

## **CHAPTER 54-30**

### **BONDS OF NORTH DAKOTA, REAL ESTATE SERIES**

**54-30-01. Authority for issuing bonds of North Dakota, real estate series - Purpose of issue.** An issue of bonds of the state of North Dakota, to be known as "bonds of North Dakota, real estate series", is authorized and directed under the conditions and in the manner and for the purposes set forth in this chapter. Such issue of bonds is authorized for the purpose of making delivery thereof to the industrial commission of North Dakota, as provided in this chapter, to the end that the commission, by negotiation and sale of the bonds, may procure necessary funds for the Bank of North Dakota, thus replacing in the Bank the funds employed by it from time to time in making loans upon first mortgages of real estate.

**54-30-02. Assignment of first mortgages by Bank of North Dakota to state as security for bonds.** Whenever first mortgages upon real estate are held by the Bank of North Dakota securing a total amount of unpaid mortgage loans in the sum of at least one hundred thousand dollars, the industrial commission may cause such mortgages, or such of them as it shall think proper, but not less than the total amount of one hundred thousand dollars, to be assigned, together with the obligations thereby secured, to the state treasurer. The assignment of each such mortgage and obligation must be executed by the president of the Bank of North Dakota and must recite that it is made to "The state treasurer of North Dakota, and successors in office in trust, as security for bonds to be issued under the designation of bonds of North Dakota, real estate series, as provided by law". The assignment must be duly recorded by the president in each county in which the lands affected by the mortgage are situated. As soon as such assignments are recorded, they, with the instruments assigned, must be delivered to the state treasurer, and at the same time the president of the Bank shall deliver to the state treasurer a verified statement showing the principal amount remaining unpaid on each such obligation secured by the mortgages so delivered.

**54-30-03. State treasurer to inspect assignment and prepare bonds - Governor and treasurer to issue bonds.** Upon receiving the assignments provided for in section 54-30-02, the state treasurer shall notify the governor, the state auditor, and the secretary of state, each of whom immediately shall inspect them or cause them to be inspected. Thereupon, the state treasurer immediately shall prepare for issue, and the governor and the state treasurer thereafter shall issue, negotiable bonds of North Dakota in an amount not exceeding the principal amount remaining unpaid of the outstanding loans secured by the mortgages so delivered to the state treasurer plus costs of issuance and any reasonably required reserve funds.

**54-30-04. Bonds - Series designation - Terms - Execution.** Each issue of bonds must be designated by series figure or figures, or by series letter or letters, or by a combination of both figures and letters, and such designation must be different from that of every other issue. All mortgages securing the bond issues must be given a series designation. Each of the bonds so issued must contain a recital that it is secured by real estate first mortgages deposited with the state treasurer of North Dakota under this chapter which may be cited as the Second Real Estate Bond Act of North Dakota. The bonds must be executed by the governor and the state treasurer under the great seal of the state and must be attested by the secretary of state. The state auditor and the secretary of state shall endorse and sign on each bond issued a certificate showing that it was issued pursuant to law and is within the debt limit. The bonds so issued must be designated "bonds of North Dakota, real estate series".

**54-30-05. Denominations - Maturity - Interest rate.** The bonds issued under this chapter must be payable in not more than thirty years from the date of issue. The terms of the bonds as to denominations, period of maturity, and rate of interest must be fixed by the commission.

**54-30-06. Interest rate of bonds.** Repealed by S.L. 1981, ch. 269, § 34.

**54-30-07. Bonds - Where payable - Presentment for payment.** The principal and interest of bonds issued under this chapter must be payable at or by the office of the state

treasurer in Bismarck, or at or by a bank or trust company designated in accordance with section 54-30-16. Each bond and coupon must be presented at the office where the same is payable within ten years from the date of its maturity.

**54-30-08. Bonds delivered to industrial commission.** In furtherance of the purposes of this chapter, the governor and the state treasurer, after the issue, execution, sealing, and attestation of bonds, shall deliver them to the industrial commission, in such denominations and amounts, bearing interest at such rates, and running to such period of maturity, as may be required by the commission, within the limitations provided in this chapter.

**54-30-09. Sale and delivery of bonds by industrial commission.** The industrial commission, in connection with and in addition to its other powers and duties, shall act as the agent of the state for the negotiation, sale, and delivery of the bonds issued under the provisions of this chapter. It shall sell them at not less than ninety-eight percent of par value for cash in such manner and at such times as in its sound discretion it shall deem most advantageous to the interests of the state. The commission may receive all moneys paid by buyers of the bonds, upon the sale thereof, and upon receipt of the purchase price may deliver to each purchaser the bonds purchased by that purchaser according to law. The moneys so derived and received from the sale of the bonds must be placed by the commission in the funds of the Bank of North Dakota. When any bonds issued under the provisions of this chapter are sold at a premium, such moneys to the extent of the amount of such premium must be delivered to the reimbursement of the Bank of North Dakota for the expenses of conducting the work in the department.

