

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2129

2005 SENATE GOVERNMENT AND VETERANS AFFAIRS

SD 2129

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2129

**Senate Government and Veterans Affairs**

☐ Conference Committee

Hearing Date January 13, 2005

Tape Number	Side A	Side B	Meter #
1	x		2,909-5550
Committee Clerk Signature <i>Diane Davis</i>			

**Chairman Krebsbach** opens hearing on **SB2129**.

**Bob Hanson** - Commissioner, ND Dept. Of Veterans' Affairs - Relating to veterans' loans. See written testimony.

**Senator Nelson** - Asked what the default rate is.

**Hanson** - Expressed the need to update computer programs, default rate is around 7-9 %, representing 3% of the dollar.

**Senator Lee** - Asked how you work with a veteran in default.

**Hanson** - Replied they do work with them.

(meter #3634)

**Senator Lee** - Asked if any other offices would have anything to do with this.

**Hanson** - Stated just their office.

**Senator Syverson** - Asked if there was policy for multiple loans.

**Hanson** - Stated they do not have multiple loans. Attached statistics to his testimony.

We have only limited amount of funds

**Senator Syverson** - Asks what the average age of recipients.

**Hanson** - Runs the gamut. We are now dealing with a younger group because of recent conflicts.

Iraqi veterans now showing up in homeless shelters.

**John Jacobson** - Veterans Coordinating Council - In favor of this bill.

(meter # 4501)

Discussion on bill 2129

**Senator Lee** - Brought up that last session a bill 2032 was passed that stated medical facilities cannot charge more than 1% a month with a maximum of 12 % APR, with a maximum charge of twenty-five dollars a month. Told of her experience with a local clinic that charged her 18%, which she disputed. They used a credit card statute and justified 18%. She wondered if we should put in to the bill something that states this is not a revolving charge. To make sure that it is clear that it is a medical facility. Making sure the veterans are not going to have more than 10%.

**Senator Krebsbach** - Remembered that bill 2032, and the intent was very clear.

**Hanson** - Agreed to amending the bill.

(meter # 5083)

**Senator Krebsbach** - Added that bills not charged a service charge may be put in a pile and not paid. And this would put them in the foreground.

Page 3

Senate Government and Veterans Affairs Committee

Bill/Resolution Number **SB 2129**

Hearing Date January 13, 2005

**Senator Nelson** - Asked what kind of late fee or insufficient funds fee would be charged.

**Hanson** - Wouldn't be any more than is allowed under law.

**Senator Nelson** - Thought maybe it should be whatever banks charge.

**Asper** - Stated that it is a problem for long term care and the Veterans Home. You can not get people to pay their bills without a penalty.

**Senator Lee** - Supports having penalties.

**Senator Krebsbach** adjourns the committee.

(meter # 5550)

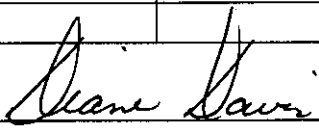
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2129

**Senate Government and Veterans Affairs**

☐ Conference Committee

Hearing Date January 20, 2005

Tape Number	Side A	Side B	Meter #
1	x		2098-2337
Committee Clerk Signature 			

**Discussion on 2129**

**Senator Lee** - Amendment makes it very clear that they can not charge higher rates of interest than what is stated.

Senator Lee moves to adopt the amendment

Senator Brown seconds the motion

Senator Krebsbach calls for vote

Do pass on the amendment

Senator Lee motions for do pass as amended

Senator Brown seconds

Do pass on 2129

Senator Lee will carry

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2129**

**Senate Government and Veterans Affairs**

Business and Conference Committee

Hearing Date March 10 , 2005

Tape Number	Side A	Side B	Meter #
1		x	4663-5637
Committee Clerk Signature <i>Diane Davis</i>			

**Discussion on SB 2129**

Discussion on the amended bill that came back from the House.

The committee discussed the amendment that was put on by the House. Senator Krebsbach thought it would be better to meet with them. She is not comfortable with the chapter that they are putting it in. The chapter they have put it in is agriculture, commercial, or real estate.

The committee decided to confer on this bill. Senator Lee, Senator Brown, and Senator Nelson will confer with the House committee.

