

House Bill 615

In The House

February 3, 1981	Introduced and referred to Committee on Business and Industry.
February 5, 1981	Fiscal note requested.
February 9, 1981	Fiscal note returned.
April 23, 1981	Died in Committee.

1 *House* BILL NO. *615* *Thore*
 2 INTRODUCED BY *Kitselmann* *Mumma* *Stevens*
 3 *E. Smith*

4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE HOUSING
 5 ACT OF 1975 TO AUTHDRIZE THE ISSUANCE OF BONDS FOR MEMBERS
 6 OF THE MONTANA NATIONAL GUARD, UNITED STATES RESERVE
 7 MILITARY FORCES, AND VETERANS; GUARANTEEING THE BONDS WITH
 8 THE FULL FAITH AND CREDIT OF THE STATE; AMENDING SECTIONS
 9 90-6-102 THROUGH 90-6-104, 90-6-107, 90-6-109, 90-6-111,
 10 90-6-113, 90-6-114, 90-6-116, 90-6-118, AND 90-6-123, MCA."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 90-6-102, MCA, is amended to read:
 13 "90-6-102. Legislative declaration. (1) The
 14 legislature finds and declares that there is a shortage in
 15 Montana of decent, safe, and sanitary housing which is
 16 within the financial capabilities of lower income persons
 17 and families. In order to alleviate the high cost of
 18 housing for these persons, the legislature believes that it
 19 is essential that additional public moneys be made available
 20 through the issuance of revenue bonds to assist both private
 21 enterprise and governmental agencies in meeting critical
 22 housing needs.

23
 24 ~~(2) The legislature further finds and determines that~~
 25 ~~veterans, who have sacrificed in the service of their~~

1 ~~country valuable years of their lives and considerable~~
 2 ~~earning potential, constitute a readily identifiable and~~
 3 ~~particularly deserving segment of this state's population.~~
 4 ~~In order to alleviate the high cost of housing for veterans~~
 5 ~~of lower income, the legislature believes it is essential~~
 6 ~~that additional public money be made available to assist in~~
 7 ~~meeting these critical housing needs through the issuance of~~
 8 ~~bonds secured by the unconditional guarantee of the state.~~
 9 ~~It is further determined that, by making additional housing~~
 10 ~~funds available to eligible veterans, limited private home~~
 11 ~~loan funds will be more readily available to all."~~

12 Section 2. Section 90-6-103, MCA, is amended to read:
 13 "90-6-103. Definitions. As used in this part, unless
 14 the context requires otherwise, the following definitions
 15 apply:

16 (1) "Board" means the board of housing created in
 17 2-15-1008.

18 ~~(2) "Board of examiners" means the board of examiners~~
 19 ~~provided for in Title 2, chapter 15, part 10.~~

20 ~~(3) "Bond" means any bonds, notes, debentures,~~
 21 ~~interim certificates, or other evidences of financial~~
 22 ~~indebtedness issued by the board pursuant to this part.~~

23 ~~(4) "Capital reserve account" means the capital~~
 24 ~~reserve account provided for in 90-6-107.~~

25 ~~(5) "Department" means the department of~~

1 administration provided for in Title 2, chapter 15, part 10.

2 ~~{5}{6}~~ "Federally insured mortgage" means a mortgage
3 loan for land development or residential housing insured or
4 guaranteed by the United States or a governmental agency or
5 instrumentality thereof or a commitment by the United States
6 or a governmental agency or instrumentalities thereof to
7 insure such a mortgage.

8 ~~{6}{7}~~ "Federally insured security" means an evidence
9 of indebtedness insured or guaranteed as to repayment of
10 principal and interest by the United States or an
11 instrumentality thereof.

12 ~~{7}{8}~~ "Governmental agency" means any department,
13 division, public corporation, public agency, political
14 subdivision, or other public instrumentality of the state,
15 the federal government, any other state or public agency, or
16 any two or more thereof.

17 ~~{8}{9}~~ "Housing development" means any work or
18 undertaking financed in whole or in part under this part for
19 the primary purpose of acquiring, constructing, or
20 rehabilitating dwelling accommodations for persons or
21 families of lower income in need of housing. An undertaking
22 may include any buildings, land, equipment, facilities, or
23 other real or personal properties which are necessary,
24 convenient, or desirable in connection therewith, including
25 but not limited to streets, sewers, utilities, parks, site

1 preparation, landscaping, and other nonhousing facilities as
2 the board determines to be necessary, convenient, or
3 desirable.

