

BANKS AND BANKING

CHAPTER 102

SENATE BILL NO. 2038

(Goldberg, L. Larson, Lowe, Melland, Wenstrom, Wilhite)
(From Legislative Council Study)

BANK AND CREDIT UNION EXAMINATION FEES

AN ACT to amend and reenact sections 6-01-17 and 6-06-08 of the North Dakota Century Code, relating to fees for examination of banks and credit unions by the department of banking and financial institutions.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 6-01-17 of the 1969 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-01-17. FEES FOR EXAMINATION OF BANKS.) Every state banking association, banking institution, and trust company placed under the jurisdiction and control of the state examiner and his deputy examiners by the provisions of this title, prior to receiving its certificate of authority to commence business, if a new corporation or association, and in all cases within ten days after each examination, shall pay into the state treasury the following fee: two-hundredths of one percent of gross amount of the assets of said corporation or association on the day of the examination, exclusive of expenses, interest, and taxes paid, and inclusive of any valuation allowance or allowances deducted by a state banking association from any asset account. Such fee shall not be less than five hundred dollars and not more than forty-five hundred dollars. The state treasurer shall report such payments of fees to the state banking board, and if any such corporation or institution shall be delinquent more than twenty days in making such payment, the board may make an order suspending the functions of such delinquent corporation or institution until payment of the amount due, plus a penalty of five dollars a day additional for the delay.

SECTION 2. AMENDMENT.) Section 6-06-08 of the 1969 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-06-08. STATE CREDIT UNION BOARD TO SUPERVISE CREDIT UNIONS - REPORTS - EXAMINATIONS - FEES.) Credit unions and the permanent loan funds thereof, if any, shall be under the supervision of the state credit union board. The credit unions

shall report to the state examiner at least once annually, upon call of the state examiner, on blanks supplied by the examiner for that purpose. Additional reports may be required by the board or examiner. Credit unions shall be examined at least once each year by the examiner or with his approval and the approval of the state credit union board, credit unions may be examined annually by a certified public accountant or the North Dakota credit union league. If the examination is not made by the state examiner, the expense of such examination shall be borne by the credit union examined and such examination shall be in such form and contain such information as the state examiner may require. Two copies of such examination shall be filed with the state examiner and shall be approved by him. If it is determined through an examination or otherwise that the credit union is violating the provisions of this chapter, or is insolvent, the state credit union board may serve notice on the credit union of its intention to revoke the charter. If such violations continue for a period of fifteen days after such notice, the board may revoke the charter and take possession of the business and property of such credit union, and shall maintain possession then until such time as it shall permit the reinstatement of the charter and the continuation of business by the credit union, or until its affairs finally are liquidated. The board may take similar action if any required report remains in arrears for more than fifteen days. The credit union shall pay to the state examiner for examination a fee equal to fifty dollars per examiner day, except that the minimum fee for the examination of a credit union shall be one hundred dollars.

Approved March 11, 1971

CHAPTER 103

SENATE BILL NO. 2257
(Jacobson)

BANK REAL ESTATE
LOANS - LIMITATIONS

AN ACT to amend and reenact section 6-03-05 of the North Dakota Century Code, relating to loans on real estate.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 6-03-05 of the 1969 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-03-05. LOANS ON REAL ESTATE - REGULATION - LIMITATION - AMORTIZED LOANS PROVIDED FOR.) No association shall own or carry among its assets at any one time loans dependent primarily upon real estate security in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of sixty-six and two-thirds per cent of the amount of its time and savings deposits, whichever is the greater, and then only first mortgages constituting first liens upon such real estate. Before any such loan is made the board of directors shall appoint a committee which shall make actual inspection of the security offered and shall appraise both the land and the improvements thereon, if any, and shall report to the board of directors, in writing, the results of the appraisal together with any other facts relating to such proposed loan and proposed security as will best enable the board to determine if the loan shall be granted. Such written report shall be made a permanent record in the bank's files and shall be made available to the state examiner. No director shall act as an appraiser of his own property nor of property offered as security for loans the proceeds of which are to be used for his benefit. No unamortized loan secured by realty may be made for a period exceeding five years in an amount exceeding fifty per cent of the appraised value of the real estate offered as security.

Any such loan may be made in an amount not to exceed eighty per cent of the appraised value of the real estate offered as security and for a term not longer than twenty-five years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within a period of not more than twenty-five years.

