Fifty-seventh
Legislative Assembly
of North Dakota

SENATE BILL NO. 2194

Introduced by

Senators Klein, Kroeplin, Nichols

Representatives D. Johnson, Weisz

A BILL for an Act to amend and reenact section 6-09-15.5 of the North Dakota Century Code, relating to Bank of North Dakota loans to beginning farmers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09-15.5 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

6-09-15.5. Bank loans to beginning farmers - Revolving loan fund - Requirements.

1. A revolving loan fund must be maintained in the Bank of North Dakota for the purpose of making <u>or participating in</u> loans to North Dakota beginning farmers for the purchase of agricultural real estate<u>, equipment, and livestock</u>. All moneys transferred into the fund, interest upon moneys in the fund, and payments to the fund of principal and interest on loans made from the fund are ~~hereby~~ appropriated for the purpose of providing loans and to supplement the interest rate on loans to beginning farmers made by the Bank of North Dakota under subdivision c of subsection 1 of section 6-09-15 and in accordance with ~~the provisions of~~ this section.
2. The revolving loan fund and loans made from the fund must be administered and supervised by the Bank of North Dakota. The Bank may deduct a service fee for administering the fund from interest payments received on loans. An application for a loan from the fund must be made to the Bank and, upon approval, a loan must be made from the fund in accordance with ~~the provisions of~~ this section.
3. A loan made from the fund may not exceed eighty percent of the appraised value of the agricultural ~~real estate to be acquired with the loan proceeds~~ <u>collateral</u>, with the actual percentage to be determined by the Bank. The Bank may do all things and acts and may establish additional terms and conditions ~~as deemed~~ necessary

to make a loan under this section. ~~The Bank shall take a first mortgage as security for a loan from the fund~~ A loan made from the fund must have a first security interest.

4. A loan made from the fund must have the interest rate fixed at one percent below the Bank's then current base rate for the first five years with a maximum rate of six percent per year and variable at one percent below the Bank's then current base rate for the second five years. During the second five years, the variable rate must be adjusted annually on the anniversary date. The rate during the remaining term of the loan floats at the Bank's base rate as in effect from time to time.

5. The maximum term of a real estate loan is twenty-five years. The maximum term of a farm equipment or livestock loan is seven years.

6. The industrial commission ~~is responsible for contracting~~ shall contract with a certified public accounting firm to audit the fund as necessary. The cost of the audit, and any other actual costs incurred by the Bank on behalf of the fund, must be paid for by the fund.

7. The Bank shall adopt policies to implement this section.