section 32-15-02, subsection 1 of section 49-19-01, sections 49-19-11, 49-19-19, and subsection 11 of section 49-22-03 of the North Dakota Century Code, relating to pipelines for the transportation of carbon dioxide.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- SECTION 1. AMENDMENT. Subsection 10 of section 32-15-02 of the North Dakota Century Code is amended and reenacted as follows:
 - 10. Oil, gas, and coal, and carbon dioxide pipelines and works and plants for supplying or conducting gas, oil, coal, carbon dioxide, heat, refrigeration, or power for the use of any county, city, or the inhabitants thereof, together with lands, buildings, and all other improvements in or upon which to erect, install, place, maintain, use, or operate pumps, stations, tanks, and other machinery or apparatus, and buildings, works, and plants for the purpose of generating, refining, regulating, compressing, transmitting, or distributing the same, or necessary for the proper development and control of such gas, oil, coal, carbon dioxide, heat, refrigeration, or power, either at the time of the taking of said property or for the future proper development and control thereof.
- **SECTION 2. AMENDMENT.** Subsection 1 of section 49-19-01 of the North Dakota Century Code is amended and reenacted as follows:
 - Owning, operating, or managing any pipeline or any part of any pipeline within this state for the transportation of crude petroleum, gas, or coal, or carbon dioxide to or for the public for hire, or engaged in the business of transporting crude petroleum, gas, or coal, or carbon dioxide by pipelines;
- **SECTION 3. AMENDMENT.** Section 49-19-11 of the North Dakota Century Code is amended and reenacted as follows:
- 49-19-11. Pipeline carrier must agree to carry without discrimination. A common pipeline carrier, in the acceptance of the provisions of this chapter, shall agree expressly that it, without discrimination, will accept, carry or purchase, the oil, coal, or gas, or carbon dioxide of the state or of any person not the owner of any pipeline, operating a lease or purchasing oil, coal, or gas, or carbon dioxide at prices and under regulations to be prescribed by the commission.
- **SECTION 4. AMENDMENT.** Section 49-19-19 of the 1991 Supplement to the North Dakota Century Code is amended and reenacted as follows:

Discrimination between shippers in facilities furnished, service rendered, and rates prohibited. No common pipeline carrier shall discriminate between or against shippers in regard to facilities furnished, services rendered, or rates charged under the same or similar circumstances in the transportation of crude petroleum, coal, er gas, or carbon dioxide, nor shall there be any discrimination in the transportation of crude petroleum, coal, er gas, or carbon dioxide produced or purchased by itself directly or indirectly. In this connection the pipeline shall be considered as a shipper of the crude petroleum, coal, or gas, or carbon dioxide produced or purchased by itself directly or indirectly and handled through its facilities. No such carrier in such operation, directly or indirectly, shall charge, demand, collect, or receive from anyone a greater or less compensation for any service rendered than from another for a like contemporaneous service. This shall not limit the right of the commission to prescribe rates and regulations from or to some places different from other rates or regulations for transportation from or to other places as it may determine, nor shall any carrier be guilty of discrimination when obeying any order of the commission. Where there shall be offered for transportation more crude petroleum er. coal. or carbon dioxide than can be transported immediately, the same shall be apportioned equitably. Gas shall be taken on a pro rata basis or on such basis as may be established by the industrial commission pursuant to section 38-08-06.

1209

- Supplement to the North Dakota Century Code is amended and reenacted as follows:
 - 11. "Transmission facility" means any of the following:
 - An electric transmission line and associated facilities with a design in excess of one hundred fifteen kilovolts.
 - b. A gas or liquid transmission line and associated facilities designed for or capable of transporting coal, gas, liquid hydrocarbons, or liquid hydrocarbon products, or carbon dioxide. The provision of this subdivision shall not apply to an oil or gas pipeline gathering system. For purposes of this chapter a gathering system shall include the pipelines and associated facilities used to collect oil from the lease site to the first pipeline storage site where pressure is increased for further transport, or pipelines and associated facilities used to collect gas from the well to the gas processing facility.
 - c. A liquid transmission line and associated facilities designed for or capable of transporting water from or to an energy conversion facility.