**(meter #5637)**

# FISCAL NOTE

Requested by Legislative Council  
03/07/2005

Amendment to: Engrossed  
SB 2129

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		\$0		\$5,000		\$5,000
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2129 gives the department authority to assess and collect reasonable fees in the administration of the veterans aid loan program. For example, this would allow the department to (1) recoup any bank fees we are charged due to non-sufficient fund checks and (2) to assess and collect a late fee on loan payments that are past due. It is hoped a fee would serve as a deterrent to late payments thereby reducing the amount of time spent on collection procedures.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

We anticipate revenue to be less than \$5,000 per biennium with the money going into Fund 368 - Veterans Aid Fund. This would help to reimburse any bank charges currently paid from the fund and to offset additional costs associated with the collection of delinquent loans.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Cathy Halgunseth	<b>Agency:</b>	Veterans Affairs
<b>Phone Number:</b>	701-239-7165	<b>Date Prepared:</b>	03/08/2005



# FISCAL NOTE

Requested by Legislative Council  
12/23/2004

Bill/Resolution No.: SB 2129

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		\$0		\$5,000		\$5,000
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

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Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2129 gives the department authority to assess and collect reasonable fees in the administration of the veterans aid loan program. For example, this would allow the department to (1) recoup any bank fees we are charged due to non-sufficient fund checks and (2) to assess and collect a late fee on loan payments that are past due. It is hoped a fee would serve as a deterrent to late payments thereby reducing the amount of time spent on collection procedures.

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**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Cathy Halgunseth	Agency:	Veterans Affairs
Phone Number:	701-239-7165	Date Prepared:	12/28/2004

58097.0101  
Title.0200

Adopted by the Government and Veterans  
Affairs Committee  
January 20, 2005

PROPOSED AMENDMENTS TO SENATE BILL NO. 2129

Page 1, line 18, after "loan" insert ". The department may not charge, receive, or collect a credit service charge on money due on a revolving charge account under chapter 51-14"

Renumber accordingly

Date: 1/20/05  
Roll Call Vote #: 7

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2129**

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 2129 - Amendment

Action Taken No Pars Amendment

Motion Made By Senator Lee Seconded By Senator Brown

Senators	Yes	No	Senators	Yes	No
Karen K. Krebsbach, Chairman	X		Carolyn Nelson	X	
Richard L. Brown, Vice Chairman	X				
Judy Lee	X				
John O. Syverson	X				

Total (Yes) 5 No 0

Absent 0

Floor Assignment —

If the vote is on an amendment, briefly indicate intent:

Date: 1/20/05  
Roll Call Vote #: 2

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 2129

Action Taken Do Pass as Amended

Motion Made By Senator Lee Seconded By Senator Brown

Senators	Yes	No	Senators	Yes	No
Karen K. Krebsbach, Chairman	X		Carolyn Nelson	X	
Richard L. Brown, Vice Chairman	X				
Judy Lee	X				
John O. Syverson	X				

Total (Yes) 5 No 0

Absent 0

Floor Assignment Senator Lee

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2129: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2129 was placed  
on the Sixth order on the calendar.

Page 1, line 18, after "loan" insert ". The department may not charge, receive, or collect a  
credit service charge on money due on a revolving charge account under chapter  
51-14"

Renumber accordingly

2005 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2129

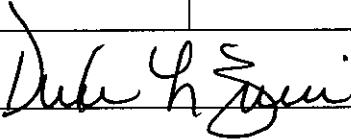
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2129

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 2/24/05

Tape Number	Side A	Side B	Meter #
2	x		0-14.8
Committee Clerk Signature 			

Minutes: SB 2129 Relating to collecting fees on loans from the veterans' aid fund.

13 members present, 1 absent.

**Chairman Haas:** The meeting will come back to order please, we will open the hearing on SB 2129 and ask the clerk to read the title.

**Bob Hanson-Department of Veterans Affairs-** First of all let me say thank you for scheduling these bills all at one time, because it makes it so much easier for all of us that are from out of town, it is very much appreciated. It is sort of a spin off on the performance audit that was done, it is not a formal recommendation, but the question that came up in our minds and we have a loan program called the Veterans Aid Loan Program and this loan program is for veterans who are really not going to be taken on by most banks. We know there is a risk there, but we know they need help. Sometimes we run into late payments and sometimes insufficient funds, so what we want to do is to be able to at least have a little incentive to make sure they pay on time and that we don't get stuck with the insufficient funds fees. What we have been told, we don't have

the authority to do it right now and we also don't have anything that says we can't do it. I would prefer to have it in writing that we can do it, so if they are late this is what you can be charged and lets get it cleaned up. After a month we could send them a letter and say they are going to collections. We don't have anything in writing to be able to give them that little bit of incentive to clear it up. We currently have 131 current loans out there, roughly 300,000 dollars, the maximum we can give is 5000 dollars. We have about 42 loans that are in collections and actively being pursued. We generally run from 125 to 160 loans in a year. Generally speaking we have had a pretty good return. One of the incentives for them to pay the loan back, if they pay on a timely basis, once they pay the loan off, they can get up to half the interest back. It is eight per cent, set by law and they can get four percent back in interest.

**Chairman Haas:** The rebate on the interest does that cover the entire time of the loan.

**Bob:** Yes, Mr. Chairman yes it does.

**Rep. Amerman:** Your loans, can you give me the length of time and the average monthly payment.

**Bob:** The loan amount has a five thousand, maximum 48 months and the payment is 122 dollars a month, we have monthly payments. We don't have any collateral required and no cosigners and the county service officers, they necessarily haven't done all the research they should have.

