

CHAPTER 13-03-02
LIMITING AND RESTRICTING THE AMOUNT THAT MAY BE LOANED ON REAL
PROPERTY SECURITY

Section

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13-03-02-01. Aggregate limited to percent of paid-in shares and deposits - Type of lien.

Repealed effective August 1, 1998.

13-03-02-02. Requirements for advancement of money on security of real property.

No state-chartered credit union may advance money on security of real property until the following requirements are met:

1. The mortgage has been properly signed and recorded in the office of the county recorder where the real property is located.
2. The credit union must verify that the mortgagor has the right to convey the real property and the credit union must determine the order of priority of the lien established by the mortgage.
3. For real estate loans equal to or more than one million dollars or four hundred thousand dollars for residential real estate not insured, an appraisal must be conducted by a licensed or certified appraiser if required under 12 Code of Federal Regulations part 722.
4. For real estate loans that do not meet the requirements of subsection 3, a credit union must obtain an appropriate evaluation of real property collateral for transactions if an appraisal by a licensed or certified appraiser is not obtained.
5. Regardless of the value of a real estate loan, the commissioner may issue an order requiring an appraisal by a licensed or certified appraiser when necessary to address safety and soundness concerns.
6. Adequate casualty fire and tornado insurance has been obtained and is maintained throughout the life of the loan with a mortgage clause for the benefit of the credit union.
7. A note for the amount of the loan has been signed by the mortgagor or mortgagors consistent with the terms of the mortgage.
8. The credit union may make exceptions to subsections 2, 3, and 6 of this section if the mortgage is taken as an abundance of caution as set forth in 12 CFR 722.3, and the value of the real property security is not used as part of the analysis of the borrower's credit worthiness.

History: Amended effective May 1, 1982; November 1, 1985; October 1, 1994; August 1, 1998; December 1, 2002; January 1, 2013; January 1, 2019; April 1, 2022.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06

13-03-02-03. Length of term - Amortization - Limitation on amount of percent of appraised value.

1. All amortized loans secured by real property shall be limited to a term of forty years, and an amount of ninety percent of the appraised value of the real estate being mortgaged as security for the loan.
2. When a loan specified in subsection 1 is insured by private mortgage insurance, the permissible amount shall not exceed the amount that is covered by the insurance.
3. When a loan specified in subsection 1 is insured by private mortgage insurance, the permissible amount shall be extended to no more than ninety-five percent.

History: Amended effective June 1, 1979; May 1, 1981; December 1, 2002; October 1, 2008.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06

13-03-02-04. Limitation on amount loaned to one member.

Repealed effective January 1, 2013.

13-03-02-05. Second mortgages - Approval of credit union board.

Repealed effective November 1, 1985.

13-03-02-06. Exemption from restrictive provisions.

The limitations set out in sections 13-03-02-02 and 13-03-02-03 shall not apply to any federally guaranteed loan, however, such loans must conform to all federal requirements for the making of the guaranteed loan.

History: Effective June 1, 1979; amended effective June 1, 1983; November 1, 1985; August 1, 1998.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06

13-03-02-07. Exceptions.

A credit union may make an exception to the loan-to-value limits under section 13-03-02-03 for loans from creditworthy borrowers. However, a credit union may not make such an exception if the loan would exceed one hundred fifty percent of the credit union's net worth when the loan is aggregated with all other loans in excess of the loan-to-value limits.

History: Effective October 1, 1997; amended effective January 1, 2013.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06