**54-30-10. Credit of state of North Dakota pledged for payment of bonds.** Upon the delivery of bonds purchased and paid for under the provisions of this chapter, the faith and credit of the state of North Dakota is pledged for the payment thereof, both principal and interest, to the lawful holder and owner thereof, upon presentment for payment.

**54-30-11. Payment of assigned mortgage.** After the Bank, under this chapter, has assigned any mortgage, and the obligation thereby secured, all payments thereon must be made to the Bank in trust for:

1. The security and payment of bonds to be issued as provided in this chapter; and
2. Delivery to the general fund of the state of such remaining part or balance thereof as may come within this chapter.

**54-30-12. Bank of North Dakota to furnish state treasurer with record of payments and balance due on all mortgages.** The Bank shall certify to the state treasurer, from time to time, a list of obligations and mortgages delivered to the state treasurer under this chapter showing the payments made and amounts remaining unpaid.

**54-30-13. Bank of North Dakota to turn over to treasurer all payments made to it - Payments may be made to treasurer - Report to bank.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-14. Money paid on assigned mortgage held in separate fund by Bank of North Dakota.** The Bank shall deposit the moneys paid on a mortgage assigned under this chapter into a separate fund designated as the real estate bond sinking fund. In this fund must be placed all sums collected for the purpose of retiring the principal of the bonds at their maturity and paying the interest thereon when due, except an administration fee which may be retained by the Bank. Payments may be made out of the fund only for the purpose for which it is created. The fund must be kept apart from all other funds in the possession of the Bank. The Bank also shall keep in the fund, as a part thereof for the same purpose, in the same manner, and under the same limitations and conditions, all moneys received whether from the proceeds of taxes or from payments made by the industrial commission or from legislative appropriations or otherwise, which must be by law or by other authoritative designation made applicable to the payment of the principal of the bonds or the interest thereon.

**54-30-15. Investment of bond sinking fund.** The state treasurer, with the approval of the industrial commission, shall invest the fund designated as the real estate bond sinking fund in any securities designated as legal investments by section 15-03-04. At the request of the commission, the state treasurer shall redeem and take up out of the real estate bond sinking fund any series of real estate bonds outstanding which may be called by the commission. Upon notification of the call, the state treasurer shall cause to be published a notice of call as directed by the commission but not less than forty-five days prior to the date of call. No other disposition by appropriation, or otherwise, ever may be made of the money in the fund until the bonds are paid fully or until the time limit provided by law for the payment thereof has expired, but if any of the bonds issued and delivered to the commission, as hereinbefore provided, are returned to the state treasurer not sold, then the returned bonds may not be deemed a part of the bond issue secured by the fund.

**54-30-16. Payment of interest or principal on bonds at maturity - Where made - Report - Made from real estate bond payment fund - Appropriation.** The state treasurer shall pay interest on bonds issued under this chapter when due, or upon presentation of the coupon for interest when due, and shall redeem the bonds upon their maturity by paying the principal thereof. All payments must be made from the fund, without a warrant. Each payment so made, in addition to other accounting as provided by law, must be reported by the Bank. The governor may designate a bank or trust company as the fiscal agent of the state at which or by whom or to whom bond principal or interest may be payable. Such agent shall act for the state in the making of such payments under such rules as shall be made by the governor. All moneys in the fund, except the administration fee required to be paid to the Bank, are appropriated for the payment of interest and principal of the bonds. This appropriation may not be repealed, and no provisions made in this chapter for the payment of the bonds and interest may be discontinued until the debt evidenced by the bonds, both principal and interest, has been paid.

**54-30-17. Bank of North Dakota to collect obligations secured by mortgage.** If the obligation secured by any mortgage held by the state treasurer under the provisions of this chapter is not performed by the mortgagor according to its terms, or if any condition expressed in any such mortgage is not performed and kept according to its terms, the state treasurer shall certify the facts to the president of the Bank of North Dakota, who shall proceed as agent of the state treasurer as trustee for the state of North Dakota, by foreclosure or otherwise, to make collection of the obligation secured. The Bank of North Dakota shall make collection of the principal and interest on all mortgages taken under the provisions of this chapter.

**54-30-17.1. Land acquired by state treasurer - Sale or lease by the Bank of North Dakota or board of university and school lands - Deposit of net proceeds in bond sinking fund.** The Bank of North Dakota or the board of university and school lands, as agent of the state treasurer as trustee for the state of North Dakota, shall manage all lands acquired in the name of the state treasurer as trustee for the state of North Dakota under this chapter and, with the approval of the state treasurer, shall have full power to sell or lease such lands. All instruments executed by the Bank or board in furtherance of this authority must be executed by an authorized officer or employee of the Bank or board in the name of "The Bank of North Dakota or the board of university and school lands as agent for the state treasurer as trustee for the state of North Dakota". The Bank or board may charge a fee and may be reimbursed for all actual costs incurred in the management and sale of these lands. The net proceeds from the sale or lease of these lands must be deposited in the real estate bond sinking fund established by this chapter. The sale and leasing of these lands must be done in accordance with chapter 15-07. In the case of a lease by the party holding the right of redemption, that party has the right to buy at any time.