4 ~~{9}{10}~~ "Housing development costs" means the sum total
5 of all costs incurred in a housing development approved by
6 the board as reasonable and necessary, including but not
7 limited to:

8 (a) cost of land acquisition and any buildings
9 thereon, including payments for options, deposits, or
10 contracts to purchase properties on the proposed housing
11 development site or payments for the purchase of properties;

12 (b) cost of site preparation, demolition, and
13 clearing;

14 (c) architectural, engineering, legal, accounting,
15 corporation, and other fees paid or payable in connection
16 with the planning, execution, and financing of the housing
17 development and the finding of an eligible mortgagee or
18 mortgagees for the housing development;

19 (d) cost of necessary studies, surveys, plans, and
20 permits;

21 (e) insurance, interest, financing, tax and assessment
22 costs and other operating and carrying costs during
23 construction;

24 (f) cost of construction, rehabilitation,
25 reconstruction, fixtures, furnishings, equipment, machinery,

1 apparatus, and similar facilities related to the real
2 property;

3 (g) cost of land improvements, including landscaping
4 and offsite improvements, whether or not the costs have been
5 paid in cash or in a form other than cash;

6 (h) necessary expenses in connection with initial
7 occupancy of the housing development;

8 (i) a reasonable profit and risk fee in addition to
9 job overhead to the general contractor and, if applicable, a
10 limited profit housing sponsor;

11 (j) an allowance established by the board for working
12 capital and contingency reserves and reserves for any
13 anticipated operating deficits during construction and
14 initial occupancy;

15 (k) costs of other items, including tenant relocation,
16 as the board determines to be reasonable and necessary for
17 the housing development, less any and all net rents and
18 other net revenues received from the operation of the real
19 and personal property on the development site during the
20 construction.

21 ~~(10)~~(11) "Housing sponsor" means individuals, joint
22 ventures, partnerships, limited partnerships, trusts, firms,
23 associations, corporations, governmental agencies,
24 limited-profit housing sponsors, nonprofit corporations, or
25 other legal entities or any combination thereof that are:

1 (a) approved by the board;

2 (b) qualified either to own, construct, acquire,
3 rehabilitate, operate, manage, or maintain a housing
4 development;

5 (c) subject to the rules of the board and other terms
6 and conditions set forth in this part.

7 ~~(11)~~(12) "Lending institution" means any public or
8 private entity or governmental agency approved by the board
9 maintaining an office in this state and authorized by law to
10 make or participate in making residential mortgages in the
11 state.

12 ~~(12)~~(13) "Limited-profit housing sponsor" means a
13 corporation, trust, partnership, association, other entity,
14 or an individual restricted as to distribution of income and
15 regulated as to rents, charges, rate of return, and methods
16 of operation as the board determines necessary to carry out
17 this part.

18 ~~(13)~~(14) "Mortgage" means a mortgage deed, deed of
19 trust, or other instrument which shall constitute a valid
20 lien on real property in fee simple or on a leasehold under
21 a lease having a remaining term at the time the mortgage is
22 acquired, which does not expire for at least that number of
23 years beyond the maturity date of the obligation secured by
24 the mortgage established by the board as necessary to
25 protect its interest as mortgagee.

1 ~~(14)~~(15) "Mortgage loan" means an interest-bearing
2 obligation secured by a mortgage on land and improvements in
3 the state.

4 ~~(15)~~(16) "Nonprofit housing sponsor" means a housing
5 cooperative formed under Title 35, chapter 15, or a
6 nonprofit corporation formed under Title 35, chapter 2,
7 restricted as to distribution of income and regulated as to
8 rents, charges, rate of return, and methods of operation as
9 the board determines necessary, and whose articles of
10 incorporation provide in addition that:

11 (a) the organization has been organized exclusively to
12 provide housing developments for persons and families of
13 lower income;

14 (b) all the income and earnings of the organization
15 shall be used exclusively for housing development purposes
16 and no part of the net income or net earnings of the
17 organization shall inure to the benefit or profit of any
18 private individual, firm, corporation, partnership, or
19 association;

