

**HOUSE BILL NO. 1088**

Introduced by

Industry, Business and Labor Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact section 6-09-15 of the North Dakota Century Code,  
2 relating to powers of the Bank of North Dakota to guarantee loans and making that provision  
3 permanent; and to repeal section 6-09-40 of the North Dakota Century Code, relating to  
4 reimbursement of Bank losses for the new venture capital program; and to provide an effective  
5 date.

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

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

9 **6-09-15. (~~Effective through July 31, 2009~~) Powers.** The Bank of North Dakota may:

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

- 1                   the end of any period specified in the loan to be added to the principal amount  
2                   of the debt and thereafter accumulate interest.
- 3                   f. To individuals or bank holding companies for the purpose of purchasing or  
4                   refinancing the purchase of bank stock of a bank located in the state.
- 5                   g. To nonprofit organizations that are exempt from federal taxation under section  
6                   501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of  
7                   the loans to be used for construction, reconstruction, repair, renovation,  
8                   maintenance, and associated costs on property under the control of the parks  
9                   and recreation department.
- 10                  h. Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as  
11                  amended through December 31, 1996, to nonprofit corporations for the  
12                  purpose of relending loan funds to rural businesses.
- 13                  i. Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951,  
14                  subparts F and R; and part 1955, subparts A, B, and C, as amended through  
15                  December 31, 1996, to finance businesses and community development  
16                  projects in rural areas.
- 17                  j. Obtained as security pledged for or originated in the restructuring of any other  
18                  loan properly originated or participated in by the Bank.
- 19                  k. To instrumentalities of this state.
- 20                  l. As otherwise provided by this chapter or other statutes.
- 21                  m. If the Bank is participating in the loan and the Bank deems it is in the best  
22                  interests of the Bank to do so, it may purchase the remaining portion of the  
23                  loan from a participating lender that is closed by regulatory action or from the  
24                  receiver of the participating lender's assets.
- 25                  n. 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                  2. Make agricultural real estate loans in order to participate in the agricultural  
28                  mortgage secondary market program established pursuant to the Agricultural  
29                  Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as  
30                  amended through December 31, 1996.

- 1           3. Purchase participation interests in loans made or held by banks, bank holding  
2           companies, state-chartered or federally chartered lending agencies or institutions,  
3           any other financial institutions, or any other entity that provides financial services  
4           and that meets underwriting standards that are generally accepted by state or  
5           federal financial regulatory agencies.
- 6           4. Invest its funds:
  - 7           a. In conformity with policies of the industrial commission.
  - 8           b. In a public venture capital corporation organized and doing business in this  
9           state through the purchase of shares of stock.
  - 10           c. In North Dakota alternative and venture capital investments and early-stage  
11           capital funds, including the North Dakota development fund, incorporated, not  
12           to exceed ten million dollars, for the purpose of providing funds for investment  
13           in North Dakota alternative and venture capital investments and early-stage  
14           capital funds. The Bank may allow for third-party management of the funds  
15           invested under this subdivision if the management is provided by the North  
16           Dakota development fund, incorporated, or a third party that is located in the  
17           state and that has demonstrated fund management experience.
- 18          5. Buy and sell federal funds.
- 19          6. Lease, assign, exchange, transfer, convey, grant, pledge, or mortgage all real and  
20          personal property, title to which has been acquired in any manner.
- 21          7. Acquire real or personal property or property rights by purchase, lease, or the  
22          exercise of the right of eminent domain and may construct, remodel, and repair  
23          buildings.
- 24          8. Receive deposits from any source and deposit its funds in any bank or other  
25          financial institution.
- 26          9. Perform all acts and do all things necessary, convenient, advisable, or desirable to  
27          carry out the powers expressly granted or necessarily implied in this chapter  
28          through or by means of its president, officers, agents, or employees or by contracts  
29          with any person, firm, or corporation.
- 30          10. Purchase mortgage loans on residential real property originated by financial  
31          institutions.