Approved March 11, 1971

CHAPTER 104

SENATE BILL NO. 2406
(Wenstrom, Hernet)

CONVERTING NATIONAL BANK
TO STATE BANK

AN ACT to create and enact section 6-03-13.5 of the North Dakota Century Code, relating to a national bank conversion to state bank.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1.) Section 6-03-13.5 of the North Dakota Century Code is hereby created and enacted to read as follows:

6-03-13.5. NATIONAL BANK CONVERSION TO STATE BANK.)
A national bank located in this state which follows the procedure prescribed by federal law to convert into a state bank, shall be granted a state charter if it meets the provisions of the North Dakota Century Code for the incorporation and chartering of a new state bank. Any requirement that shares must be paid in cash may be satisfied by the exchange of shares of the converted state bank for those of the converting national bank, which may be valued at no more than their fair cash market value. The procedure for incorporation of a state bank may be modified to the extent made necessary by the difference between an ordinary incorporation and a conversion.

Approved March 17, 1971

CHAPTER 105

SENATE BILL NO. 2256
(Stroup)

TRANSFER OF BANK STOCK

AN ACT to amend and reenact section 6-03-28 of the North Dakota Century Code, relating to value and transfer of shares and shareholder's obligation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 6-03-28 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-03-28. SHARES - VALUE AND TRANSFER - SHAREHOLDER'S OBLIGATION.) The capital stock of each association shall be divided into shares of not less than ten dollars each, and shall be deemed personal property and transferable on the books of the association in such manner as may be prescribed by its bylaws or articles of incorporation. A transfer of shares shall not be valid except between the parties thereto until the transfer is entered upon the books of the association, and shall not be valid against the association or any creditor thereof while the registered holder of the shares is indebted to the bank as principal debtor, surety, guarantor, or otherwise. No dividend, interest, or profit shall be paid on any stock as long as any past due liability of the shareholder continues, but such dividend, interest, or profit shall be retained by the association and applied to the discharge of the past due liability. Every person or corporation becoming a shareholder by any transfer, shall succeed, in proportion to the shares acquired by him, to all rights and liabilities of prior holders of the shares existing by reason of ownership thereof, and no change shall be made in the articles of incorporation or bylaws of the association by which the rights, remedies, or security of its existing creditors shall be impaired.

Approved March 11, 1971

CHAPTER 106

SENATE BILL NO. 2368
(Kautzmann)

BANK LOANS OF EXCESS RESERVES

AN ACT to create and enact section 6-03-37.1 of the North Dakota Century Code, relating to loans by banks of their excess reserves.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1.) Section 6-03-37.1 of the North Dakota Century Code is hereby created and enacted to read as follows:

6-03-37.1. BANK LOANS OF EXCESS RESERVES.) Obligations representing loans from one business day to the next to any state chartered bank or national banking association of excess reserve balances from time to time maintained under the provisions of section 6-03-37, as amended, shall not be deemed loans or additions to any loans for the purposes of section 6-03-59.

Approved March 18, 1971

CHAPTER 107

HOUSE BILL NO. 1191
(Atkinson)

INVESTMENT IN
GOVERNMENTAL OBLIGATIONS

AN ACT to amend and reenact section 6-03-47 of the North Dakota Century Code, relating to the investment in loans and obligations secured by federal or state government.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 6-03-47 of the 1969 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-03-47. INVESTMENT IN LOANS AND OBLIGATIONS SECURED BY FEDERAL OR STATE GOVERNMENT.) Banks, trust companies, the Bank of North Dakota, building and loan associations, insurance companies, and other organizations in this state whose mortgage lending is regulated by law, or that are duly qualified Federal Housing Administration mortgagees, are authorized to make, buy, or sell any loan, advances of credit, and obligations representing loans and advances of credit that are insured or guaranteed, or where there is a commitment to insure or guarantee, in part or in full, or conditionally, by the United States, its instrumentalities, this state, or its instrumentalities:

Approved February 26, 1971

CHAPTER 108

HOUSE BILL NO. 1525
(Halcrow)

POWERS OF TRUST COMPANIES

AN ACT to amend and reenact sections 6-05-08, 6-05-14 and 6-05-34 of the North Dakota Century Code, relating to trust companies and banking institutions.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 6-05-08 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-05-08. CORPORATE POWERS.) Such corporation, when qualified as provided by section 6-05-04, shall have the power and authority:

