



INDUSTRIAL COMMISSION OF NORTH DAKOTA

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State's Home Mortgage Programs to Consolidate under NDHFA

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Bismarck – Bank of North Dakota (BND) and North Dakota Housing Finance Agency (NDHFA) are taking the first steps toward consolidating the roles they play as state agencies in financing residential real estate.

Because both agencies provide mortgage loans, they began meeting in 2019 to discuss ways to implement Governor Burgum's directive to increase efficiency in state government. In the first phase of the plan, BND will transfer the servicing of most of its residential loan portfolio to NDHFA on April 1, 2021. It is expected that BND will discontinue its residential lending program by the end of the year.

"This is a clear opportunity to consolidate an important service and increase efficiency," the Industrial Commission said in a joint statement. "We commend the agencies for their efforts to streamline these services under one agency."

BND's residential portfolio was just over \$535 million on December 31, 2020, compared to NDHFA's portfolio of \$1.4 billion.

"We are proud to be an agency that strives to remove silos and deploy a visionary strategy that improves government," stated Eric Hardmeyer, president of BND. "It is a move that makes sense for both agencies and the residents of North Dakota."

As the state-owned bank, BND partners with local lenders to deliver programs to help meet their customers' needs. When the Bank was established in 1919, it was more likely to approve a farm loan if the land included a home for the family, a barn and a pasture to graze at least enough dairy and beef cattle to support the family's needs and pay the mortgage. Its role in residential lending has changed over the course of its 100 years, and most recently, the secondary market has become more robust, decreasing the need for BND's involvement.

The Bank is in a strong position to serve the state and is well-capitalized. Of its three other portfolios, agriculture, commercial and student loans, both agriculture and commercial had significant growth in 2020. The student loan portfolio was stable. BND also manages just over \$1 billion in state loans and administered programs.

"As the state's residential lending expert, NDHFA embraces the governor's directive as it applies to the consolidation of North Dakota's housing programs," said Dave Flohr, NDHFA executive director. "Moving these resources under one roof not only creates efficiencies and improves public access, it frees up capacity for BND to focus on its own specialty areas."

Established in 1982, NDHFA is a self-supporting and mission-driven state agency dedicated to making housing affordable for all North Dakotans. The Agency offers affordable home financing to low- to moderate-income

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families and helps to ensure the continued availability of suitable rental housing for households of modest means while focusing on the overall housing needs of the state's growing communities.

Both agencies are overseen by the North Dakota Industrial Commission which consists of Gov. Doug Burgum, Agriculture Commissioner Doug Goehring and Attorney General Wayne Stenehjem.