**54-30-18. Foreclosure of mortgage by Bank of North Dakota - Sale by bank.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-19. Foreclosure - Power of attorney not required - Costs - Property bid in for state when bid is not sufficient.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-20. Transfer of land covered by mortgage to state by mortgagor.** The Bank of North Dakota, instead of foreclosing, may take a conveyance from the owner to the state

treasurer as trustee for the state of North Dakota in payment of the mortgage covering the land conveyed.

**54-30-21. Bonds bought with proceeds of foreclosure sale.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-22. When sheriff's deed issued to state on foreclosure sale - Taxes suspended.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-23. Land acquired by state through foreclosure sold by state - Proceeds of sale - Where deposited - Sale approved.** Repealed by S.L. 1977, ch. 138, § 12.

**54-30-24. Cash balance in hands of state treasurer - Information - Mortgages substituted for those paid.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-24.1. Bonds as legal investments and security.** Notwithstanding any restrictions contained in any other law, the state and all public officers, boards, and agencies, and political subdivisions and agencies thereof, all national banking associations, state banks, trust companies, savings banks and institutions, savings and loan associations, investment companies, and other persons carrying on a banking business, and all executors, administrators, guardians, trustees, and other fiduciaries, may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds issued pursuant to this chapter, and the bonds are authorized security for all public deposits.

**54-30-25. Bonds and certificates of indebtedness exempt from taxation.** All bonds and certificates of indebtedness issued under this chapter are exempt from state, county, and municipal taxes of all kinds.

**54-30-26. Industrial commission to make annual statement of condition of funds - Tax for deficiency in funds or indicated deficiency.** The industrial commission, in July of each year, shall prepare a statement showing the condition of the real estate bond sinking fund and the real estate bond interest payment fund. Such statement must be approved by the state treasurer and must be presented to the state board of equalization at its annual meeting of the same year, together with the recommendation of the commission. If an actual deficit exists in either or both of said funds, the board shall make an annual levy of taxes sufficient to make good the deficit in such fund, including a levy to restore the fund to solvency as hereinafter defined. If at the time the statement is made, an actual deficit does not exist, but by reason of adverse crop conditions, or for any other reason, the commission shall anticipate a deficit in either or both of said funds during the ensuing year, it shall recommend tax levies to meet such anticipated deficits, and the board shall make such levies in accordance with such recommendation.

**54-30-27. Certificate of indebtedness issued to meet interest due on bonds.** If there are not sufficient funds in the real estate bond sinking fund to meet the payment of principal and interest due on real estate series bonds on any principal or interest payment date, the state treasurer may borrow sufficient funds by the issuance of certificates of indebtedness of the state to make such payment. Such certificates shall be issued in anticipation of taxes to be levied, must be signed by the governor and the state treasurer, must mature not more than thirty months from date of issuance, and must bear interest at a rate not to exceed twelve percent per annum if sold at private sale, with no interest rate ceiling if sold at public sale. Such certificates of indebtedness must be in the form prescribed by the state treasurer. When such money is borrowed by the state, the fund is to be reimbursed annually as provided in section 54-30-26.

**54-30-28. Amount of bonds which may be issued.** The powers herein granted may be exercised repeatedly and the duties following thereon likewise shall be performed from time to time, as the occasion may arise under this chapter, but at no time may the amount of bonds issued and outstanding pursuant to this chapter exceed the amount of one hundred fifty million dollars.

**54-30-29. Real estate bond funds.** The real estate bond funds on deposit with the state treasurer must be maintained in the sums needed to pay outstanding valid enforceable real estate series bonds of the state of North Dakota and lawful interest thereon. All money in said funds not needed for such bonds and interest must upon the effective date of sections 54-30-29 through 54-30-33 be transferred by the state treasurer to the general fund in accordance with the provisions of subsection 2 of section 54-30-11.

**54-30-30. Transfer of real estate bond trust.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-30.1. Transfer to board of university and school lands.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-31. Consideration.** Repealed by S.L. 1983, ch. 567, § 16.

**54-30-32. Management of the trust.** During the intervals between remittances to the state treasurer for the state general fund, funds available therefor may be invested as other moneys of the Bank of North Dakota are invested. The president of the Bank of North Dakota shall collect upon and enforce to the fullest extent all rights, things, and properties belonging or accruing to the trust in the president's custody. The president may foreclose mortgages by advertisement under power of sale in the manner that mortgages of the state school funds are foreclosed, and all remedies and procedures available to the state or any department thereof are available to the president to protect, manage, and conduct the trust. No special power of attorney nor affidavit as to attorney's fees is required.

**54-30-33. Remittances to the state general fund.** Following each calendar quarter for which the president of the Bank of North Dakota receives funds of said trust over and above costs and expenses of the Bank of North Dakota incident thereto and exceeding a proper portion of the regular Bank appropriation and a reasonable reserve for contingencies, the Bank of North Dakota shall remit such funds to the state treasurer for deposit in the general fund of the state. Such remittances must be deemed credited against money borrowed to service and pay real estate bonds of the state of North Dakota heretofore issued.