1. To acquire, lease, purchase, own, hold, use, improve, mortgage, sell, and convey such real estate and personal property as may be necessary for the convenient transaction of its business. It may acquire real estate by foreclosure or upon compromise or settlement of prior mortgages held by it either as absolute owner or as trustee, and may dispose of the same. No part of the capital, deposits, trust funds, or property owned or held by such corporation, in trust or otherwise, shall be invested in real estate except as herein authorized, unless the investment is made under and by virtue of a particular contract, or instrument, or order, judgment, or decree of court, which shall confer a special power or authority so to do, and then only with, or to the extent of, the moneys or funds thereby provided and belonging to such particular trust. Such corporation is authorized to loan money and to purchase notes, bonds, mortgages, and other evidences of indebtedness, and other securities, subject to the limitations imposed upon banking associations as to investments, and to convert the same into cash and other securities;
2. To act as trustee under will, agreement, court order, or otherwise, and to act as fiscal agent and transfer agent;
3. To take, accept, and hold on deposit for savings

account or for safekeeping, or in escrow, or for investment, any and all moneys, bonds, stocks, and other securities, or personal property whatsoever. When any savings deposit shall have been received from a minor, the repayment of the same to such minor or his order shall be a complete discharge of such corporation from any further liability therefor. Whenever any officer or person, public or private, or any fiduciary, shall be authorized to pay into or deposit in any court any moneys, securities, or personal property whatsoever, the same instead of being deposited with or paid into court may be paid into or deposited with any corporation organized and acting under this chapter which may be designated for that purpose by the court having jurisdiction of the subject matter, or by the person owning or controlling such property. Whenever any fiduciary shall deposit any moneys, securities, or any personal property whatsoever, belonging to his trust, with any corporation qualified and acting under this chapter and shall take a receipt of such corporation therefor, he and his sureties thereafter shall be relieved from all liability therefor until the same again shall be delivered to him by such corporation;

4. To act as assignee, receiver, administrator, executor, or guardian;
5. To provide by its bylaws and regulations for the payment of interest or dividends, for the investment of moneys, and conditions for repaying or withdrawing the same. It shall have authority to borrow money upon the security of its own property or credit;
6. To act as agent and attorney in fact in all respects as a natural person could do;
7. To make, compile, and certify abstracts of title of real estate upon the conditions prescribed by the laws of this state relating to abstracters, to insure the validity and genuineness of titles to real property;
8. To insure and guaranty the fidelity and faithful performance of the duties and obligations of any public officer, person, company, or corporation, or of depositaries of public or other funds, and when the conditions of such bond or undertaking are guaranteed by a corporation organized under the provisions of this chapter, to which the certificate provided for in section 6-05-05 shall have been issued and shall be unrevoked, the corporation shall be accepted as surety without further qualification. Nothing contained in this section shall apply to bonds given in criminal actions.

SECTION 2. AMENDMENT.) Section 6-05-14 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-05-14. COMPENSATION - LIEN.) For the faithful performance of any trust, duty, obligation, or service imposed or conferred upon or accepted by any corporation under the provisions of this chapter, it shall be entitled to receive a reasonable compensation, or such compensation as may have been fixed by the contract or agreement of the parties, as well as any and all advances necessarily paid out and expended in the discharge and performance thereof, and to charge legal interest, as permitted by law, upon such advances unless otherwise agreed upon. The company shall have a lien upon all moneys, securities, and all property of every description which may come into its possession while in the performance of such trust, for the payment of all sums due or to become due to it for services, expenses, and advances, and the costs and expenses of enforcing such payment.

SECTION 3. AMENDMENT.) Section 6-05-34 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-05-34. OTHER CODE PROVISIONS APPLICABLE TO CORPORATIONS DOING BUSINESS UNDER THIS CHAPTER.) The provisions of title 10 of this Code, as it may be amended from time to time, governing profit corporations, and sections 6-03-11, 6-03-12, 6-03-27, 6-03-33, 6-03-34, 6-03-35, 6-03-41, 6-03-42, 6-03-51, 6-03-52, 6-03-53, 6-03-54, 6-03-55, 6-03-56, 6-03-57, 6-03-58, 6-03-61, 6-03-62, 6-03-63, 6-03-64, 6-03-65, 6-03-66, 6-03-68, 6-03-70, 6-03-72, 6-07-01, 6-07-02, 6-07-21, 6-07-23, 6-07-24, 6-07-25, 6-07-26, 6-07-27, 6-07-28, 6-07-29, 6-08-03, 6-08-06, 6-08-07, 6-08-09, 6-08-12, 6-08-13, 6-08-14, 6-08-20 shall be applicable to and shall be observed by all corporations organized under this chapter, except as to provisions thereof inconsistent with the provisions of this chapter.

