

2025 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1362

2025 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1362
2/4/2025

A BILL for an Act to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to a housing development loan fund; to provide an appropriation; to provide a continuing appropriation; to provide for a transfer; to provide an expiration date; and to declare an emergency.

3:02 p.m. Chairman Warrey opened the meeting.

Members Present: Chairman Warrey, Vice Chairman Ostlie, Vice Chairman Johnson, Representatives Bahl, Brown, Christy, Finley-DeVile, Grindberg, Kasper, Koppelman, D. Ruby, Schatz, Schauer, Vollmer

Discussion Topics:

- Administrated by BNC
- Revolving short term loan fund
- 1 ½ % servicing fee
- Affordable single-family homes
- Mortgage rate
- Land pricing

3:00 p.m. Representative Patrick R. Hatlestad, District 1, Williston, ND, introduced, testified and submitted testimony #34748

3:12 p.m. Mark Schneider, Architect/Contractor, Williston, ND, testified in favor #34753.

3:32 p.m. Micah Olson, ND Protection & Advocacy Project, testified in favor and submitted testimony #33834.

3:33 p.m. Adrian Cummings, Vice Chair, Government Affairs Committee, ND Association of Builders, testified in favor and submitted testimony #34072.

3:40 p.m. Kelvin Hullet, Senior Vice President & Chief Business Development Office, Bank of North Dakota, testified as neutral.

Additional written testimony:

Western Houle, Ops Manager, Weatherford International, submitted testimony in favor #33195.

Dave Flohr, Executive Director, ND Housing Finance Agency, submitted testimony in favor #33481.

Forrest Carson, Integrity Home Builders, submitted testimony in favor #34015.

Tess Scully, Owner, Scully Design Build, submitted testimony in favor 34019.

Sherisa Caulhen, Realto, Realty One Group Caliber, submitted testimony in favor #34021.

Esther S. Ward, Owner, Hardscapes Plus, submitted testimony in favor #34022.

Thomas S. Freeman, Building Inspector, City of Williston, ND, submitted testimony in favor #34025.

Sean Cavanaugh, Plans Examiner, City of Williston, ND, submitted testimony in favor #34034.

John Ward, Building Inspector, City of Williston, ND, submitted testimony in favor #34036.

Bill Townsley, Building Inspector, City of Williston, ND, submitted testimony in favor #34038

Rick Tofte, President, Tofte Brothers Construction, Inc., Williston, ND, submitted testimony in favor #34043.

Taunia B. Livingston, Williston, ND, submitted testimony in favor #34100.

Rachel Laqua, President, ND Planning Association, submitted testimony in favor #34180.

Anna Nelson, Executive director, Williston Economic Development, submitted testimony in favor #34660.

3:54 p.m. Chairman Warrey closed the meeting

Diane Lillis, Committee Clerk

Westen Houle
3118 13th Ave East
Williston, ND 58801
westen.houle@gmail.com
406.600.1255
January 30th, 2025

Legislative Council
State Capitol
600 East Boulevard
Bismarck, ND 58505-0360

Subject: Letter of Support for Housing Bill 1362

ND Legislative Council,

I am writing to express my strong support for Housing Bill 1362, which seeks funding for new home construction across the state. As a real estate professional and community advocate, I understand the urgent need to address the ongoing housing shortages that impact our residents, workforce, and economic growth.

Investing in new home construction will provide essential housing for families, support local businesses, and strengthen our economy by attracting and retaining workers in our communities. With increasing demand and limited availability, this bill is critical to ensuring sustainable development and long-term prosperity.

I urge legislators to support this initiative and prioritize the housing needs of our state. The time to act is now, and I appreciate your leadership in advancing this crucial legislation.

Sincerely,

Westen Houle
Housing Board Representative – Representing Oil and Gas sector
Weatherford International



Testimony of David Flohr
House Industry Business and Labor Committee
HB 1362
January 20, 2025

Chairman Warrey and Members of the Committee,

I am Dave Flohr, Executive Director of the North Dakota Housing Finance Agency (NDHFA) and I am in favor of HB 1362.

Along with 26 other individuals I was a member of the North Dakota Housing Initiative Advisory Committee in 2024 - [North Dakota Housing Initiative](#). The other members consisted of Realtors, local financial institutions, community leaders from across the state, apartment owners, housing developers and builders, your fellow Representatives Schauer and Beltz and Senators Bekkedahl and Rummel. The Committee met 3 times over the summer of 2024 and conducted 5 listening sessions in Bismarck, Fargo, Williston, Harvey and at the Tribal Government to Government Conference. The Committee also conducted a statewide survey of the public - [ND Housing Initiative public survey highlights](#).

