

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:**

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

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

7 1. The Bank may establish a residential mortgage loan program under which the Bank
8 may originate residential mortgages if private sector mortgage loan services are not
9 reasonably available. Under this program a local financial institution or credit union
10 may assist the Bank in taking a loan application, gathering required documents,
11 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 must
13 provide:

14 a. ~~The Bank originate no more than eight million dollars in conventional rural~~
15 ~~residential mortgages;~~

16 b. An applicant must be referred to the Bank by a local financial institution ~~and the~~
17 ~~Bank may not have received from any other local financial institution an objection~~
18 ~~to the Bank's program~~ or credit union;

19 e.b. 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 dollars~~ an
24 amount to be established by Bank policy;

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- 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 or credit union may take a
- 5 second mortgage that does not exceed a combined loan to value of ninety-
- 6 five percent; and
- 7 (5) Standard credit underwriting and documentation applies.
- 8 3. The Bank may sell eligible first-time home buyer loans to the North Dakota housing
- 9 finance agency.