20 (c) the organization is in no manner controlled or
21 under the direction or acting in the substantial interest of
22 any private individual, firm, partnership, or association
23 seeking to derive profit or gain therefrom or seeking to
24 eliminate or minimize losses in any transactions therewith,
25 except that the limitations shall apply to members of a

1 cooperative only to the extent provided by rules of the
2 board;

3 (d) the operations of the organization may be
4 supervised by the board and the organization will enter into
5 agreements with the board to regulate planning, development,
6 and management of any housing development undertaken by the
7 organization and the disposition of the property or other
8 interests of the organization.

9 ~~(16)~~(17) "Persons and families of lower income" means
10 persons and families with insufficient personal or family
11 income or other financial resources who require assistance
12 under this part, as determined by the board, taking into
13 consideration:

14 (a) the amount of the total personal and family
15 income, assets, and other financial resources available for
16 housing needs;

17 (b) the size of the family;

18 (c) the eligibility of persons and families under
19 federal housing assistance of any type based on lower income
20 or a functional or physical disability;

21 (d) the ability of persons and families to compete
22 successfully in the normal housing market and to pay the
23 amount at which private enterprise is providing decent,
24 safe, and sanitary housing;

25 (e) the availability and cost of housing in particular

1 areas; and

2 (f) needs of particular persons or families due to age
3 or physical handicaps.

4 ~~(17)~~(18) "Rehabilitation" means the repair,
5 reconstruction, or improvement of an existing structure to
6 provide decent, safe, and sanitary housing or to conform
7 housing with state or local health, building, fire
8 prevention, and safety codes as determined by the board.

9 ~~(19) "Treasurer" means the treasurer of the state as~~
10 ~~provided in Title 2, chapter 15, part 10.~~

11 ~~(20) "Veterans" means persons who are or were eligible~~
12 ~~for a home mortgage loan guaranty from the veterans'~~
13 ~~administration of the United States.~~

14 ~~(21) "Veterans' housing bonds" means general obligation~~
15 ~~bonds of the state issued pursuant to [section 12], the~~
16 ~~payment of principal and interest on which is secured by a~~
17 ~~pledge of the full faith and credit of the state.~~

18 ~~(22) "Veterans of lower income" means veterans and~~
19 ~~families of veterans who are persons and families of lower~~
20 ~~income within the meaning of (17) of this section."~~

21 Section 3. Section 90-6-104, MCA, is amended to read:

22 "90-6-104. General powers of the board. The board may:

23 (1) sue and be sued;

24 (2) have a seal;

25 (3) adopt all procedural and substantive rules

1 necessary for the administration of this part, including
2 rules concerning its mortgage, construction, and temporary
3 lending programs;

4 (4) make contracts, agreements, and other instruments
5 necessary or convenient for the exercise of its powers under
6 this part;

7 (5) enter into agreements or other transactions with
8 any federal, state, or local governmental agency, any
9 persons, and any domestic or foreign partnership,
10 corporation, association, or organization in carrying out
11 this part;

12 (6) enter into agreements under its rules with
13 sponsors, mortgagors, or lending institutions for the
14 purpose of regulating the analysis, planning, development,
15 and management of housing developments financed in whole or
16 in part by the proceeds of its loans or securities and
17 mortgage purchase programs;

18 (7) enter into agreements or other transactions with,
19 and accept grants and the cooperation of, any governmental
20 agency in furtherance of this part, including but not
21 limited to the development, leasing, maintenance, operation,
22 and financing of any housing development;

23 (8) accept services, appropriations, gifts, grants,
24 bequests, and devise and utilize or dispose of them in
25 carrying out this part;

1 (9) acquire real or personal property or any right,
 2 interest, or easement therein by gift, purchase, transfer,
 3 foreclosure, lease, or otherwise; hold, sell, assign, lease,
 4 encumber, mortgage, or otherwise dispose thereof; hold,
 5 sell, assign, or otherwise dispose of any mortgage or loan
 6 owned by it or in its control or custody; release or
 7 relinquish any right, title, claim, interest, easement, or
 8 demand, however acquired, including any equity or right of
 9 redemption; do any of the foregoing by public or private
 10 sale, with or without public bidding; commence any action to
 11 protect or enforce any right conferred upon it by any law,
 12 mortgage, contract, or other agreement; bid for and purchase
 13 property at any foreclosure or other sale or acquire or take
 14 possession of it in lieu of foreclosure; and operate,
 15 manage, lease, dispose of, and otherwise deal with such
 16 property in any manner necessary or desirable to protect its
 17 interests and the holders of its bonds or notes and
 18 consistent with any agreement with such holders;

