

HOUSE BILL NO. 1118

Introduced by

Agriculture Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact section 6-09-15.5 of the North Dakota Century Code,
2 relating to the transfer of funds between the beginning farmers loan fund and the agriculture
3 partnership in assisting community expansion fund.

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

5 **SECTION 1. AMENDMENT.** Section 6-09-15.5 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **6-09-15.5. Bank loans to beginning farmers - Revolving loan fund - Requirements.**

- 8 1. A revolving loan fund must be maintained in the Bank of North Dakota for the
9 purpose of making or participating in loans to North Dakota beginning farmers for
10 the purchase of agricultural real estate, equipment, and livestock. All moneys
11 transferred into the fund, interest upon moneys in the fund, and payments to the
12 fund of principal and interest on loans made from the fund are appropriated for the
13 purpose of providing loans and to supplement the interest rate on loans to
14 beginning farmers made by the Bank of North Dakota under subdivision c of
15 subsection 1 of section 6-09-15 and in accordance with this section.
- 16 2. The revolving loan fund and loans made from the fund must be administered and
17 supervised by the Bank of North Dakota. The Bank may deduct a service fee for
18 administering the fund from interest payments received on loans. An application
19 for a loan from the fund must be made to the Bank and, upon approval, a loan
20 must be made from the fund in accordance with this section.
- 21 3. A loan made from the fund may not exceed eighty percent of the appraised value
22 of the agricultural collateral, with the actual percentage to be determined by the
23 Bank. The Bank may do all things and acts and may establish additional terms

- 1 and conditions necessary to make a loan under this section. A loan made from the
2 fund must have a first security interest.
- 3 4. A loan made from the fund must have the interest rate fixed at one percent below
4 the Bank's then current base rate for the first five years with a maximum rate of six
5 percent per year and variable at one percent below the Bank's then current base
6 rate for the second five years. During the second five years, the variable rate must
7 be adjusted annually on the anniversary date. The rate during the remaining term
8 of the loan floats at the Bank's base rate as in effect from time to time.
- 9 5. The maximum term of a real estate loan is twenty-five years. The maximum term
10 of a farm equipment or livestock loan is seven years.
- 11 6. The industrial commission shall contract with a certified public accounting firm to
12 audit the fund as necessary. The cost of the audit, and any other actual costs
13 incurred by the Bank on behalf of the fund, must be paid for by the fund.
- 14 7. The Bank shall adopt policies to implement this section.
- 15 8. Notwithstanding any other provision of law, the Bank may transfer any unobligated
16 funds between funds that have been appropriated by the legislative assembly for
17 interest buydown in the beginning farmers loan fund and the agriculture partnership
18 in assisting community expansion fund.