**Rep. Klemin:** Line 17 and 18, this thing sounds a little open ended to me, there is no definition of fees that you are charging or would charge. What kind of fees would you include in this and how would adding these fees on aid in the repayment of the loan that is already in default?



**Bob:** This all has to be approved through the administrative committee, I think we are looking at a ten dollar late fee on a loan. We should do a one percent on a hundred and twenty-two dollar loan is one dollar and twenty two.

**Rep. Klemin:** Necessary to aid in the repayment of the loan. How adding late fees and NSF check fees going to aid in the repayment of the loan that is already in default.

**Bob:** We are not looking at this as a default thing. When they take the loan, they will now know that they have a couple of steps now where they are going to have to pay a late fee of ten or fifteen dollars a month and then they may go into collection. It is giving them extra steps.

**Rep. Klemin:** There is a number of statutes relating to other Financial Institutions that allows certain fees, but none of them say you can charge whatever fee you want to, which is basically what this says. They do have limitations on the amount of fees that you can charge and the NSF, you could charge whatever you wanted on NSF checks you wanted, but it has to be reasonable.

**Bob:** That is something we would have no problem, if someone would like to make that amendment to make sure that is a compliance type thing.

**Rep. Froseth:** Can you just kind of going back and tell us about the history of this loan program?

**Bob:** This started back in the fifty or sixties, I am not sure it was a general fund appropriations or one of those funds. It started out I think as hundred to five-hundred dollar fund and then seven hundred. I am not real positive. We are down now because the last two biennium's the programs administrative costs have now been coming out of the loan fund. We are down about a hundred thousand dollars that we will never get back.

**Rep. Froseth:** How much money do you have in the fund to work with?

**Bob:** We have around five hundred thousand dollars and we have about three hundred thousand right now in standard accounts. We have about hundred to hundred and fifty thousand that is sitting in there that we could use, but we don't want to use all of that up.

**Chairman Haas:** Essentially it is a revolving fund is that not right?

**Bob:** That is correct, Mr. Chairman.

**Rep. Amerman:** Who approves the loans?

**Bob:** The commissioner has the final say, the approval of the loan however about three sessions ago the veterans came in and requested and the legislator granted there request to allow for an appeal on the commissioners decision if something was denied. The commissioner has it, then the administrative committee on veterans affairs which oversees the department has appeals committee, which is appointed by the chairman and they have a member from each of the five veterans organizations and I think to date we have grants.

**Chairman Haas:** Anymore further questions for Bob, thank you Bob. We will get back to Rep. Klemins question.

**Mary Kay Kelsch-Attorney for Veterans Affairs-**The language is very general and what we can legally collect. I would like to tighten this up.

**Rep. Klemin:** This would allow the department to charge any kind of fees they wanted to under any name.

**Mary:** My understanding is that they were not doing any of that.

**Chairman Haas:** It is also quite rare in the business in any loan and finance not to have a late fee on the payment in any situation, we could structure this language a little bit to have it conform with the maximum allowances in those areas I think it would really be acceptable and

Page 5  
House Government and Veterans Affairs Committee  
Bill/Resolution Number SB 2129  
Hearing Date 2/24/05

desirable on behalf of the committee. Any further questions? Thank you Mary Kay, Bob did you have additional comments.

**Bob:** I just would like to say that whatever the attorneys comes up with and we trust her.

**Chairman Haas:** Any additional testimony on SB 2129? Is there any opposition testimony to SB 2129? If not the hearing will be closed on SB 2129.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2129

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 2/24/05

Tape Number	Side A	Side B	Meter #
3	x		8.2-11.1
Committee Clerk Signature			

Minutes: SB Relating to collecting fees on loans from the verterans' aid fund.

**Chairman Haas:** Lets take up SB 2129.

**Rep. Klemin:** Rep. Kelch, work on some language here, should we have a subcommittee.

**Chairman Haas:** Rep. Klemin, rather then a subcommittee, I would ask you if you would be willing to work with Mary Kay on that language. I don't think this is a major enough change to warrant a subcommittee, to be honest with you. I think Rep. Klemin has some good ideas to further clarify and to be more specific in what fees would be allowed and as I recall, Mary Kays comments should indicate what is allowed statutorly in other areas. We will hold this bill for a short time until Rep. Klemin has time to do that.

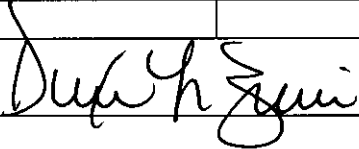
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2129

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 3/3/05

Tape Number	Side A	Side B	Meter #
1		x	27.3-29.2
1	x		0-12.1
Committee Clerk Signature 			

Minutes: SB 2129 Relating to collecting fees on loans from the veterans' aid fund.

Discussion and voting:

**Chairman Haas:** We will look at SB 2129. Rep. Klemin.

**Rep. Klemin:** I meant with Mary Kay Kelsch on this and she talked to Veterans Affairs and the only thing they are really interested in is a late payment charge on the loans that are not paid on time. There is a statutory provision which is attached to this amendment.