19 (10) service and contract and pay for the servicing of
 20 loans;

21 (11) provide general technical services in the
 22 analysis, planning, design, processing, construction,
 23 rehabilitation, and management of housing developments for
 24 persons and families of lower income where these services
 25 are not otherwise available;

1 (12) provide general consultative services to housing
 2 developments for persons and families of lower income and
 3 the residents thereof with respect to counseling and
 4 training in management, home ownership, and maintenance
 5 where these services are not otherwise available;

6 (13) invest any funds not required for immediate use,
 7 subject to any agreements with its bondholders and
 8 noteholders, as provided in Title 17, chapter 6, except all
 9 investment income from funds of the board less the cost for
 10 investment as prescribed by law shall be deposited in the
 11 housing finance account;

12 (14) sell its loans or securities to the federal
 13 national mortgage association or any other agency or
 14 instrumentality of the United States and invest in the
 15 capital stock issued by the association or other agency or
 16 instrumentality to the extent, if any, required as a
 17 condition of such sale;

18 (15) consent, whenever it deems it necessary or
 19 desirable in fulfilling its purposes, to the modification of
 20 the rate of interest, time, and payment of any installment
 21 of principal or interest, security, or any other term of any
 22 contract, mortgage, mortgage loan, mortgage loan commitment,
 23 construction loan, advance contract, or agreement of any
 24 kind, subject to any agreement with bondholders and
 25 noteholders;

1 (16) collect reasonable interest, fees, and charges in
 2 connection with making and servicing its loans, notes,
 3 bonds, commitments, and other evidences of indebtedness and
 4 in connection with providing technical, consultative, and
 5 project assistance services. Interest fees and charges shall
 6 be limited to the amounts required to pay the costs of the
 7 board, including operating and administrative expenses and
 8 reasonable allowances for losses which may be incurred.

9 (17) procure insurance against any loss in connection
 10 with its mortgages and mortgage loans and other assets or
 11 property in amounts and from insurers as the board considers
 12 desirable or necessary;

13 (18) act as agent for governmental agencies concerning
 14 acquisition, construction, leasing, operation, or management
 15 of a housing development;

16 (19) issue notes and bonds and replace lost, destroyed,
 17 or mutilated notes and bonds; and

18 (20) develop special programs for housing developments
 19 under the authority of Article II, section 35, of the
 20 Montana constitution, as a special consideration to be given
 21 to Montana servicemen, servicewomen, and veterans, for
 22 national guardsmen, U.S. reserve military forces members,
 23 and veterans of the armed forces of the United States who
 24 are unable to acquire safe and sanitary housing through
 25 lending institutions by conventional means."

1 Section 4. Section 90-6-107, MCA, is amended to read:
 2 "90-6-107. Accounts of the board. (1) There is a
 3 housing finance account in the bonds proceeds and insurance
 4 clearance fund provided for in 17-2-102(6). All funds from
 5 the proceeds of bonds issued under this part, fees, and
 6 other moneys received by the board, moneys appropriated by
 7 the legislature for the use of the board in carrying out
 8 this part, and moneys made available from any other source
 9 for the use of the board shall be deposited in the housing
 10 finance account except where otherwise provided by law and
 11 except as necessary to maintain the capital reserve and
 12 revolving accounts. All funds deposited in the housing
 13 finance account are continuously appropriated to and may be
 14 expended by the board for the purposes authorized in this
 15 part.

16 (2) There is a capital reserve account in the sinking
 17 fund provided for in 17-2-102(3). The capital reserve
 18 account consists of the aggregate of moneys retained by the
 19 board under existing agreements with bondholders as the
 20 minimum capital reserve requirement described in 90-6-119
 21 for each bond issue sold by the board.