In October 2024 the Committee released its recommendations - [ND Housing Initiative recommendations](#). HB 1362 assists in meeting these recommendations and goals:

1. Make targeted investments to bridge affordability gaps in today's housing market.
2. Assist the path of moderate-income households to make a transition from renting to owning.
3. Provide for a full range of housing choices in our communities.
4. Helping to ensure communities have adequate housing for their workforce.

Low interest construction loans for builders are a specific recommendation of the Initiative and HB 1362 accomplishes this goal. As a member of the ND Housing Initiative Advisory Committee and in my role at the North Dakota Housing Finance Agency I recommend a Do Pass on HB 1362.

NDHFA is a state agency that was created by an initiated measure in 1980. We sell mortgage revenue bonds exempt from federal income tax. Private investors purchase these bonds and NDHFA uses the sale proceeds to purchase mortgages from North Dakota private sector mortgage lenders, primarily for first-time homebuyers. NDHFA services the loans (mortgage payments, tax and insurance payments) on behalf of the first-time homebuyers. We also administer several federal housing programs on behalf of the State.



Protection & Advocacy Project

400 E. Broadway, Suite 409

Bismarck, ND 58501

701-328-2950

1-800-472-2670

TTY: 711

www.ndpanda.org



House Industry, Business, and Labor Committee

House Bill 1362 - February 4, 2025

Testimony of Micah Olson, P&A Position-In Support

My name is Micah Olson. I am an attorney at Protection & Advocacy. I am speaking in support of House Bill No. 1362, a bill relating to a housing development loan fund.

Protection & Advocacy supports funding for accessible and affordable housing. The high cost of rent, limited housing options with accessibility features, and limits on public transportation options can be barriers for individuals to find a place to live. Increased funding will assist in improving accessible housing options. Protection & Advocacy encourages communities to keep accessibility and the need for public transportation in mind when reviewing housing needs as this will benefit those who require accessible housing and transportation.

P&A recommends do pass on House Bill 1362.

Testimony in Support of HB 1362

House Industry, Business and Labor Committee

February 4, 2025

Chairman Warrey and Members of the Committee,

I am writing to express my strong support for HB 1362 which is currently referred to the Industry, Business and Labor Committee. As a residential builder in northwest North Dakota, I have witnessed firsthand the urgent need for the program proposed in this bill. I believe that its passage will connect smaller home builders to the funding they need to start and finish more new homes which are desperately needed in North Dakota.

I urge you and your colleagues to vote in favor of HB 1362. Your support will be key in creating an important funding mechanism that will increase available housing in North Dakota, giving skilled workers and their families a place to call home and a reason to set down roots.

Thank you for your attention to this important matter. Please contact me if you have any questions or if I can offer further information.

Sincerely,

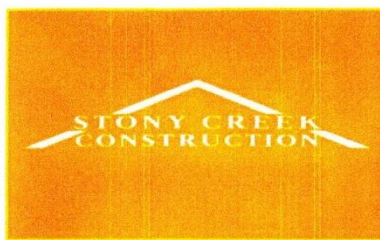
A handwritten signature in black ink, appearing to read 'Forrest Carson', with a stylized, flowing script.

Forrest Carson, Owner/Operator

Integrity Homes

forrest@integrityhomebuilders.net

434-509-9112



Testimony in Support of HB 1362

Chairman Warrey and Members of House, Business and Labor Committee,

I am writing to express my strong support for HB 1362 which is currently referred to the Industry, Business and Labor Committee. As a builder working in northwest North Dakota, I have witnessed firsthand the urgent need for the program proposed in this bill, and I believe that its passage will connect smaller residential home builders to the funding they need to start and finish more new homes.

We have been building in Williston for the past twenty years and have seen trades come and go, backed by large developers and/or investors. They build quickly, shoddily, make some money and then leave. The local builders are invested in our community and take pride in our end product. We want to build more residential homes but some of us are limited to 3-4 homes per year due to financing the homes solely on our own. We have begun doing more custom homes for customers, but could take on more spec homes due to the need in our community. This proposed bill would offer local builders the opportunity to have more production and build more homes, which is more efficient and profitable for the builder, but also benefits our community who is in need of more (quality) residential housing.