Approved March 29, 1971

CHAPTER 109

HOUSE BILL NO. 1208
(Bunker)

LIMITATION ON BANK OF NORTH DAKOTA
REAL ESTATE LOANS

AN ACT to amend and reenact section 6-09-15 of the North Dakota Century Code, relating to loans made by the Bank of North Dakota.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 6-09-15 of the 1969 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-09-15. BANK MAY MAKE LOANS - REAL ESTATE LOANS LIMITED.) The Bank of North Dakota may make loans to other instrumentalities of the state, and such loans shall be repaid with interest to the Bank. It may make loans to and purchase securities issued by political subdivisions of the state, or to state or national banks, and may participate with state or national banks, savings and loan associations, and credit unions, in loans being made by them, on such terms and under such rules and regulations as the industrial commission may determine. It may buy and sell federal funds, or excess reserves, bankers acceptances, participation loans, and all securities issued by the United States government or its instrumentalities. It may invest its funds in bonds, notes, or debentures of any corporation duly incorporated under the laws of any state of the United States rated at "A" or higher by a nationally recognized rating service approved by the industrial commission, provided that such investments shall not be made to exceed for any one corporation, ten percent of the combined capital, and surplus of the Bank. It may make loans, to holders of Bank of North Dakota certificates of deposit and savings accounts, up to ninety percent of the value of the certificate and savings accounts offered as security. It shall not otherwise make loans or give its credit to any individual, association or private corporation, except that it may make loans to actual farmers who are residents of this state, if such loans are secured by duly recorded first mortgages on real estate in the state of North Dakota in amounts not to exceed one-half the value of the security and except United States insured and guaranteed loans as specifically authorized by law. The Bank, however, shall not loan more than thirty percent of its capital, nor in addition thereto, more than twenty percent of its deposits on real estate security.

Approved March 27, 1971

CHAPTER 110

HOUSE BILL NO. 1207
(Bunker)

INVESTMENT IN FEDERAL
AGENCY STOCK

AN ACT to provide a method for the Bank of North Dakota to invest in certain government agency stocks.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1.) Section 6-09-15.2 of the North Dakota Century Code is hereby created and enacted to read as follows:

6-09-15.2. BANK MAY INVEST IN CERTAIN GOVERNMENT AGENCY STOCKS--LIMIT.) The Bank of North Dakota may invest in stock of United States Government agencies, but such investments shall not exceed two percent of the Bank's combined capital and surplus.

Approved March 15, 1971

CHAPTER 111

HOUSE BILL NO. 1114

(Giffey, Hilleboe, Opedahl)

(From Legislative Audit and Fiscal Review Committee Study)

AUDITING OF BANK OF NORTH DAKOTA

AN ACT to amend and reenact section 6-09-29 of the North Dakota Century Code, relating to the responsibility of the department of banking and financial institutions for auditing the Bank of North Dakota.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 6-09-29 of the 1969 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-09-29. DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS TO MAKE EXAMINATIONS AND REPORTS.) The department of banking and financial institutions through the state examiner shall be responsible for annually auditing the Bank of North Dakota in accordance with generally accepted auditing standards, which shall include inspection and verification of the assets in its possession and under its control with sufficient thoroughness to ascertain with reasonable certainty whether the valuations are carried correctly on its books. The department of banking and financial institutions shall investigate the Bank's methods of operation and accounting and shall report the results of each such examination, audit, and investigation to the industrial commission as soon as practicable, and shall furnish one copy to the legislative assembly. Fees for such examinations shall be charged by the department of banking and financial institutions for the examinations in this section provided at the rate of forty dollars per day for the time used by the state examiner or other person designated by him in supervising, filing, and corresponding in connection with such report and for the time used by each deputy examiner, or other person or persons in making and otherwise preparing and typing the reports of examinations herein provided for.