**Chairman Haas:** They don't have any statistics in hear on how many late fees or the amount of the late fees. I will have Luke take this up to Legislative Council. The motion is a DO PASS and re-referred to Appropriations, is there any discussion on the DO PASS motion as AMENDED and re-referred to Appropriations on SB 2129. If not we will have the clerk take roll on DO PASS as AMENDED and re-referred to Appropriations on SB 2129.

**VOTE: YES 13 NO 0 ABSENT 1 DO PASS AS AMENDED AND RE-REFERRED TO APPROPRIATIONS ON SB 2129**

Page 2

House Government and Veterans Affairs Committee

Bill/Resolution Number SB 2129

Hearing Date 3/3/05

**REP. KLEMIN WILL CARRY THE BILL.**

**Chairman Haas: We will stand adjourned .**

Date: 3/3/05  
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB2129

House House Government and Veterans Affairs

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS AS Amended

Motion Made By Rep. Klemm Seconded By Rep. Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman C.B. Haas	✓		Rep. Bill Amerman	✓	
Bette B. Grande - Vice Chairman	✓		Rep. Kari Conrad	✓	
Rep. Randy Boehning	✓		Rep. Louise Potter	✓	
Rep. Glen Froseth	✓		Rep. Sally M. Sandvig	✓	
Rep. Pat Galvin	✓				
Rep. Stacey Horter	✓				
Rep. Jim Kasper	AB				
Rep. Lawrence R. Klemin	✓				
Rep. Lisa Meier	✓				
Rep. Margaret Sitte	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Klemm

If the vote is on an amendment, briefly indicate intent:

Klemm - motion to pass amendment  
Grande - second the motion  
voice vote adopt the amendment

REPORT OF STANDING COMMITTEE (410)  
March 7, 2005 8:37 a.m.

Module No: HR-41-4238  
Carrier: Klemin  
Insert LC: 58097.0201 Title: .0300

**REPORT OF STANDING COMMITTEE**

SB 2129, as engrossed: Government and Veterans Affairs Committee (Rep. Haas, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2129 was placed on the Sixth order on the calendar.

Page 1, line 17, replace "any reasonable" with "a late payment penalty as provided in section 47-14-05."

Page 1, remove lines 18 through 20

Renumber accordingly



2005 SENATE GOVERNMENT AND VETERANS AFFAIRS

CONFERENCE COMMITTEE

SB 2129

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2129

Senate Government and Veterans Affairs Committee

☒ Conference Committee

Hearing Date March 29, 2005

Tape Number	Side A	Side B	Meter #
1	x		0-409
Committee Clerk Signature <i>Shane Davis</i>			

Minutes: **Relating to collecting fees on loans from the veterans' aid fund.**

**Senator J. Lee** opened the conference committee meeting on SB 2129.

**Representative Froseth** - Told of the amendment that they added. He said his committee was a little concerned about it saying the department may collect and access any reason fees to aid in the repayment of the loan. He said they are concerned with what the necessary fees might be. Also it says what the department may not charge, receive, or collect a credit service charge on money to do a revolving charge account under Chapter 51-14. Their amendment places the fees that can be collected under 47 1405 which says, late payment charged may not exceed \$15.00 or 15% of the late payment which ever is less unless agreed to in any mortgage. They thought this spelled it out more clearly.

**Senator J. Lee** - Thinks that they did a good job on this and explained why Senate GVA amended the way they did. She said she is very happy moving it into another section because at least it says what they can charge.

Page 2

Senate Government and Veterans Affairs Committee

Bill/Resolution Number SB 2129

Hearing Date March 29, 2005

**Rep. Froseth** - Said it seems they are accomplishing the same end result. Said these are usually small loans so payments are minimal.

**Senator Nelson** moved to concur

**Representative Amerland** - seconded

(Meter #409)

Recommends that the Senate accede to the House amendments.

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE) - 420

07398

11 Number) 2129 (, as (re)engrossed):

Your Conference Committee

For the Senate:

	Att.	Yea Vote	Nay
Senator J. Lee	✓	✓	
Senator Brown	✓	✓	
Senator Nelson	✓	✓	

For the House:

	Att.	Yea Vote	Nay
Rep. G. Froese	✓	✓	
Rep. L. Meier	✓	✓	
Rep. B. Amelman	✓	✓	

☒ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)  
723/724 725/726 S724/H726 S723/H725

the (Senate/House) amendments on (SJ/HJ) page(s) 754 - 755

☒ and place \_\_\_\_\_ on the Seventh order.  
727

☐ , adopt (further) amendments as follows, and place  
\_\_\_\_\_ on the Seventh order:

☐ having been unable to agree, recommends that the committee be discharged  
and a new committee be appointed. 690/515

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the  
calendar.