22 (3) There is a revolving account in the revolving fund
 23 provided for in 17-2-102(7). Funds appropriated by the
 24 legislature for use of the board in payment of expenses
 25 incurred in carrying out this part shall be deposited in the

1 revolving account. Funds expended by the board under this
 2 subsection shall be repaid by the board into the revolving
 3 account from the fees and charges collected under this part
 4 and from any other moneys available for such repayment in
 5 accordance with this part.

6 ~~(4) There is a veterans' housing account in the bond~~
 7 ~~proceeds and insurance clearance fund provided for in~~
 8 ~~17-2-102(6). All funds from the proceeds of veterans'~~
 9 ~~housing bonds or veterans' housing notes issued under this~~
 10 ~~part, fees and other money received in connection with~~
 11 ~~providing financing for mortgage loans for veterans of lower~~
 12 ~~income, money appropriated by the legislature for use of the~~
 13 ~~board of housing, and money made available from any other~~
 14 ~~source for use of the board of housing in carrying out~~
 15 ~~housing programs for veterans through the issuance of~~
 16 ~~veterans' housing bonds shall be deposited in the veterans'~~
 17 ~~housing account, except as otherwise provided by law. All~~
 18 ~~revenues derived from the investment of proceeds of the~~
 19 ~~veterans' housing account shall be retained in the account~~
 20 ~~for payment of debt service on veterans' housing bonds or~~
 21 ~~notes and for payment of the administrative costs of the~~
 22 ~~program. All funds deposited in the veterans' housing~~
 23 ~~account are continuously appropriated to and may be used by~~
 24 ~~the board of housing for the purposes authorized in this~~
 25 ~~part."~~

1 Section 5. Section 90-6-109, MCA, is amended to read:
 2 "90-6-109. Procedure prior to financing of housing
 3 developments. (1) The board may finance housing developments
 4 under this part only when the board finds that:

5 ~~(1)(a)~~ there exists a shortage of decent, safe, and
 6 sanitary housing at rentals or prices which persons and
 7 families of lower income can afford within the general
 8 housing market area to be served by the proposed housing
 9 development;

10 ~~(2)(b)~~ private enterprise has not provided an
 11 adequate supply of decent, safe, and sanitary housing in the
 12 housing market area at rentals or prices which persons or
 13 families of lower income can afford or provided sufficient
 14 mortgage financing for housing developments for occupancy by
 15 persons or families of lower income;

16 ~~(3)(c)~~ the housing sponsor undertaking the proposed
 17 housing development in this state will supply well planned,
 18 well designed housing, and such sponsors are financially
 19 responsible;

20 ~~(4)(d)~~ the housing development to be assisted under
 21 this part will be of public use and will provide a public
 22 benefit, taking into account the existence of local
 23 government comprehensive plans, housing and land use plans
 24 and regulations, areawide plans, and other public desires;

25 ~~(5)(e)~~ the housing development does not involve the

1 construction of second homes (for purposes of this
2 paragraph, "second home" means a home which would not
3 qualify as the primary residence of the taxpayer for federal
4 income tax purposes relating to capital gains on the sale or
5 exchange of residential property); and

6 ~~(f)(f)~~ as to direct loans it is necessary to qualify
7 for federal funds.

8 ~~(2) The board may finance housing developments through~~
9 ~~the issuance of veterans' housing bonds when the board:~~

10 ~~(a) finds that the requirements of subsection (1) are~~
11 ~~met;~~

12 ~~(b) has filed a certificate with the board of~~
13 ~~examiners setting forth, for the current and each succeeding~~
14 ~~fiscal year in which veterans' housing bonds are scheduled~~
15 ~~to be outstanding, the board's estimate of the revenues and~~
16 ~~other income to be derived from such financing, the~~
17 ~~aggregate debt service on veterans' housing bonds scheduled~~
18 ~~to be outstanding, the board's program expenses, and a~~
19 ~~showing that revenues and other income will be sufficient~~
20 ~~for the payment of debt service and program expenses for~~
21 ~~each such fiscal year; and~~

22 ~~(c) has received a certificate from the board of~~
23 ~~examiners evidencing the unconditional guaranty of the state~~
24 ~~with respect to an issue of veterans' housing bonds as~~
25 ~~provided in [section 12]."~~

1 Section 6. Section 90-6-111, MCA, is amended to read:
2 "90-6-111. Bonds and notes. (1) The board may by
3 resolution, from time to time, issue negotiable notes and
4 bonds in a principal amount as the board determines
5 necessary to provide sufficient funds for achieving any of
6 its purposes, including the payment of interest on notes and
7 bonds of the board, establishment of reserves to secure the
8 notes and bonds, including the reserve funds created under
9 90-6-119, and all other expenditures of the board incident
10 to and necessary or convenient to carry out this part.