Approved March 12, 1971

CHAPTER 112

HOUSE BILL NO. 1063
(Austin, Bunker, Halcrow, Henning, Hentges)
(From Legislative Council Study)

INDUSTRIAL BUILDING
MORTGAGE PROGRAM

AN ACT to create an industrial building mortgage program under the supervision of the Bank of North Dakota, providing for the administration of such program and for the transfer of certain moneys from the accumulated and undivided profits of the Bank of North Dakota to the mortgage insurance fund, and making an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. INDUSTRIAL BUILDING MORTGAGE PROGRAM - ADMINISTRATION.) The Bank of North Dakota shall administer an industrial building mortgage program as provided in this Act.

SECTION 2. PURPOSE.) It is declared that a statewide need exists for industrial buildings and for expansions to existing industrial buildings. It is also declared that it is in the interest of the public welfare and purpose to promote the expansion and diversification of industry, to increase employment, and to provide a larger taxable base for the economy of the state of North Dakota. Therefore, the industrial building mortgage program is created to encourage the making of mortgage loans for the purpose of furthering industrial expansion in the state, and thus improve the welfare of the public for the foregoing reasons and, by the stimulation of a larger flow of private investment funds from banks, building and loan associations, credit unions, savings and loan associations, insurance companies, and other financial institutions, including pension, retirement, and profit-sharing funds, meet the needs of industrial plant expansion.

SECTION 3. DEFINITIONS.) As used in this Act, the following words and terms shall have the following meanings unless the context shall indicate another meaning or intent:

1. "Bank" shall mean the Bank of North Dakota.
2. "Cost of project" shall mean the cost or fair market value of construction, lands, property rights, easements, financing charges, interest, engineering and legal services, plans, specifi-

cations, surveys, cost estimates, studies, and other expenses as may be necessary or incident to the development, construction, financing, and placing in operation of an industrial project.

3. "Federal agency" shall mean and include the United States of America, the president of the United States of America, and any department of, or corporation, agency, or instrumentality heretofore or hereafter created, designated, or established by the United States of America.
4. "Industrial project" shall mean any building, whether or not the authority has already insured mortgage payments under a mortgage on any such building in accordance with this Act, or other real estate improvement in North Dakota, and, if a part thereof, the land upon which such building or other real estate improvement may be located, provided that such building or other real estate improvement is to be used:
 - a. By any industry for the manufacturing, processing, or assembling of raw materials or manufactured products; or
 - b. For the providing of research or warehousing facilities for the benefit of any such industry,and provided further, that the Bank has determined that such building or other real estate improvement will tend to provide gainful employment for the people of North Dakota, increase the tax base of the economy, and diversify and expand industry so that periods of large-scale unemployment and distressed times may be avoided.
5. "Maturity date" shall mean the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.
6. "Mortgage" shall mean a first mortgage or security agreement on an industrial project together with the credit instruments thereby secured and creating and constituting a first lien of record; provided, however, a "first mortgage" shall include a second or subsequent mortgage or security agreement on an industrial project if:
 - a. The holder of such second or subsequent mortgage or security agreement is also the holder of a prior mortgage or security agreement on such

industrial project under which prior mortgage or security agreement the Bank is already insuring mortgage payments.

- b. No other person or legal entity holds an intervening mortgage, security interest, or lien on such industrial project prior to such second or subsequent mortgage or security interest.
7. "Mortgagee" shall mean the original lender approved by the Bank under a mortgage, and its successors and assigns, and may include all insurance companies, trust companies, banks, building and loan associations, credit unions, savings and loan associations, investment companies, savings banks, individuals, executors, administrators, guardians, conservators, trustees, and other fiduciaries, including pension, retirement, and profit-sharing funds.
8. "Mortgagor" shall mean an individual or corporation which obtains a loan under the provisions of this Act and which pledges property as security for such loan as provided in this Act.
9. "Mortgage payments" shall mean periodic payments by the mortgagor to the mortgagee required by the mortgage, and may include interest, installments of principal, taxes and assessments, land lease rentals, mortgage insurance premiums, and hazard insurance premiums, or any of them as the Bank may prescribe.

