Bulletin No. 5

PARTICIPATION IN MORTGAGE LOANS

July 31, 1970

It has recently been brought to my attention that several of our domiciled insurance companies are now participating in so-called "Participating Mortgage Loans" as defined under Section 26–08–11 (3), North Dakota Century Code.

Since each of the several companies has used a different approach in negotiating said loans, I have adopted certain requirements in order that future loans will be made in an orderly and unified manner.

Effective as of this date the following requirements will apply:

1. The company's participation shall be evidenced by a recordable instrument in the form of an assignment of interest.

2. The promissory note shall be assigned on the note itself.

3. The interest of the company must at all times be named in the insurance policy or policies covering the mortgaged property.

4. The company shall have in its possession the original or authentic copy of the assignment, promissory note, mortgage deed, appraisal, policy of casualty insurance, abstract of title and an attorney's opinion of title (or a policy of title insurance) and the loan application.

5. Examiners of the department shall at all times have access to the records and accounting pertinent to said mortgage loan at the business office of the participant or participants, if other than the company.

J. O. WIGEN
Commissioner of Insurance