11 (2) The board may by resolution, from time to time,
12 issue notes to renew notes and bonds to pay notes, including
13 interest, and whenever it deems refunding expedient, refund
14 any bonds by the issuance of new bonds, whether the bonds to
15 be refunded have or have not matured, and issue bonds partly
16 to refund bonds outstanding and partly for any of its other
17 purposes.

18 (3) Except as otherwise expressly provided by
19 resolution of the board, every issue of its notes and bonds
20 shall be obligations of the board payable out of any
21 revenues, assets, or moneys of the board, subject only to
22 agreements with the holders of particular notes or bonds
23 pledging particular revenues, assets, or moneys.

24 (4) The notes and bonds shall be authorized by
25 resolutions of the board, shall bear a date and shall mature

1 at times as the resolutions provide. A note shall not
 2 mature more than 10 years and a bond shall not mature more
 3 than 50 years from the date of its issue. The bonds may be
 4 issued as serial bonds payable in annual installments or as
 5 term bonds or as a combination thereof. The notes and bonds
 6 shall bear interest at a rate, or rates, be in
 7 denominations, be in a form, either coupon or registered,
 8 carry registration privileges, be executed in a manner, be
 9 payable in a medium of payment, at places within or without
 10 the state, and be subject to terms of redemption as provided
 11 in resolutions. The notes and bonds of the board may be sold
 12 at public or private sale at such prices, which may be above
 13 or below par, as are determined by the board.

14 (5) The total amount of notes and bonds outstanding at
 15 any one time, except notes or bonds as to which the board's
 16 obligation has been satisfied and discharged by refunding or
 17 for which reserve for payment or other means of payment have
 18 been otherwise provided, may not exceed \$375 million. The
 19 rate of interest on bonds or notes issued by the board may
 20 not exceed 9% per annum.

21 (6) Veterans' housing notes and veterans' housing
 22 bonds may be sold at public or private sale at such terms as
 23 the board, with the approval of the board of examiners,
 24 shall determine.

25 (7) The total amount of veterans' housing notes and

1 veterans' housing bonds outstanding at any one time, except
 2 veterans' housing notes or veterans' housing bonds as to
 3 which the board's and the state's obligations have been
 4 satisfied and discharged by refunding or for which reserve
 5 for payment or other means of payment have been otherwise
 6 provided, may not exceed \$100 million, which amount shall be
 7 in addition to the total amount of notes or bonds provided
 8 for in subsection (5)."

9 Section 7. Section 90-6-113, MCA, is amended to read:

10 "90-6-113. Validity of pledge. Any pledge made by the
 11 board or by the state shall be valid and binding from the
 12 time the pledge is made. The revenues, moneys, or property
 13 pledged and thereafter received by the board shall
 14 immediately be subject to the lien of the pledge without any
 15 physical delivery thereof or further act. The lien of any
 16 pledge shall be valid and binding against all parties having
 17 claims of any kind in tort, contract, or otherwise against
 18 the board, irrespective of whether such parties have notice
 19 thereof. Neither the resolution nor any other instrument by
 20 which a pledge is created need be recorded."

21 Section 8. Section 90-6-114, MCA, is amended to read:

22 "90-6-114. Personal liability. (1) The board members
 23 and employees of the department are not personally liable or
 24 accountable by reason of the issuance of or on any bond or
 25 note issued by the board.