I urge you and your colleagues to vote in favor of HB 1362. Your support will be instrumental in creating a key funding mechanism that will increase available housing in North Dakota, giving skilled workers and their families a place to call home and a reason to set down roots.

Thank you for your attention to this important matter. Please contact me if you have any questions or if I can offer further information.

Sincerely,

Tess E. Scully
Tess Scully

Scully Design Build, Inc

Stony Creek Construction

stonycreekconstructionnd@gmail.com

stonycreek.construction

701-609-2745

**Testimony in Support of HB 1362****House Industry, Business and Labor Committee****February 4, 2025****Dear Chairman Warrey and Members of Committee:**

I am writing to express my strong support for HB 1362 which is currently referred to the Industry, Business and Labor Committee. As a REALTOR working in northwest North Dakota, I have witnessed firsthand how high demand is for housing. There is an urgent need for the program proposed in this bill, and I believe that its passage will connect smaller residential home builders to the funding they need to start and finish more new homes for our community.

I urge you and your colleagues to vote in favor of HB 1362. Your support will be instrumental in creating a key funding mechanism that will increase available housing in North Dakota, giving skilled workers and their families a place to call home and a reason to set down roots.

Thank you for your attention to this important matter. Please contact me if you have any questions or if I can offer further information.

Sincerely,

Sherisa Cauthen | REALTOR, SRS,ABR,PSA,RENE, C2EX

RealtyOneGroupCaliber

sherisa.nd@realtyagent.com

(701) 770 - 9954

Testimony in Support of HB 1362

House Industry, Business and Labor Committee

February 4, 2025

Dear Chairman Warrey and Members of the Committee,

I am writing to support HB 1362, currently with the Industry, Business and Labor Committee. As a builder in northwest North Dakota, I see a critical need for the funding this bill would provide to small residential builders.

Passing HB 1362 will help increase housing availability, allowing skilled workers and their families to find homes and settle in our communities.

Thank you for your attention to this matter. Please contact me if you have any questions.

Sincerely,

Esther S. Ward

Hardscapes Plus

701.651.0535

Testimony in Support of HB 1362

House Industry, Business and Labor Committee

February 4, 2025

Chairman Warrey and Members of the Committee,

I am writing to express my strong support for HB 1362 which is currently referred to the Industry, Business and Labor Committee. As a Building official in northwest North Dakota, I have witnessed firsthand the urgent need for the program proposed in this bill, and I believe that its passage will connect smaller residential home builders to the funding they need to start and finish more new homes.

I urge you and your colleagues to vote in favor of HB 1362. Your support will be instrumental in creating a key funding mechanism that will increase available housing in North Dakota, giving skilled workers and their families a place to call home and a reason to set down roots.

Thank you for your attention to this important matter. Please contact me if you have any questions or if I can offer further information.

Sincerely,

Thomas Freeman

A handwritten signature in black ink, appearing to read 'T. Freeman', with a large, stylized loop at the end.

Building Inspector II

City of Williston

thomasf@ci.williston.nd.us

701-609-3340

Testimony in Support of HB 1362**House Industry, Business and Labor Committee****February 4, 2025****Chairman Warrey and Members of the Committee,**

I am writing to express my strong support for HB 1362 which is currently referred to the Industry, Business and Labor Committee. As a building official in northwest North Dakota, I have witnessed firsthand the urgent need for the program proposed in this bill, and I believe that its passage will connect smaller residential home builders to the funding they need to start and finish more new homes.

I urge you and your colleagues to vote in favor of HB 1362. Your support will be instrumental in creating a key funding mechanism that will increase available housing in North Dakota, giving skilled workers and their families a place to call home and a reason to set down roots.

Thank you for your attention to this important matter. Please contact me if you have any questions or if I can offer further information.

Sincerely,



Sean Cavanaugh
Plans Examiner
City of Williston Building Department
seanc@ci.williston.nd.us
701-580-0692

Testimony in Support of HB 1362

House Industry, Business and Labor Committee

February 4, 2025

Chairman Warrey and Members of the Committee,

I am writing to express my strong support for HB 1362 which is currently referred to the Industry, Business and Labor Committee. As a Building Official in northwest North Dakota, I have witnessed firsthand the urgent need for the program proposed in this bill, and I believe that its passage will connect smaller residential home builders to the funding they need to start and finish more new homes.

