

CHAPTER 6-09.5 COMMUNITY WATER FACILITY LOANS

6-09.5-01. Community Water Facility Loan Act - Intent. Moneys transferred under this chapter shall be used primarily for supplementary financing in conjunction with federal moneys available under the authority of 7 U.S.C. 1926 and 1927 [Pub. L. 87-128; 75 Stat. 308], as amended through December 31, 1996, and the rules and regulations promulgated thereunder for the construction, enlargement, extension, or other improvement of community water facilities. This chapter is intended to improve the health, general welfare, convenience, and prosperity of communities and rural inhabitants presently lacking adequate water supplies.

6-09.5-02. Community water facility - Definition. The term "community water facility" includes any or all projects for the development, storage, treatment, purification, and distribution of water. Such projects include, but are not limited to, those works necessary for locating, conserving, controlling, treating, and distributing water, including reservoirs, dams, canals, wells, pumps, treatment plants, mains, pipelines, and other associated features necessary to supply water.

6-09.5-03. Transfer of funds - Revolving fund. A community water facility loan fund with an authorized ceiling of ten million dollars is hereby established from the future undivided profits of the Bank of North Dakota. This is a revolving fund, and all moneys transferred into the fund, interest upon fund moneys, and collections of interest and principal on fund loans must be used for the purposes of this chapter.

6-09.5-04. Loan applications - Approval. Applications for revolving fund loans must be submitted to the Bank of North Dakota which shall investigate and consider approval of loan applications under such rules and regulations as it may establish. The Bank shall cooperate with the state office of the farmers home administration or its successor in considering applications to comply with the requirements of 7 U.S.C. 1926 and 1927 [Pub. L. 87-128; 75 Stat. 308], as amended through December 31, 1996, and the rules and regulations promulgated thereunder relating to community water facilities.

6-09.5-05. Fund supervision and administration. The revolving fund and loans made therefrom must be supervised and administered by the Bank of North Dakota which shall make loans from the revolving fund to the extent moneys are available. Payments of interest and principal upon loans must be made to the Bank and credited to the revolving fund. The Bank may deduct one-half of one percent of the outstanding loans annually as a service fee for administering the revolving fund.

6-09.5-05.1. Audit and costs of administration. The industrial commission is responsible for contracting with a certified public accounting firm to audit the revolving fund as necessary. The cost of the audit, and any other actual costs incurred by the Bank on behalf of the fund, must be paid for by the fund.

6-09.5-06. Fund purposes.

1. Revolving fund moneys may not be used whenever sufficient federal loan and grant moneys are available, except:
 - a. To make community water facility projects feasible in conjunction with federal moneys when the projected cost is above the maximum per user feasibility loan limit set by the farmers home administration or its successor.
 - b. To provide supplemental financing for community water facility projects in conjunction with federal moneys when more projects can be completed through combined financing.

2. Revolving fund moneys may also be used for the following purposes under such terms and conditions as the Bank of North Dakota may prescribe:
 - a. To provide loans for necessary services prior to farmers home administration approval of proposed community water facility projects. Cities eligible under this chapter and associations, corporations, or cooperatives organized for the purposes of this chapter under the laws of North Dakota are eligible for loans under this subdivision.
 - b. To provide loans to cover operating expenses of community water facility projects when the borrower is unable to pay such expenses.
3. The Bank of North Dakota may defer interest and principal payments on revolving fund loans for up to three years to provide time for a community water facility to become self-supporting.

6-09.5-07. Loan terms. Revolving fund loans approved by the Bank of North Dakota must in no event exceed fifty percent of the cost of a community water facility project. Such loans must bear interest at a rate of three percent per annum.

6-09.5-08. Loan eligibility. Applicants eligible for loans shall include cities eligible under 7 U.S.C. 1926 [Pub. L. 87-128; 75 Stat. 308], as amended through December 31, 1996, and associations, cooperatives, and corporations operated on a nonprofit basis which have the legal authority necessary for constructing, operating, and maintaining the proposed facility or service and for obtaining, giving security for, and repaying the loan in accordance with farmers home administration requirements. Applicant cities, associations, cooperatives, and corporations shall seek to include cities and rural areas, eligible under farmers home administration rules and regulations and located near a proposed service area, as part of a water facility project. Reasons for not including such cities and rural areas must be approved jointly by the Bank of North Dakota and the farmers home administration.

6-09.5-09. Project service area alternatives. Applicants for revolving fund loans shall consider available alternatives to select the most efficient and economically feasible methods of planning a community water facility project. In addition to central systems, community water facility projects may provide service through installations for individual usage or for small clusters of users within the central system service area, but who are beyond the physical or economic limits of the central system, when it is more feasible to provide such service through individual or remote facilities in accordance with farmers home administration rules and regulations.

6-09.5-10. Rules and regulations. The Bank of North Dakota may promulgate and adopt such rules as are necessary to carry out the provisions of this chapter and meet the requirements of 7 U.S.C. 1926 and 1927 [Pub. L. 87-128; 75 Stat. 308], as amended through December 31, 1996, and the rules and regulations promulgated thereunder relating to community water facilities.

6-09.5-11. Powers of Bank of North Dakota. The Bank of North Dakota is authorized to do everything necessary to make revolving fund loans. This specifically includes the power to take such security as deemed necessary and to bring suit to collect interest and principal due the revolving fund under contracts and notes executed pursuant to this chapter.