DATE: 03/29/05

CARRIER: Senator Lee

LC NO. \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

(1) LC (2) LC (3) DESK (4) COMM.

**Insert LC: .**

**REPORT OF CONFERENCE COMMITTEE**

**SB 2129, as engrossed:** Your conference committee (Sens. J. Lee, Brown, Nelson and Reps. Froseth, L. Meier, Amerman) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 754 and place SB 2129 on the Seventh order.

Engrossed SB 2129 was placed on the Seventh order of business on the calendar.

2005 TESTIMONY

SB 2129

SB 2129

Statement – SB 2129  
Senate Government & Veterans Affairs Committee  
Bob Hanson, Commissioner  
ND Department of Veterans' Affairs  
January 13, 2005

Good morning Madam Chairperson and committee members. I am Bob Hanson, commissioner of the department of veterans' affairs.

Senate Bill 2129 was introduced at the request of our department and the administrative committee on veterans' affairs, which is the body that oversees the department.

The bill addresses a concern brought to the attention of the department by the state auditors when they did the performance audit of our department this past year. It did not become a formal recommendation, but rather a suggestion to members of our staff.

Our office oversees the veterans' aid loan fund. This loan fund is to be a source of last resort for veterans who have problems obtaining regular commercial/personal loans. Only the veteran is eligible to receive a loan. The veteran is eligible to have one-half the interest paid refunded if timely repayment is made. The maximum amount of the loan is \$5000.00. We currently have 177 active loans totaling nearly \$364,000. I have attached a report on the number and amount of loans we approved for years ending December 31, 2003 and December 31, 2004.

Currently the department, as pointed out to our staff by the auditors, does not formally have the authority to assess fees such as late payment, NSF, and the like relating to loans made from the veterans' aid loan fund under the control of the commissioner. But neither is there anywhere where it says the department can't assess necessary fees.

Both the department and the administrative committee on veterans' affairs believe the proper thing to do is to have such authorization in law. That is the reason for SB 2129.

We respectfully request your favorable consideration and action on SB 2129.

Thank you.

GEOGRAPHIC DISTRIBUTION OF EXPENDITURES FOR FY 2003  
NORTH DAKOTA  
Expenditures in \$000

COUNTY	Veteran Population	Total Expenditures	Compensation & Pension	Education & Voc Rehab	Insurance & Indemnities	CNSTR	GOE	VA MEDICAL CARE - FY 2003	
								Total Unique Patients	Medical Expenditures
ADAMS	237	733	270	9	20	-	-	119	433
BARNES	1,126	3,115	1,231	41	97	-	-	407	1,746
BENSON	470	1,378	775	38	42	-	-	144	523
BILLINGS	121	205	106	0	10	-	-	14	89
BOTTINEAU	690	1,455	653	32	59	-	-	216	711
BOWMAN	233	896	240	0	20	-	-	112	635
BURKE	243	457	187	15	21	-	-	87	233
BURLEIGH	6,560	11,202	6,573	574	526	-	-	1,479	3,530
CASS	10,273	36,629	12,916	1,518	823	2,568	2,968	3,667	15,835
CAVALIER	437	1,002	393	0	37	-	-	141	571
DICKEY	473	1,148	522	50	42	-	-	150	534
DIVIDE	255	302	197	2	22	-	-	52	81
DUNN	318	668	350	5	28	-	-	84	285
EDDY	251	697	334	2	22	-	-	85	340
EMMONS	363	1,093	638	3	32	-	-	161	420
FOSTER	289	666	283	18	25	-	-	87	340
GOLDEN VALLEY	184	272	134	0	16	-	-	56	122
GRAND FORKS	6,275	12,951	7,236	1,485	508	-	-	1,399	3,722
GRANT	254	414	207	10	22	-	-	83	175
GRIGGS	258	891	323	9	22	-	-	92	537
HETTINGER	299	352	249	1	26	-	-	32	76
KIDDER	244	488	310	1	22	-	-	72	156
LA MOURE	389	1,217	456	10	34	-	-	132	717
LOGAN	185	302	192	0	16	-	-	69	94
MCHENRY	618	1,292	874	47	54	-	-	171	318
MCINTOSH	268	590	263	12	24	-	-	98	292
MCKENZIE	549	875	493	11	47	-	-	165	324
MCLEAN	935	1,788	1,000	18	83	-	-	295	688
MERCER	815	993	484	33	68	-	-	165	408
MORTON	2,262	5,033	3,888	118	187	-	-	576	1,040
MOUNTRAIL	613	1,596	930	42	55	-	-	179	569
NELSON	428	1,107	407	31	37	-	-	140	632
OLIVER	161	285	186	20	14	-	-	45	65