I urge you and your colleagues to vote in favor of HB 1362. Your support will be instrumental in creating a key funding mechanism that will increase available housing in North Dakota, giving skilled workers and their families a place to call home and a reason to set down roots.

Thank you for your attention to this important matter. Please contact me if you have any questions or if I can offer further information.

Sincerely,

John Ward

Building Inspector

jward@ci.williston.nd.us

Testimony in Support of HB 1362

House Industry, Business and Labor Committee

February 4, 2025

Chairman Warrey and Members of the Committee,

I am writing to express my strong support for HB 1362 which is currently referred to the Industry, Business and Labor Committee. As a Building Official in northwest North Dakota, I have witnessed firsthand the urgent need for the program proposed in this bill, and I believe that its passage will connect smaller residential home builders to the funding they need to start and finish more new homes.

I urge you and your colleagues to vote in favor of HB 1362. Your support will be instrumental in creating a key funding mechanism that will increase available housing in North Dakota, giving skilled workers and their families a place to call home and a reason to set down roots.

Thank you for your attention to this important matter. Please contact me if you have any questions or if I can offer further information.

Sincerely,



Bill Townsley
Building inspector
City of Williston
billto@ci.williston.nd.us
701-580-2208

**Tofte Brothers Construction, Inc.**P.O. Box 864
Williston, ND 58802-0864**DESIGNERS & BUILDERS**

(701) 572-4671 • Fax (701) 572-3008

GENERAL CONTRACTORS

I am writing to express my strong support for HB 1362 which is currently referred to the Industry, Business and Labor Committee. As a builder working in northwest North Dakota, I have witnessed firsthand the urgent need for the program proposed in this bill, and I believe that its passage will connect smaller residential builders to the funding they need to start and finish more new homes.

I urge you and your colleagues to vote in favor of HB 1362. Your support will be instrumental in creating a key funding mechanism that will increase available housing in North Dakota, giving skilled workers and their families a place to call home and a reason to set down roots.

Thank you for your attention to this important matter. Please contact me if you have any questions or if I can offer further information.

Sincerely,

Rick Tofte - President
Tofte Brothers Construction, Inc
PO Box 864
Williston, ND 58802-0864
tofterick@gmail.com
701-572-4671



Testimony of Adrian Cummings
House Industry Business and Labor Committee: HB 1362
February 4th, 2025

Chairman Warrey and Committee members,

My name is Adrian Cummings, I serve as the vice-chair of Government Affairs for the North Dakota Association of Builders. I am pleased to submit this testimony in support of HB 1362. The bill is aimed at addressing the housing needs of North Dakota communities.

Statewide, we have seen historical low inventory of homes on the market, paired with weakening demand for new projects within the single-family area. Despite this, our builders continue to stay busy, with 1,656 new single-family housing starts in 2024 across our major communities. While this number is positive, in 2022 we saw 2,021 new housing starts in those same markets.

HB 1362 is a great opportunity for our local communities to help promote new housing developments that can serve all cross-sections of our population. Speaking from my experience in the private sector (banking), the Bank of North Dakota is unlike any other accelerator or participation program I have witnessed while serving a multi-state portfolio. Pairing this tremendous resource with local economic development will ensure that the funds get distributed in the most effective manner possible.

Speaking only to Grand Forks, we are very fortunate to have several community efforts that are starting to tap our local housing supply. UND's enrollment continues to grow, we have large agriculture processing facilities that will be built in the new few years, and a burgeoning UAS community located just west of town. As of 2/3/25 in Grand Forks, there are 13 listing for homes in the price range of \$150,000-\$300,000. This issue is hardly localized to Grand Forks only, as my colleagues from across the state have shared the same issues. As our economy continues to grow, we will eventually run into the glass ceiling of housing that will hold back every industry in our state, from agriculture, manufacturing, healthcare, and all others.

HB 1362 is an excellent opportunity to get North Dakota on the right track of increasing our housing offerings, and helping with affordability for all citizens. On behalf of the North Dakota Association of Builders, I would very strongly urge you to support and pass the legislation as proposed.

Respectfully,

Adrian Cummings

Vice-Chair, Government Affairs, North Dakota Association of Builders

Housing Bill 1362

In support for the Housing Bill 1362, there are multiple reasons for passing the Bill.

The financial benefit to Builders would impact their ability to construct multiple spec homes at one time.

The benefit of home ownership to residents by increasing the availability of housing options.

Ability to contribute to the increased demand for housing in oil impacted communities.