- 1           ~~(Effective after July 31, 2009) Powers. The Bank of North Dakota may:~~
- 2           4.   ~~Make, purchase, or hold loans:~~
- 3               a.   ~~To state chartered or federally chartered lending agencies or institutions or~~
- 4               ~~any other financial institutions.~~
- 5               b.   ~~To holders of Bank of North Dakota certificates of deposit and savings~~
- 6               ~~accounts up to ninety percent of the value of the certificates and savings~~
- 7               ~~accounts offered as security.~~
- 8               e.   ~~To actual farmers who are residents of this state, if the loans are secured by~~
- 9               ~~recorded mortgages giving the Bank of North Dakota a first lien on real estate~~
- 10              ~~in North Dakota in amounts not to exceed eighty percent of the value of the~~
- 11              ~~security.~~
- 12              d.   ~~That are insured or guaranteed in whole or in part by the United States, its~~
- 13              ~~agencies, or instrumentalities.~~
- 14              e.   ~~That are eligible to be guaranteed under chapter 15-62.1. Loans made~~
- 15              ~~pursuant to this subdivision may provide for interest that remains unpaid at~~
- 16              ~~the end of any period specified in the loan to be added to the principal amount~~
- 17              ~~of the debt and thereafter accumulate interest.~~
- 18              f.   ~~To individuals or bank holding companies for the purpose of purchasing or~~
- 19              ~~refinancing the purchase of bank stock of a bank located in the state.~~
- 20              g.   ~~To nonprofit organizations that are exempt from federal taxation under section~~
- 21              ~~501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of~~
- 22              ~~the loans to be used for construction, reconstruction, repair, renovation,~~
- 23              ~~maintenance, and associated costs on property under the control of the parks~~
- 24              ~~and recreation department.~~
- 25              h.   ~~Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as~~
- 26              ~~amended through December 31, 1996, to nonprofit corporations for the~~
- 27              ~~purpose of relending loan funds to rural businesses.~~
- 28              i.   ~~Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951,~~
- 29              ~~subparts F and R; and part 1955, subparts A, B, and C, as amended through~~
- 30              ~~December 31, 1996, to finance businesses and community development~~
- 31              ~~projects in rural areas.~~

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- 1           j. ~~Obtained as security pledged for or originated in the restructuring of any other~~
- 2            ~~loan properly originated or participated in by the Bank.~~
- 3           k. ~~To instrumentalities of this state.~~
- 4           l. ~~As otherwise provided by this chapter or other statutes.~~
- 5           m. ~~If the Bank is participating in the loan and the Bank deems it is in the best~~
- 6            ~~interests of the Bank to do so, it may purchase the remaining portion of the~~
- 7            ~~loan from a participating lender that is closed by regulatory action or from the~~
- 8            ~~receiver of the participating lender's assets.~~
- 9           n. ~~To an investment company created for completing a trust preferred securities~~
- 10          ~~transaction for the benefit of a financial institution located in this state.~~
- 11         2. ~~Make agricultural real estate loans in order to participate in the agricultural~~
- 12          ~~mortgage secondary market program established pursuant to the Agricultural~~
- 13          ~~Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as~~
- 14          ~~amended through December 31, 1996.~~
- 15         3. ~~Purchase participation interests in loans made or held by banks, bank holding~~
- 16          ~~companies, state chartered or federally chartered lending agencies or institutions,~~
- 17          ~~any other financial institutions, or any other entity that provides financial services~~
- 18          ~~and that meets underwriting standards that are generally accepted by state or~~
- 19          ~~federal financial regulatory agencies.~~
- 20         4. ~~Invest its funds:~~
- 21            a. ~~In conformity with policies of the industrial commission.~~
- 22            b. ~~In a public venture capital corporation organized and doing business in this~~
- 23            ~~state through the purchase of shares of stock.~~
- 24         5. ~~Buy and sell federal funds.~~
- 25         6. ~~Lease, assign, exchange, transfer, convey, grant, pledge, or mortgage all real and~~
- 26          ~~personal property, title to which has been acquired in any manner.~~
- 27         7. ~~Acquire real or personal property or property rights by purchase, lease, or the~~
- 28          ~~exercise of the right of eminent domain and may construct, remodel, and repair~~
- 29          ~~buildings.~~
- 30         8. ~~Receive deposits from any source and deposit its funds in any bank or other~~
- 31          ~~financial institution.~~

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1           9. ~~Perform all acts and do all things necessary, convenient, advisable, or desirable to~~  
2           ~~carry out the powers expressly granted or necessarily implied in this chapter~~  
3           ~~through or by means of its president, officers, agents, or employees or by contracts~~  
4           ~~with any person, firm, or corporation.~~

5           10. ~~Purchase mortgage loans on residential real property originated by financial~~  
6           ~~institutions.~~

7           **SECTION 2. REPEAL.** Section 6-09-40 of the North Dakota Century Code is repealed.