

**FIRST ENGROSSMENT  
with Senate Amendments**

Fifty-eighth  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1116**

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 subdivision to subsection 1 of section 6-09-15 of  
2 the North Dakota Century Code, relating to trust preferred securities transactions; to amend  
3 and reenact subsection 1 of section 6-09-15 of the North Dakota Century Code, relating to  
4 authority of the Bank of North Dakota to guarantee loans; and to provide an expiration date.

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

6 **SECTION 1. AMENDMENT.** Subsection 1 of section 6-09-15 of the North Dakota  
7 Century Code is amended and reenacted as follows:

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

- 1 f. To individuals or bank holding companies for the purpose of purchasing or  
2 refinancing the purchase of bank stock of a bank located in the state.
- 3 g. To nonprofit organizations that are exempt from federal taxation under section  
4 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of  
5 the loans to be used for construction, reconstruction, repair, renovation,  
6 maintenance, and associated costs on property under the control of the parks  
7 and recreation department.
- 8 h. Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as  
9 amended through December 31, 1996, to nonprofit corporations for the  
10 purpose of relending loan funds to rural businesses.
- 11 i. Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951,  
12 subparts F and R; and part 1955, subparts A, B, and C, as amended through  
13 December 31, 1996, to finance businesses and community development  
14 projects in rural areas.
- 15 j. Obtained as security pledged for or originated in the restructuring of any other  
16 loan properly originated or participated in by the Bank.
- 17 k. To instrumentalities of this state.
- 18 l. As otherwise provided by this chapter or other statutes.
- 19 m. If the Bank is participating in the loan and the Bank deems it is in the best  
20 interests of the Bank to do so, it may purchase the remaining portion of the  
21 loan from a participating lender that is closed by regulatory action, or from the  
22 receiver of the participating lender's assets.

23 **SECTION 2.** A new subdivision to subsection 1 of section 6-09-15 of the North Dakota  
24 Century Code is created and enacted as follows:

25 To an investment company created for completing a trust preferred securities  
26 transaction for the benefit of a financial institution located in this state.

27 **SECTION 3. EXPIRATION DATE.** Section 1 of this Act is effective through July 31,  
28 2007, and after that date is ineffective.