Investing in communities within the State of North Dakota.



**NORTH DAKOTA
PLANNING ASSOCIATION**
Serving North Dakota since 1973

NDPA Board

*Rachel Laqua – President
Andrea Edwardson - Vice President
John Van Dyke - Past President
Daniel Nairn - Treasurer
Will Hutchings - Secretary
Maegin Elshaug – At Large
David Sweeney – At Large*

February 4, 2025
Committee Hearing: HB 1362
Industry, Business and Labor

Representative Warrey and Committee Members:

As housing is a vital need in our communities and funding assistance to development of that housing is limited, the North Dakota Planning Association respectfully requests a recommendation of DO PASS on HB1362.

Thank you,

North Dakota Planning Association Board
Rachel Laqua, President



House Bill 1362 Testimony: In Favor
 Hon. Jonathan Warrey, Chairman
 House Industry, Business and Labor Committee

February 4, 2025

Chairman Warrey and Committee Members,

My name is Anna Nelson, Executive Director of Williston Economic Development. As is the case across the state, housing has become a priority within our department as lack of housing options has proven a hindrance to workforce and economic growth, so I am writing to you today to **support** House Bill 1362.

Here in western North Dakota, we have seen our fair share of growth over the past decade and a half due to the oil and gas industry. Ongoing growth in that industry and beyond has had a tremendous impact on our community, including more families moving here, more businesses moving or expanding here, and value-add industries taking shape which is a boon to the economy – but with that comes additional residents that need a roof over their heads.

We know that we have three very large projects in the pipeline which will bring up to 3,000 temporary construction workers and another 500 permanent jobs. This does not even take into account additional projects and organic growth that will, no doubt, increase housing demand. To date, we have low housing inventory, rental units that are in the 96%-98% capacity range, and a good number of shovel-ready lots – we just need the builders.

The cost of building and the lack of workforce, especially subcontractors, have greatly slowed new home construction across the board. At a time when the population is growing, this puts a strain on our current resources and underscores the need for a program to spur building activity.

In response to this urgent need, House Bill 1362 would give housing builders and developers a funding tool to reduce risk and increase productivity. Not only do we need homes, we need them to scale, and this funding would help close the gap for local builders and developers as well as attract new ones and ensure we can meet the demand of the growing population.

For these reasons, we respectfully urge a **DO PASS** recommendation from this committee.

Thank you so much for your consideration, and please reach out with any questions.

Sincerely,

Anna Nelson

Anna Nelson
 Executive Director
annan@ci.williston.nd.us
 (c) 701-651-8265

HB BILL # 1362

*Patrick
Haglund
Dist 1
Williston*

Chairman Warrey and Distinguished Members of the IBL Committee, I bring before you HB 1362 designed to create a housing development loan fund with a \$10 million Loan appropriated from the Bank of North Dakota. The bill also carries an emergency clause.

Housing is critical to ND'S ability to grow, thrive, and attract a strong workforce by helping to create access to safe, vibrant, entry level, affordable housing. The program will help to ensure the home building industry continues to thrive in ND. Hopefully, it will allow working individuals to transition from renting to home ownership by insuring adequate choice of housing for workforce.

HB 1362 will create a low interest, \$10 million Revolving Loan, from the Bank of ND, loaning to local banks up to a max of \$5m or \$10M under restricted requirements, backing a ND licensed builder when applying for a Spec Home Loan from a local bank. The home to be built in the ND county in which the local bank exists. The loan will be paid back within 5 years with a 2% (APR) interest rate.

The housing development loan fund being administrated by the Bank of North Dakota, may loan each bank in the State which will then establish a housing development loan program to assist housing builders and developers located in the counties of the local banks loaning the money. Loaning to a local banks in a counties a max of \$5m or \$10M under restricted requirements, The local bank will have approval powers concerning the home construction. Local building codes and permits must be met.

Each builder may borrow up to \$50,000 per home up to 2 homes at any one time. If there is a shortages of applicants, the bank can, at its discretion, issue loans for more than 2 homes per builder. All projects must be completed and up for sale with 1 year of commencement or a 5% penalty fee per month could apply and you may be banned from further participation in the program.

One half of the \$10M loan amount can be available anywhere in the State of ND. The other half is available only in the 17 oil impacted counties (ND). As each home is sold the loan plus interest will be paid back to the revolving loan fund for further distribution. Bank of ND may use a portion of the interest paid

as a servicing fee (up to 1/2 of 1%) \$ paid back on loans used on a continuing basis for reloaning.

