

**HOUSE BILL NO. 1550**

Introduced by

Representatives Nelson, Berg, Kiefert, Mitskog, Novak, O'Brien, Weisz

Senators Klein, Schaible

1 A BILL for an Act to create and enact a new chapter to title 6 of the North Dakota Century Code,  
2 relating to a nursing and basic care facility loan guarantee program.

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

4 **SECTION 1.** A new chapter to title 6 of the North Dakota Century Code is created and  
5 enacted as follows:

6 **Nursing and basic care facility loan guarantee program - Administration.**

7 1. The Bank of North Dakota shall:

8 a. Administer the nursing and basic care facility loan guarantee program to  
9 guarantee loans for the construction or renovation of nursing and basic care  
10 facilities; and

11 b. Establish the types of loans and related projects eligible to be guaranteed under  
12 this chapter.

13 2. The Bank of North Dakota may accept and administer, on behalf of the state from any  
14 source, any property or any interest in the property, and the income from the property  
15 or interest, for any purpose of the nursing and basic care facility loan guarantee  
16 program.

17 3. A guarantee obligation of the Bank of North Dakota is not payable out of any moneys  
18 of the Bank of North Dakota except those made available to the Bank of North Dakota  
19 under this chapter.

20 **Establishment and maintenance of adequate guarantee funds - Use of strategic**  
21 **investment and improvements fund.**

22 The Bank of North Dakota shall establish and maintain an adequate guarantee reserve fund  
23 in a special account in the Bank of North Dakota. The Bank of North Dakota may request the  
24 director of the office of management and budget to transfer funds from the strategic investment

1 and improvements fund under section 15-08.1-08 to maintain one hundred percent of the  
2 guarantee reserve fund balance. Transfers from the strategic investment and improvements  
3 fund may not exceed a total of one hundred million dollars. Moneys in the guarantee reserve  
4 fund are available to reimburse lenders for guaranteed loans in default. Any interest and  
5 earnings received must be deposited in the reserve fund. The Bank of North Dakota shall  
6 determine the amount of reserves for all guaranteed loans by a formula that will assure an  
7 adequate amount of reserve.

8 **Procedure on default of guaranteed loan.**

9 If it appears to the satisfaction of the Bank of North Dakota that a guaranteed loan is in  
10 default, and the eligible lender has certified this fact to the Bank of North Dakota, the Bank of  
11 North Dakota shall reimburse the eligible lender making the loan from the reserve fund to the  
12 extent the loan was guaranteed by the fund. When payment off the guaranteed principal  
13 balance of any guaranteed loan is demanded of the Bank of North Dakota, the note and  
14 accompanying evidence of the loan must be tendered to the Bank of North Dakota in a manner  
15 and form to confer good title to allow the Bank of North Dakota to collect the loan in the manner  
16 the Bank of North Dakota determines according to law. A statute of limitations may not be used  
17 as a defense against collection, through court proceedings, of any loan guaranteed under this  
18 chapter. Any funds collected by the Bank of North Dakota, less any collection fees, must be  
19 deposited in the reserve fund.

20 **Fees for reasonable costs.**

21 The Bank of North Dakota may charge a participating lender reasonable fees for the  
22 guaranteeing of loans under this chapter, and the fees must be available to defray costs of  
23 administering the loan program. Fees in excess of the amount required to pay the cost of  
24 administering the program must be deposited in the reserve fund.