GEOGRAPHIC DISTRIBUTION OF EXPENDITURES FOR FY 2003  
NORTH DAKOTA  
Expenditures in \$000

COUNTY	Veteran Population	Total Expenditures	Compensation & Pension	Education & Voc Rehab	Insurance & Indemnities	CNSTR	GOE	VA MEDICAL CARE - FY 2003	
								Total Unique Patients	Medical Expenditures
PEMBINA	867	1,533	843	23	75	-	-	283	592
PIERCE	440	915	627	17	38	-	-	134	232
RAMSEY	958	2,591	1,093	18	83	-	-	330	1,398
RANSOM	601	3,367	1,018	14	53	-	-	240	2,282
RENVILLE	309	497	325	11	26	-	-	92	135
RICHLAND	1,334	3,460	1,427	141	114	-	-	384	1,777
ROLETTE	882	1,634	1,225	89	76	-	-	84	244
SARGENT	389	766	363	17	33	-	-	106	352
SHERIDAN	177	190	98	0	15	-	-	61	76
SIoux	311	874	550	10	26	-	-	56	289
SLOPE	56	75	51	10	4	-	-	8	10
STARK	1,947	3,432	1,963	137	164	-	-	575	1,168
STEELE	217	350	261	8	19	-	-	41	82
STUTSMAN	2,009	4,704	2,145	114	173	-	-	567	2,273
TOWNER	267	555	341	11	23	-	-	134	180
TRAIL	813	2,269	1,033	135	71	-	-	245	1,030
WALSH	1,219	2,163	1,200	22	106	-	-	396	835
WARD	5,762	12,864	8,078	1,320	486	-	-	1,513	2,980
WELLS	461	629	372	0	40	-	-	135	217
WILLIAMS	1,991	4,165	1,874	93	163	-	-	565	2,035
TOTAL CONG. DIST (01)	58,087	139,127	67,986	6,343	4,851	2,568	2,968	16,723	54,410
NORTH DAKOTA (Totals)	58,087	139,127	67,986	6,343	4,851	2,568	2,968	16,723	54,410

Notes:

\* Estimated veteran population as of September 30, 2003. Data from Office of the Actuary, Department of Veterans Affairs.  
The count of unique patients includes non-veterans who received medical care at the VA.  
Medical expenditures represent cost assigned to each patient based on services provided and overhead distribution.  
Congressional Districts are for the 108th Congress.  
CNSTR - Construction; GOE - General Operating Expenses

North Dakota Department of Veterans Affairs  
Approved and Disapproved Grants by County  
2003-2004

County	For year ending December 2004			For year ending December 2003		
	App.	Amount	Dis	App.	Amount	Dis
Adams	0	\$0.00	0	0	\$0.00	0
Barnes	1	\$236.00	0	1	\$225.00	0
Benson	5	\$2,500.00	0	3	\$1,199.00	1
Billings	0	\$0.00	0	0	\$0.00	0
Bismarck DVA	5	\$2,500.00	0	4	\$1,030.50	0
Bottineau	2	\$750.00	1	1	\$400.00	0
Bowman	0	\$0.00	0	0	\$0.00	0
Burke	2	\$500.00	0	0	\$0.00	0
Burleigh	48	\$19,435.00	10	37	\$10,564.99	5
Cass	35	\$13,188.46	3	39	\$10,934.53	1
Cavalier	0	\$0.00	0	0	\$0.00	0
Dickey	2	\$750.00	0	1	\$448.00	0
Divide	0	\$0.00	0	0	\$0.00	0
Dunn	0	\$0.00	0	4	\$1,424.00	1
Eddy	0	\$0.00	0	0	\$0.00	0
Emmons	4	\$1,500.00	0	3	\$1,150.00	0
Fargo DVA	6	\$2,750.00	1	5	\$1,740.40	0
Foster	0	\$0.00	0	0	\$0.00	0
Golden Valley	0	\$0.00	0	0	\$0.00	0
Grand Forks	4	\$1,460.00	0	4	\$880.99	2
Grant	2	\$1,250.00	0	0	\$0.00	0
Griggs	0	\$0.00	0	0	\$0.00	0
Hettinger	0	\$0.00	0	0	\$0.00	0
Kidder	1	\$750.00	0	0	\$0.00	0
LaMoure	1	\$250.00	0	0	\$0.00	1
Logan	0	\$0.00	0	0	\$0.00	0
McHenry	0	\$0.00	0	0	\$0.00	0
McIntosh	2	\$750.00	0	9	\$2,394.00	0
McKenzie	7	\$2,875.00	0	15	\$4,239.00	2
McLean	3	\$1,750.00	0	2	\$146.00	0
Mercer	1	\$500.00	0	0	\$0.00	0
Morton	22	\$7,524.00	5	18	\$5,880.75	4
Mountrail	0	\$0.00	0	0	\$0.00	0
Nelson	4	\$1,500.00	1	3	\$897.00	1
Oliver	0	\$0.00	0	0	\$0.00	0
Pembina	0	\$0.00	0	0	\$0.00	0
Pierce	2	\$684.00	0	0	\$0.00	0
Ramsey	2	\$1,000.00	0	6	\$1,842.00	0
Ransom	10	\$4,750.00	0	22	\$6,317.00	2
Renville	0	\$0.00	0	0	\$0.00	0
Richland	7	\$2,365.00	3	2	\$1,000.00	1
Rolette	1	\$250.00	0	0	\$0.00	1
Sargent	1	\$500.00	0	1	\$65.00	0
Sheridan	0	\$0.00	0	0	\$0.00	0
Sioux	0	\$0.00	1	0	\$0.00	0
Slope	0	\$0.00	0	0	\$0.00	0
Standing Rock Tribe	0	\$0.00	0	3	\$231.00	0
Stark	17	\$6,500.00	3	10	\$2,759.00	0
Steele	0	\$0.00	0	0	\$0.00	0
Stutsman	27	\$10,650.00	5	22	\$6,235.00	3
Three Affiliated Tribes	0	\$0.00	0	2	\$454.00	1
Towner	4	\$2,500.00	0	4	\$537.50	0
Traill	9	\$3,050.00	0	6	\$2,086.00	0
Walsh	1	\$500.00	0	2	\$1,000.00	0
Ward	5	\$2,500.00	2	8	\$3,118.65	2
Wells	1	\$500.00	1	0	\$0.00	0
Williams	2	\$637.00	2	9	\$2,064.00	1
Totals	246	\$99,104.46	38	246	\$71,263.31	29