Funding provided is a one-time funding item.

The loan program terminates on June 30, 2030 and The Bank of ND shall transfer the balance in the housing development loan fund to the general fund.

HB 1362 – Relating to a Housing Development Loan Fund
“Suggested Outline” for the program

February 4, 2025

The HB 1362 bill, if approved, is intended to provide a low interest loan to residential builders, through the State Bank of North Dakota to assist in the cash investment requirement of lenders providing a speculative construction loan to a qualified North Dakota licensed residential builder. This Legislative proposal is asking the State Bank of North Dakota to set aside \$10,000,000 to be used as a revolving fund for low-interest short term loans. These loans would assist residential home builders when applying for a speculative construction loan from a lender, in order to build homes in North Dakota.

- This \$10,000,000 revolving short term loan fund would be remitted back to the State Bank of North Dakota within five years of the starting date, with a 2% annual, non-compounding, simple interest rate.
- Interest is only bearing on the amounts borrowed.
- Each project would need the approval of the lender providing the construction funding.
- Builders can use these funds anywhere in North Dakota.
- Each builder may borrow up to \$50,000 per home, up to two homes per builder at any time. If there is a shortage of applications, the Bank of North Dakota may, at its discretion, issue more than two loans to a builder.
- As each home is completed and sold, the borrowed funds are repaid to the Revolving Fund with a payment including the 2% annual simple interest.
- \$5,000,000 of funding is available anywhere within the State of North Dakota.
- \$5,000,000 of additional funding is available within the seventeen oil impacted counties of North Dakota.
- If each \$5,000,000 portion of the entire \$10,000,000 revolving fund has been disbursed, the Bank of North Dakota must wait until a loan repayment is received prior to issuing additional construction project funding.
- Residential is defined as a single-family home and two to four unit residential housing. Apartment complex or more than four units would not qualify for this loan.

Details of the program:


- Each lender may utilize a bid form of their choice, including a suggested 5% contingency amount in the estimated Bid Form
- Utilize a sub-contractor agreement as a minimum, approved by the lender.
- Utilize a provided Pay Draw form as a minimum, approved by the lender.

- The lender would approve the project, draw Schedule and payment amounts.
- The builder would provide a letter of loan approval from their lender, prior to applying to the State Bank of North Dakota.
- Building permits to be obtained (where required).
- The builder or developer may subordinate the project lot as a portion of the cash investment requirement of the construction loan.
- The funding from the revolving fund, along with a lot subordination, would be used to reduce the out of pocket cash needed from the builder, assisting them in acquiring the speculative construction Loan.
- For a typical speculative construction loan, the lender would assume the first lien position. The State Bank of North Dakota would assume the second lien position. Subordination of the assistance loan will not be allowed with a refinance of the first mortgage.
- If a builder borrows up to the \$50,000 and finances the remaining portion of the project themselves without any other construction financing, the State Bank of North Dakota would assume the first lien position.
- All projects must be completed and for sale within 1 year of funding, or a 5% penalty fee per month may be charged on the loan balance, and the builder may be barred from future applications to the program.
- A "Certificate of Occupancy" must be obtained before closing a property.
- Houses must be SOLD and not rented or occupied by a builder, unless both construction loans have been satisfied.

Qualifications of the Builder:

- Minimum 2-years' experience as a licensed North Dakota General Contractor.
- Completed a minimum of 4-homes as a licensed North Dakota General Contractor (or as approved by lender).
- Carry liability insurance that meets the local municipality requirements.

Mark D. Schneider



City of Williston - Director of Development Services
City of Williston Housing Commission

2025 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1362
2/10/2025

A BILL for an Act to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to a housing development loan fund; to provide an appropriation; to provide a continuing appropriation; to provide for a transfer; to provide an expiration date; and to declare an emergency.

4:16 p.m. Chairman Warrey opened the meeting.

Members Present: Chairman Warrey, Vice Chairman Ostlie, Vice Chairman Johnson, Representatives Bahl, Brown, Christy, Finley-DeVille, Grindberg, Kasper, Koppelman, D. Ruby, Schatz, Schauer, Vollmer

Discussion Topics:

- 5 million to each county
- Not equitable
- Mechanics

4:17 p.m. Representative Warrey presented some proposed amendment language #38092.

4:18 p.m. Chairman Warrey recessed the meeting.