Approved March 25, 1993 Filed March 26, 1993

NOTE: Section 49-22-03 was also amended by section 106 of Senate Bill No. 2223, chapter 54.

HOUSE BILL NO. 1258 (Representatives Porter, Coats, Soukup) (Senators Mushik, Nething, Robinson)

DEFICIENCY JUDGMENTS ON COMMERCIAL PROPERTY

AN ACT to create and enact a new section to chapter 32-19 of the North Dakota Century Code, relating to commercial real property deficiency judgments.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 32-19 of the North Dakota Century Code is created and enacted as follows:

Deficiency judgments on commercial real property. Notwithstanding any other provision of law, a person holding a mortgage may obtain a deficiency judgment against the mortgagor of commercial real property contracted for after the effective date of this Act. In an action for the foreclosure of a mortgage on commercial real property, the plaintiff shall state in the complaint whether a deficiency judgment will be sought, identify the defendant or defendants claimed to be personally liable for the amount due, and demand a deficiency judgment against those defendants. Within ten days after filing and serving the summons and complaint on the defendants, the plaintiff seeking a deficiency judgment on commercial real property shall file with the clerk of district court a request for an appraisal of the real property by a licensed or certified appraiser and serve a copy of the request upon the defendants. The request must contain the plaintiff's agreement to pay the cost of the appraisal, which must be included as a cost allowed to the plaintiff if judgment is entered granting foreclosure. Upon the filing of the request, the plaintiff shall arrange for an appraisal of the property and shall notify the defendants, at their last known address, of the request for an appraisal. not more than twenty days after completion of the appraisal, the appraiser shall provide to the plaintiff and file with the clerk of court a written report indicating the present fair market value of the commercial real property. plaintiff shall also serve copies of the report on the defendants named in the complaint to be personally liable. Within fifteen days of the filing and serving of the report of appraisal, any party may file a notice of intention to obtain an additional appraisal at the party's own expense. The appraisal report must be filed within thirty days of the filing of the notice of intention and must be considered, with other appraisal reports filed, in the determination by the court of the present fair market value of the property. At the time of the entry of the judgment, the court shall include in its findings of fact the present fair market value of the property and, if the present fair market value is less than the amount found to be due the plaintiff, identify the persons who are liable for any deficiency remaining after a sheriff's sale of the property pursuant to foreclosure judgment. judgment must be docketed as a money judgment against the persons personally liable. Upon entry of an order confirming the sheriff's sale in the foreclosure, the clerk of court shall note the amount to be credited thereon, which must be the amount bid at the sheriff's sale, less the cost of the sheriff's sale, which may not be less than the present fair market value established by the court. At any time after the

sheriff's sale and final entry of judgment, the plaintiff may pursue the same remedies to collect the judgment as those available to collect other money judgments. The amount collectible must include the entire amount found to be due the plaintiff in the judgment, together with interest on the amount of the judgment at the rate provided in the note secured by the mortgage, less the amount credited by the clerk of court upon entry of the order confirming the sheriff's sale. As used in this section, "commercial real property" means any real property except residential real property consisting of fewer than three residential units and agricultural property as defined by section 57-02-01. As used in this section, "fair market value" means the highest price that commercial real property can be sold for in the open market by a willing seller to a willing buyer, neither acting under compulsion and both exercising reasonable judgment.

The provisions of this section are not available unless the promissory note and mortgage executed by the parties named as defendants in an action for a deficiency judgment contains language located immediately above the signatures of the parties advising them that the lender has the right to proceed to obtain and collect a deficiency judgment against the parties personally liable, together with foreclosure of the real property mortgaged under applicable laws.