SECTION 4. POWERS.) In carrying out the provisions of this Act, the Bank is authorized and empowered:

1. To insure the payment of mortgage loans secured by industrial buildings, consistent with the terms and limitations expressed in this Act.
2. To accept from a federal agency, loans or grants for use in carrying out its purposes, and to enter into agreements with such agency respecting any such loans or grants.
3. In connection with the insuring of payments of any mortgage, to request for its guidance a finding of the planning board of the municipality, or if there is no planning board, a finding of the municipal officers of the municipality in which the industrial project is proposed to be located, or of the regional planning board of which such municipality is a member, as to the expediency and advisability of such project.

4. To enter into agreements with prospective mortgagees and mortgagors for the purpose of planning designing, constructing, acquiring, altering, and financing industrial projects.
5. To acquire, purchase, manage and operate, and hold and dispose of, real and personal property, to take assignments of rentals and leases, and make and enter into all contracts, leases, agreements, and arrangements necessary or incidental to the performance of its duties.
6. When in the opinion of the Bank it is necessary or advisable, in order to further the purposes of this Act, or to safeguard the mortgage insurance fund, to purchase, acquire, take assignments of notes, mortgages, and other forms of security and evidences of indebtedness, to purchase, acquire, attach, seize, accept, or take title to any industrial project by conveyance or, when an insured mortgage thereon is clearly in default, by foreclosure, and to sell, lease, or rent an industrial project for a use specified in subsection 4 of section 3 of this Act, or for any other use.

SECTION 5. DEFAULT BY MORTGAGORS.) When a mortgagor does not meet mortgage payments insured by the Bank by reason of its industrial project, the Bank, for the purpose of maintaining income from industrial projects on which mortgage loans have been insured by the Bank and for the purpose of safeguarding the mortgage insurance fund, may grant the mortgagor permission to lease or rent the property to a tenant for a use other than that specified in subsection 4 of section 3 of this Act, such lease or rental to be temporary in nature and subject to such conditions as the Bank may prescribe.

SECTION 6. MORTGAGE INSURANCE FUND.)

1. There is hereby created an industrial building mortgage insurance fund, hereinafter in this Act referred to as the "fund" which shall be used by the Bank as a nonlapsing, revolving fund for carrying out the provisions of this Act. To this fund shall be charged any and all expenses of the Bank for this purpose, including mortgage payments required by loan defaults, and to the fund shall be credited all mortgage insurance premiums and proceeds from the sale, disposal, lease, or rental of real or personal property which the Bank may receive under the provisions of this Act.
2. Moneys in the fund not currently needed to meet the expenses and obligations incurred in carrying out the provisions of this Act may be invested by

the Bank as provided by law.

SECTION 7. INSURANCE OF MORTGAGES.) The Bank, as the administrator of the fund created in this Act, is authorized, upon application of the proposed mortgagee, to insure mortgage payments required by a mortgage on any industrial project, upon such terms and conditions as the Bank may prescribe, and subject to the limitations of this Act, provided the aggregate amount of the unpaid principal balance of all obligations of all mortgages so insured outstanding at any one time shall not exceed five million dollars. To be eligible for insurance under the provisions of this Act a mortgage shall:

1. Be one which is made to and held by a mortgagee approved by the Bank.
2. Involve a principal obligation, including initial service charges and appraisal, inspection, and other fees approved by the Bank, not to exceed ninety percent of the cost of any project.
3. Have a maturity date satisfactory to the Bank, but in no case later than twenty-five years from the date of the mortgage for any project.
4. Contain complete amortization provisions satisfactory to the Bank requiring periodic payments, costs of local property taxes and assessments, land lease rentals, if any, and hazard insurance on the property and such mortgage insurance premiums as are required under section 8 of this Act, all as the Bank shall from time to time prescribe or approve.
5. Be in such form and contain such terms and provisions, with respect to property, insurance, repairs, alterations, payment of taxes and assessments, restrictions as to location of machinery and equipment, default reserves, delinquency charges, default remedies, anticipation of maturity, additional and secondary liens, and other matters as the Bank may prescribe.

SECTION 8. MORTGAGE INSURANCE PREMIUMS.) The Bank is authorized to fix mortgage insurance premiums for the insurance of mortgage payments under the provisions of this Act, such premiums to be computed as a percentage, which shall not exceed three percent per annum, of the principal obligation of the mortgage in such manner in each case as the Bank shall determine on the basis of all pertinent available data. Such premiums shall be payable by the mortgagors or the mortgagees in such manner as shall be prescribed by the Bank. The amount of premium need not be uniform among the various loans insured.