4:27 p.m. Chairman Warrey reconvened the meeting.

4:27 p.m. Representative Kasper moved Do Not Pass.

4:27 p.m. Representative Vollmer seconded the motion.

Representatives	Vote
Representative Jonathan Warrey	Y
Representative Mitch Ostlie	Y
Representative Landon Bahl	Y
Representative Collette Brown	Y
Representative Josh Christy	AB
Representative Lisa Finley-DeVille	Y
Representative Karen Grindberg	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	AB
Representative Mike Schatz	AB
Representative Austin Schauer	AB
Representative Daniel R. Vollmer	Y

House Industry, Business and Labor Committee
HB 1362
02/10/25
Page 2

Motion passed 10-0-4.

4:29 p.m. Representative Ostlie will carry the bill.

4:39 p.m. Chairman Warrey closed the meeting.

Diane Lillis, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1362 ([25.0262.02000](#))

Industry, Business and Labor Committee (Rep. Warrey, Chairman) recommends **DO NOT PASS** (10 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING). HB 1362 was placed on the Eleventh order on the calendar.

HB 1362 – Relating to a Housing Development Loan Fund

“Suggested Outline” for the program

February 4, 2025

The HB 1362 bill, if approved, is intended to provide a low interest loan to residential builders, through the State Bank of North Dakota to assist in the cash investment requirement of lenders providing a speculative construction loan to a qualified North Dakota licensed residential builder. This Legislative proposal is asking the State Bank of North Dakota to set aside \$10,000,000 to be used as a revolving fund for low-interest short term loans. These loans would assist residential home builders when applying for a speculative construction loan from a lender, in order to build homes in North Dakota.

- This \$10,000,000 revolving short term loan fund would be remitted back to the State Bank of North Dakota within five years of the starting date, with a 2% annual, non-compounding, simple interest rate.
- Interest is only bearing on the amounts borrowed.
- Each project would need the approval of the lender providing the construction funding.
- Builders can use these funds anywhere in North Dakota.
- Each builder may borrow up to \$50,000 per home, up to two homes per builder at any time. If there is a shortage of applications, the Bank of North Dakota may, at its discretion, issue more than two loans to a builder.
- As each home is completed and sold, the borrowed funds are repaid to the Revolving Fund with a payment including the 2% annual simple interest.
- \$5,000,000 of funding is available anywhere within the State of North Dakota.
- \$5,000,000 of additional funding is available within the seventeen oil impacted counties of North Dakota.
- If each \$5,000,000 portion of the entire \$10,000,000 revolving fund has been disbursed, the Bank of North Dakota must wait until a loan repayment is received prior to issuing additional construction project funding.
- Residential is defined as a single-family home and two to four unit residential housing. Apartment complex or more than four units would not qualify for this loan.

Details of the program:

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- Utilize a sub-contractor agreement as a minimum, approved by the lender.
- Utilize a provided Pay Draw form as a minimum, approved by the lender.

- The lender would approve the project, draw Schedule and payment amounts.
- The builder would provide a letter of loan approval from their lender, prior to applying to the State Bank of North Dakota.
- Building permits to be obtained (where required).
- The builder or developer may subordinate the project lot as a portion of the cash investment requirement of the construction loan.
- The funding from the revolving fund, along with a lot subordination, would be used to reduce the out of pocket cash needed from the builder, assisting them in acquiring the speculative construction Loan.
- For a typical speculative construction loan, the lender would assume the first lien position. The State Bank of North Dakota would assume the second lien position. Subordination of the assistance loan will not be allowed with a refinance of the first mortgage.
- If a builder borrows up to the \$50,000 and finances the remaining portion of the project themselves without any other construction financing, the State Bank of North Dakota would assume the first lien position.
- All projects must be completed and for sale within 1 year of funding, or a 5% penalty fee per month may be charged on the loan balance, and the builder may be barred from future applications to the program.
- A "Certificate of Occupancy" must be obtained before closing a property.
- Houses must be SOLD and not rented or occupied by a builder, unless both construction loans have been satisfied.

Qualifications of the Builder:

- Minimum 2-years' experience as a licensed North Dakota General Contractor.
- Completed a minimum of 4-homes as a licensed North Dakota General Contractor (or as approved by lender).
- Carry liability insurance that meets the local municipality requirements.

Mark D. Schneider



City of Williston - Director of Development Services
City of Williston Housing Commission