Approved March 23, 1993 Filed March 23, 1993

SENATE BILL NO. 2411 (Senator W. Stenehjem) (Representative Clayburgh)

MORTGAGE FORECLOSURE WITH NOTE

AN ACT to amend and reenact sections 32-19-07 and 32-19.1-07 of the North Dakota Century Code, relating to mortgage foreclosure actions and other actions where real property secures the debt.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF WORTH DAKOTA:

SECTION 1. AMENDMENT. Section 32-19-07 of the North Dakota Century Code is amended and reenacted as follows:

Other suits prohibited permitted. Neither before nor after the rendition of a judgment for the foreclosure of a real estate mortgage or for the cancellation or foreclosure of a land contract made between July 1, 1937, and July 1, 1951, shall the mortgagee or vendor, or the successor in interest of either, be authorized or permitted to bring any action in any court in this state for the recovery of any part of the debt secured by the mortgage or contract so foreclosed. It is the intent of this section that no deficiency judgment shall be rendered upon any note, mortgage, or contract given between July 1, 1937, and July 1, 1951, to secure the payment of money loaned upon real estate or to secure the purchase price of real estate, and in case of default the holder of a real estate mortgage or land contract shall be entitled only to a foreclosure of the mortgage or the cancellation or foreclosure of the contract. Except as otherwise provided in sections 32-19-04 and 32-19-06, neither before nor after the rendition of a judgment for the foreclosure of a real estate mortgage or for the cancellation or foreclosure of a land contract made after July 1, 1951, shall the mortgagee or vendor, or the successor in interest of either, be authorized or permitted to bring any action in any court in this state for the recovery of any part of the debt secured by the mortgage or contract so foreclosed. It is the intent of this section that no deficiency judgment shall be rendered upon any note, mortgage, or contract given after July 1, 1951, to secure the payment of money loaned upon real estate or to secure the purchase price of real estate, and in case of default the holder of a real estate mortgage or land contract shall be entitled only to a foreclosure of the mortgage or the cancellation or foreclosure of the contract except as provided by sections 32-19-04 and 32-19-06. However, notwithstanding other provisions of state law, where a promissory note or other obligation and a mortgage, other than a first mortgage, upon real estate have been given to secure a debt contracted on or after the effective date of this Act, a mortgagee may bring an action on the promissory note or other obligation of the mortgagor if the mortgagee waives the right to foreclose the mortgage given to secure the note or other obligation. The provisions of this section allowing a mortgagee to bring an action on the promissory note or other obligation or the mortgagor if the mortgagee waives the right to foreclosure of the mortgage given to secure the note or other obligation apply only to residential real property consisting of four or fewer residential units.

SECTION 2. AMENDMENT. Section 32-19.1-07 of the North Dakota Century Code is amended and reenacted as follows:

32-19.1-67. No deficiency judgment allowed. When any mortgage has been foreclosed under this chapter, the mortgagee or any party claiming by, through, or under said mortgagee shall not be entitled to any judgment for deficiency. However, notwithstanding other provisions of state law, where a promissory note or other obligation and a mortgage, other than a first mortgage, upon real estate have been given to secure a debt contracted on or after the effective date of this Act, a mortgagee may bring an action on the promissory note or other obligation of the mortgager if the mortgagee waives the right to foreclosure of the mortgage given to secure the note or other obligation. The provisions of this section allowing a mortgagee to bring an action on the promissory note or other obligation of the mortgagor if the mortgagee waives the right to foreclosure of the mortgage given to secure the note or other obligation apply only to residential real property consisting of four or fewer residential units.

Any promissory note taken by a lender in connection with a second mortgage on real estate must contain the following notice:

"This promissory note may be the basis for a personal action against the promisor or promisors in addition to other remedies allowed by law."

The notice must appear in printed or typed boldface capital letters within the body of the promissory note.