SECTION 9. EXPENSES.) The Bank, subject to the approval of the industrial commission, may expend out of the fund such moneys as may be necessary for any expenses of the Bank in carrying out the provisions of this Act, including administrative, legal, actuarial, and other services.

SECTION 10. MORTGAGES ELIGIBLE FOR INVESTMENT.) Mortgages insured by the Bank under this Act and participations therein are hereby made legal investments for all insurance companies, trust companies, banks, investment companies, savings banks, building and loan associations, credit unions, savings and loan associations, executors, administrators, guardians, conservators, trustees and other fiduciaries, pension, profit-sharing, and retirement funds.

*SECTION 11. MORTGAGE INSURANCE FUND BOARD.) The advisory board of the Bank of North Dakota shall constitute the mortgage insurance fund board. The mortgage insurance fund board shall approve all loans made pursuant to the provisions of this Act.

SECTION 12. LIMITATION - CREDIT OF BANK AND STATE NOT PLEDGED.) Nothing in this Act shall be construed to authorize or permit the Bank or any officer thereof to create any indebtedness of the Bank or of the state of North Dakota, or to incur any obligation of any kind or nature, except such as shall be payable solely from the fund created in this Act and the revenues appropriated and accumulated therein.

SECTION 13. TRANSFER OF FUNDS FROM PROFITS OF THE BANK OF NORTH DAKOTA - APPROPRIATION.) There is hereby transferred to the mortgage insurance fund the sum of \$500,000.00 from the accumulated, undivided profits of the Bank of North Dakota, such transfer to be made during the 1971-1973 biennium upon order of the industrial commission. There is hereby appropriated out of the mortgage insurance fund the sum of \$500,000.00, or so much thereof as may be necessary, for the purposes of carrying out the provisions of this Act.

*NOTE: Section 11 of this Act was vetoed by the Governor. See chapter 612, this volume.

Approved March 27, 1971

CHAPTER 113

HOUSE BILL NO. 1559
(Streibel, Hoffner, Strinden, Reimers, Weber)
(Committee on Delayed Bills)

TRANSFER OF JUDGE
A.M. CHRISTIANSON PROJECT

AN ACT authorizing and directing transfer of the "Judge A. M. Christianson Project" established by resolution of the thirty-fourth session of the legislative assembly of the state of North Dakota to the Bank of North Dakota, subject to existing contracts and encumbrances.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. TRANSFER OF JUDGE A. M. CHRISTIANSON PROJECT.) All contracts for deed, tracts of real property, reserved minerals, leases, and miscellaneous assets and things of value belonging to the Judge A. M. Christianson Project located in Ward County, North Dakota, and held in the name of the state of North Dakota acting by and through the industrial commission of North Dakota, together with future increments, accruals, and recoveries coming, arising, or resulting from any of such things, or from dealing therewith in whatever form, are each and all hereby transferred, assigned, conveyed, and granted and shall be by the industrial commission of North Dakota delivered to the Bank of North Dakota in Bismarck, North Dakota. This transfer is self-executing; no evidence other than the provisions of this chapter shall be required to establish the fact of transfer of title to the Bank of North Dakota thereunder. Proper and sufficient delivery of all title documents shall be conclusively presumed. Everything received by the Bank of North Dakota under the provisions hereof shall be accepted and held by it as part of its general assets to be used for the benefit of the people of North Dakota.

SECTION 2. EXISTING CONTRACTS AND ENCUMBRANCES RECOGNIZED.) The transfer made by this Act shall be subject to all existing contracts, rights, easements, and encumbrances outstanding heretofore made or sanctioned by the industrial commission of North Dakota and shown of record in the minutes of said commission; in the files and records of the Bank of North Dakota, agent of said commission; and in the local real estate records. The Bank of North Dakota shall manage, operate, and supervise all properties transferred to it by this Act; shall have full power of sale with respect to same and with respect to each and every item thereof; may enforce all rights of the owner by all lawful means in its own name without

special power of attorney; and may make and execute all instruments of release or conveyance as agreements with respect to such assets may require, whether such agreements are made heretofore or hereafter.

Approved March 22, 1971