North Dakota Department of Veterans Affairs  
Approved and Disapproved  
Loans by County  
2003-2004

County	For year ending December 31, 2004			For year ending December 31, 2003		
	App.	Amount	Dis	App.	Amount	Dis
Adams	0	\$0	0	0	\$0	0
Barnes	0	\$0	1	2	\$10,000	0
Benson	0	\$0	0	0	\$0	0
Billings	0	\$0	0	0	\$0	0
Bismarck DVA	3	\$11,266	1	6	\$21,500	3
Bottineau	2	\$7,000	0	0	\$0	0
Bowman	0	\$0	0	0	\$0	0
Burke	0	\$0	0	0	\$0	0
Burleigh	5	\$18,664	8	4	\$16,700	7
Cass	11	\$28,486	7	13	\$45,400	7
Cavalier	0	\$0	0	0	\$0	0
Dickey	0	\$0	0	0	\$0	0
Divide	0	\$0	0	0	\$0	0
Dunn	0	\$0	0	0	\$0	0
Eddy	1	\$1,800	1	0	\$0	0
Emmons	0	\$0	0	0	\$0	0
Fargo DVA	7	\$19,124	2	9	\$31,500	0
Foster	1	\$5,000	1	2	\$10,000	0
Golden Valley	0	\$0	0	0	\$0	0
Grand Forks	0	\$0	0	0	\$0	0
Grant	0	\$0	0	0	\$0	0
Griggs	0	\$0	0	0	\$0	0
Hettinger	0	\$0	0	0	\$0	0
Kidder	1	\$5,000	0	0	\$0	0
LaMoure	0	\$0	0	0	\$0	1
Logan	0	\$0	0	0	\$0	0
McHenry	0	\$0	0	1	\$3,700	0
McIntosh	0	\$0	0	1	\$5,000	0
McKenzie	0	\$0	0	0	\$0	0
McLean	0	\$0	1	0	\$0	0
Mercer	0	\$0	0	0	\$0	0
Morton	0	\$0	0	2	\$2,400	1
Mountrail	3	\$13,000	0	1	\$5,000	0
Nelson	2	\$10,000	0	0	\$0	1
Oliver	0	\$0	0	0	\$0	0
Pembina	1	\$5,000	0	0	\$0	0
Pierce	0	\$0	0	0	\$0	0
Ramsey	0	\$0	0	0	\$0	0
Ransom	1	\$1,000	0	1	\$1,000	1
Renville	1	\$1,500	0	0	\$0	0
Richland	1	\$1,000	1	2	\$6,500	2
Rolette	0	\$0	0	0	\$0	1
Sargent	0	\$0	1	2	\$10,000	1
Sheridan	0	\$0	0	0	\$0	0
Sioux	3	\$12,000	1	2	\$10,000	1
Slope	0	\$0	0	0	\$0	0
Spirit Lake Nation	1	\$2,000	0	0	\$0	0
Standing Rock Tribe	0	\$0	0	0	\$0	0
Stark	1	\$400	2	1	\$800	0
Steele	0	\$0	0	0	\$0	0
Stutsman	2	\$5,000	0	1	\$5,000	2
Three Affiliated Tribes	0	\$0	0	0	\$0	0
Towner	0	\$0	0	0	\$0	0
Trails	1	\$3,000	0	1	\$5,000	0
Walsh	3	\$7,000	0	2	\$5,800	1
Ward	2	\$6,500	4	1	\$2,500	6
Wells	0	\$0	1	0	\$0	0
Williams	1	\$1,500	0	4	\$15,700	1
Totals	54	\$165,240	32	58	\$213,500	36

## **CHAPTER 47-14 LOANS OF MONEY**

**47-14-01. Loan of money defined.** A loan of money is a contract by which one delivers a sum of money to another and the latter agrees to return at a future time a sum equivalent to that which the person borrowed. A loan for mere use is governed by chapter 47-12.