Approved March 23, 1993 Filed March 23, 1993

HOUSE BILL NO. 1279 (Representatives Byerly, Brown)

FORECLOSURE EFFECT ON ABANDONED PROPERTY

AN ACT to amend and reenact section 32-19-41 of the North Dakota Century Code, relating to the disposal by a lender of abandoned personal property located on real estate foreclosed upon by a lender.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 32-19-41 of the 1991 Supplement to the North Dakota Century Code is amended and reenacted as follows:

32-19-41. Abandoned personal property - Disposal by record title owner. The record title owner of real property sold under judgment of foreclosure or foreclosure by advertisement for which a sheriff's deed has been issued and recorded, or after receipt and recording of a deed in lieu of foreclosure, may retain and dispose of without legal process any personal property left on the real property thirty days after the issuance of a sheriff's deed. If the total estimated value of the personal property is five hundred dollars or more, the record title owner shall make reasonable efforts to notify in writing the mortgagor or person who was entitled to possession of the real property during the redemption period by certified mail at least fifteen days before disposing of the personal property. Service by mail is complete upon mailing. The record title owner is entitled to the proceeds from the sale of the personal property, after all costs incidental to removal, storage, disposal, and sale of the property have been deducted. This section applies only to tracts of land not exceeding forty acres [64.76 hectares].

Approved March 22, 1993 Filed March 23, 1993

HOUSE BILL NO. 1377
(Representatives Keiser, Clayburgh, Nicholas, Nichols, Stenson)
(Senator Kelsh)

ENVIRONMENTAL DAMAGE LENDER'S LIABILITY

AN ACT to limit a lender's liability to third parties for environmental damage.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Definitions. As used in this Act:

- "Lender-owner" means any person who by virtue of foreclosure, whether by action, advertisement, or voluntary, nonjudicial foreclosure, or upon receipts of an assignment, bill of sale, or deed in lieu of foreclosure, becomes the owner of property.
- 2. "Representative" means any person acting in the capacity of a receiver, conservator, guardian ad litem, personal representative of a deceased person, or trustee or fiduciary of property, except a trustee or a fiduciary is limited to an entity acting as trustee or fiduciary and which is chartered by the state banking commissioner, the office of the United States comptroller of the currency, or the office of thrift supervision.
- "Third party" means a person other than a governmental entity, seeking to enforce a federal, state, or local environmental statute, ordinance, rule, permit, or order.
- 4. "Third-party liability" means liability to a third party for any claim arising out of or resulting from contamination or pollution, including a claim for personal injury, consequential damages, lost profits, exemplary damages, or property damages.

SECTION 2. Third-party liability - Environmental damage.

- Except as preempted by federal law, a person may not be deemed to be an owner or operator of property who, without participating in the management of the property, holds indicia of ownership primarily to protect a security or lien hold interest in the property or in property in which the property is located.
- 2. A lender-owner or representative is not by virtue of becoming the owner of property liable for any third-party liability arising from contamination or pollution emanating from the property before the date the title vests in the lender-owner or representative. For the purposes of this section, the issuance of a sheriff's certificate of sale is not sufficient to vest title in the lender-owner or representative.
- A lender-owner or representative is not by virtue of becoming the owner of property liable for any third-party liability arising from contamination

or pollution emanating from the property during the period of ownership so long as, and to the extent that:

- a. The lender-owner or representative does not knowingly cause new contamination or pollution or does not knowingly allow others to cause new contamination or pollution;
- b. The lender-owner has caused an environmental professional to conduct a visual inspection of the property to determine the presence and condition of hazardous wastes or substances and obvious contamination or pollution; and
- c. The lender-owner found by the enforcing agency to be in noncompliance with federal or state laws takes steps to assure compliance with applicable laws.

SECTION 3. Extent of application. This Act applies to a lender-owner or representative as long as the lender-owner or representative makes reasonable efforts to resell the property and does not affect any liability expressly created under federal or state health or environmental statutes, rules, permits, or orders. This Act does not apply to a lender-owner who transports or disposes of waste for profit.

SECTION 4. Applicability to civil actions. This Act applies to civil actions filed on or after its effective date.

Approved April 1, 1993 Filed April 2, 1993