

HB BILL # 1362

*Patrick
Harsted
Dist 1
Williston*

Chairman Warrey and Distinguished Members of the IBL Committee, I bring before you HB 1362 designed to create a housing development loan fund with a \$10 million Loan appropriated from the Bank of North Dakota. The bill also carries an emergency clause.

Housing is critical to ND'S ability to grow, thrive, and attract a strong workforce by helping to create access to safe, vibrant, entry level, affordable housing. The program will help to ensure the home building industry continues to thrive in ND. Hopefully, it will allow working individuals to transition from renting to home ownership by insuring adequate choice of housing for workforce.

HB 1362 will create a low interest, \$10 million Revolving Loan, from the Bank of ND, loaning to local banks up to a max of \$5m or \$10M under restricted requirements, backing a ND licensed builder when applying for a Spec Home Loan from a local bank. The home to be built in the ND county in which the local bank exists. The loan will be paid back within 5 years with a 2% (APR) interest rate.

The housing development loan fund being administrated by the Bank of North Dakota, may loan each bank in the State which will then establish a housing development loan program to assist housing builders and developers located in the counties of the local banks loaning the money. Loaning to a local banks in a counies a max of \$5m or \$10M under restricted requirements, The local bank will have approval powers concerning the home construction. Local building codes and permits must be met.

Each builder may borrow up to \$50,000 per home up to 2 homes at any one time. If there is a shortages of applicants, the bank can, at its discretion, issue loans for more than 2 homes per builder. All projects must be completed and up for sale with 1 year of commencement or a 5% penalty fee per month could apply and you may be banned from further participation in the program.

One half of the \$10M loan amount can be available anywhere in the State of ND. The other half is available only in the 17 oil impacted counties (ND). As each home is sold the loan plus interest will be paid back to the revolving loan fund for further distribution. Bank of ND may use a portion of the interest paid

as a servicing fee (up to 1/2 of 1%) \$ paid back on loans used on a continuing basis for reloaning.

Funding provided is a one-time funding item.

The loan program terminates on June 30, 2030 and The Bank of ND shall transfer the balance in the housing development loan fund to the general fund.