



INDUSTRIAL COMMISSION OF NORTH DAKOTA

John Hoeven
Governor

Wayne Stenehjem
Attorney General

Roger Johnson
Agriculture Commissioner

News Release

July 25, 2003

For Immediate Release

Industrial Commission approves new loan program to provide farm real estate guarantees

BISMARCK - The Industrial Commission earlier this week approved a new loan program providing farm real estate guarantees.

“The new Farm Real Estate Loan Guarantee Program provides an additional option for residents of our state to purchase farm real estate and assist our agricultural economy,” Gov. John Hoeven said. “This program allows the Bank of North Dakota to guarantee loans made by financial institutions to North Dakota residents for the purchase of agricultural real estate or the restructuring of agricultural real estate loans.”

“A BND loan guarantee means that in the event of default under the promissory note, BND will pay the lender up to 75 percent of the amount of the principal due the lender on a loan at the time the claim is approved by the BND,” said Attorney General Wayne Stenehjem. “We hope by offering this guarantee local banks will be encouraged to invest even more in the state’s agricultural economy.”

Agriculture Commissioner Roger Johnson said the new program can also be used in conjunction with other BND loan programs. Policies of the new program state the maximum loan may not exceed 80 percent of the certified appraised value of the agricultural real estate.

“The BND loan guarantee may not exceed five years and must be secured by a first mortgage on real estate in North Dakota,” Johnson said. “The total agricultural real estate loans to be guaranteed to an individual borrower may not exceed \$400,000.”

Eric Hardmeyer, BND president noted that the Bank may have in total no more \$5 million in outstanding loan guarantees under the Farm Real Estate Loan Guarantee Program. “Additional guidelines for the program are available from BND and our staff looks forward to working with local lenders and farmers in providing yet another option to promote the State’s agriculture economy,” Hardmeyer said.

The new program, which takes effect Aug. 1, is a result of legislation adopted by the 2003 Legislature.

The nation’s only state-owned bank, BND was established in 1919 to encourage and promote agriculture, commerce and industry in North Dakota. BND is overseen by the Industrial Commission of North Dakota, consisting of Gov. John Hoeven as chairman, Attorney General Wayne Stenehjem, and Agriculture Commissioner Roger Johnson.

-30-

FURTHER INFORMATION: Peggy Anderson, (701) 328-5657