**47-14-02. Repayment in current funds.** A borrower of money must pay the amount due in such money as is current at the time when the loan becomes due, whether such money is worth more or less than the actual money lent.

**47-14-03. Loan presumes interest.** Whenever a loan of money is made, it is presumed to be made upon interest unless it is expressly stipulated otherwise in writing at the time it is made.

**47-14-04. Interest defined.** Interest is the compensation allowed for the use, or forbearance, or detention of money, or its equivalent.

**47-14-05. Legal rate of interest - Interest after maturity.** Interest for any legal indebtedness must be at the rate of six percent per annum unless a different rate not to exceed the rate specified in section 47-14-09 is contracted for in writing. All contracts must bear the same rate of interest after maturity as they bear before maturity, and any contract attempting to make the rate of interest higher after maturity is void as to the increase of interest, except for a charge for late payment penalty charged in addition to interest which may not exceed fifteen dollars or fifteen percent of the late payment, whichever is less, unless otherwise agreed to in any commercial, agricultural, or real estate note or mortgage.

**47-14-06. Annual rate when not specified.** When a rate of interest is prescribed by a law or contract without specifying the period of time by which such rate is to be calculated, it shall be deemed an annual rate.

**47-14-07. Interest rate - Before and after breach.** Any legal rate of interest stipulated by a contract remains chargeable after a breach thereof, as before, until the contract is superseded by a verdict or other new obligation.

**47-14-08. Interest on loans may be deducted in advance - Limitation.** The interest which would become due at the end of the term for which a loan is made, not exceeding one year's interest in all, may be deducted from the loan in advance if the parties thus agree.

### **47-14-09. Usury - Definition - Maximum contract rate - Prohibition - Exclusions.**

1. Except as otherwise provided by the laws of this state, a person, either directly or indirectly, may not take or receive, or agree to take or receive, in money, goods, or things in action, or in any other way, any greater sum or greater value for the loan or forbearance of money, goods, or things in action than five and one-half percent per annum higher than the current cost of money as reflected by the average rate of interest payable on United States treasury bills maturing in six months in effect for North Dakota for the six months immediately preceding the month in which the transaction occurs, as computed and declared on the last day of each month by the state banking commissioner, but that in any event the maximum allowable interest rate ceiling may not be less than seven percent, and in the computation of interest the same may not be compounded; provided, however, that a minimum interest charge of fifteen dollars may be made. A contract may not provide for the payment of interest on interest overdue, but this section does not apply to a contract to pay interest at a lawful rate on interest that is overdue at the time such contract is made. Any violation of this section is deemed usury.

2. This section does not apply to a:
  - a. Bona fide pawnbroking transaction in an amount not exceeding one thousand dollars which is made by a bona fide pawnbroking business transacted under a pawnbroker's license;
  - b. Loan made to a foreign or domestic corporation, foreign or domestic limited liability company, cooperative corporation or association, or trust;
  - c. Loan made to a partnership, limited partnership, or association that files a state or federal partnership income tax return;
  - d. Loan or forbearance of money, goods, or things in action the principal amount of which amounts to more than thirty-five thousand dollars; and
  - e. Loan made by a lending institution which is regulated or funded by an agency of a state or of the federal government.
3. Notwithstanding the interest rate limit set under this section, state-chartered banks and the Bank of North Dakota may charge interest at a rate equal to the maximum allowable rate which lawfully may be charged for a particular type of loan by national banking associations or state or federally chartered savings and loan associations operating out of facilities located in this state.
4. As used in this section, "bona fide pawnbroking transaction" means a transaction with a licensed pawnbroker which includes both possession and a pledge of tangible personal property.

**47-14-10. Civil liability for usury - Forfeiture of interest.** The taking, receiving, reserving, or charging of a rate of interest greater than is allowed by the laws of this state relative to usury shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it or which has been agreed to be paid thereon, and in addition thereto, a forfeiture of twenty-five percent of the principal thereof. In case the greater rate of interest has been paid, the person by whom it has been paid, or that person's legal representative may:

1. Recover back twice the amount of interest thus paid, together with twenty-five percent of the principal from the person taking or receiving the same, but an action must be commenced for such purpose within four years after the time when the usurious transaction occurred; or
2. Offset twice the amount of such interest against any indebtedness which the person who paid the same owes to the party or parties receiving such usurious interest.

**47-14-11. Criminal penalty for usury.** Any person who shall take, receive, reserve, or charge a usurious rate of interest, in addition to being liable for the penalties and forfeitures specified in section 47-14-10, shall be guilty of a class B misdemeanor.