

**Sixty-second Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 4, 2011**

SENATE BILL NO. 2078
(Industry, Business and Labor Committee)
(At the request of the Bank of North Dakota)

AN ACT to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to residential mortgages originated by the Bank of North Dakota; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Residential mortgages.

1. The Bank may establish a residential mortgage loan program under which the Bank may originate residential mortgages if private sector mortgage loan services are not reasonably available. Under this program a local financial institution may assist the Bank in taking a loan application, gathering required documents, ordering required legal documents, and maintaining contact with the borrower.
2. If the Bank establishes a program under this section, at a minimum the program must provide:
 - a. The Bank originate no more than eight million dollars in conventional rural residential mortgages;
 - b. An applicant must be referred to the Bank by a local financial institution and the Bank may not have received from any other local financial institution an objection to the Bank's program;
 - c. The loan application must be for an owner-occupied primary residence;
 - d. The Bank provide all regulatory disclosures, process and underwrite the loan, prepare closing documents, and disburse the loan; and
 - e. The terms of the loan originated by the Bank must provide:
 - (1) The amount of the loan may not exceed two hundred thousand dollars;
 - (2) The term of the loan may not exceed thirty years;
 - (3) The rate of the loan must be equal to the Bank's market rate;
 - (4) The maximum loan to value may not exceed eighty percent of appraised value; however, a local financial institution may take a second mortgage that does not exceed a combined loan to value of ninety-five percent; and
 - (5) Standard credit underwriting and documentation applies.
3. The Bank may sell eligible first-time home buyer loans to the North Dakota housing finance agency.

SECTION 2. EFFECTIVE DATE. This Act becomes effective July 1, 2011.

SECTION 3. EXPIRATION DATE. This Act is effective through July 31, 2013, and after that date is ineffective.

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-second Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 2078 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 63 Nays 31 Absent 0

Speaker of the House

Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 45 Nays 2 Absent 0

President of the Senate

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2011.

Approved at _____ M. on _____, 2011.

Governor

Filed in this office this _____ day of _____, 2011,
at _____ o'clock _____ M.

Secretary of State