1 ~~(2) The state treasurer, the members of the board of~~
 2 ~~examiners, and the staff thereof are not personally liable~~
 3 ~~or accountable by reason of the issuance of any veterans'~~
 4 ~~housing bond or any veterans' housing note issued by the~~
 5 ~~board."~~

6 Section 9. Section 90-6-116, MCA, is amended to read:

7 "90-6-116. Trust indenture. (1) In the discretion of
 8 the board, the bonds may be secured by a trust indenture
 9 between the board and a corporate trustee, which may be a
 10 trust company or bank having the power of a trust company
 11 within or without the state. A trust indenture may contain
 12 provisions for protecting and enforcing the rights and
 13 remedies of the bondholders which are reasonable and proper
 14 and not in violation of law, including covenants setting
 15 forth the duties of the board in relation to the exercise of
 16 its powers and the custody, safeguarding, and application of
 17 all money. The board may provide by a trust indenture for
 18 the payment of the proceeds of the bonds and the revenues to
 19 the trustee under the trust indenture of another depository
 20 and for the method of disbursement, with safeguards and
 21 restrictions it considers necessary. A trust indenture
 22 securing veterans' housing bonds may include covenants
 23 setting forth the duties of the board of examiners and of
 24 the state in relation to the exercise of the powers of the
 25 board of examiners and the state.

1 (2) All expenditures incurred in carrying out a trust
 2 indenture may be treated as part of the operating
 3 expenditures of the board."

4 Section 10. Section 90-6-118, MCA, is amended to read:

5 "90-6-118. Signatures of board members. In case any of
 6 the board members, ~~the members of the board of examiners, or~~
 7 ~~the treasurer~~ whose signatures appear on notes or bonds or
 8 coupons cease to be members ~~or treasurer~~ before the delivery
 9 of the notes or bonds, their signatures shall, nevertheless,
 10 be valid and sufficient for all purposes, the same as if the
 11 members had remained in office until delivery."

12 Section 11. Section 90-6-123, MCA, is amended to read:

13 "90-6-123. Credit of state not pledged. Obligations
 14 ~~other than veterans' housing bonds~~ issued under the
 15 provisions of this part do not constitute a debt or
 16 liability or obligation or a pledge of the faith and credit
 17 of the state but are payable solely from the revenues or
 18 assets of the board. An obligation issued under this part
 19 shall contain on the face thereof a statement to the effect
 20 that the state of Montana is not liable on the obligation
 21 and the obligation is not a debt of the state and neither
 22 the faith and credit nor the taxing power of the state is
 23 pledged to the payment of the principal of or the interest
 24 on the obligation."

25 NEW SECTION. Section 12. Veterans' housing bonds. (1)

1 The board may, by resolution, from time to time, issue
 2 negotiable veterans' housing bonds subject to the limitation
 3 of 90-6-111(7). Payments of principal and interest on such
 4 bonds are secured by the general obligation of the state,
 5 and such bonds shall be designated "Montana Board of
 6 Housing, Veterans' Housing Bonds (general obligations of the
 7 State of Montana)".

8 (2) The punctual payment of veterans' housing bonds
 9 shall be fully and unconditionally guaranteed by the state,
 10 and the full faith, credit, and taxing power of the state
 11 shall be pledged for the payment of veterans' housing bonds,
 12 both as to principal and interest, according to their terms.
 13 Such guaranty shall be expressed on the face of veterans'
 14 housing bonds by the signature or facsimile signature of the
 15 treasurer.

16 (3) The state pledges, appropriates, and directs to be
 17 credited to the housing finance account provided for in
 18 90-6-107 that amount which may be needed to comply with the
 19 obligation of the state as set forth in subsection (2).
 20 Except as otherwise provided by law with respect to the
 21 prior pledge and appropriation of specifically designated
 22 revenue, the pledge and appropriation shall remain at all
 23 times a first and prior charge upon all money received in
 24 the general fund of the state.

25 (4) The board of examiners is authorized to pledge the

1 unconditional guaranty, full faith, credit, and taxing power
 2 of the state to the payment of veterans' housing bonds and
 3 notes as provided in subsection (2) and is further
 4 authorized to issue such certificates as required by
 5 90-6-109(2)(c). The treasurer is authorized to evidence such
 6 guaranty by his manual or facsimile signature on the face of
 7 all veterans' housing notes or bonds issued pursuant to this
 8 part.

9 (5) If general fund money of the state is advanced for
 10 payment of the principal of or interest on veterans' housing
 11 bonds, the advance shall be repaid to the general fund from
 12 the first available funds of the veterans' housing account
 13 or other funds of the board, subject only to agreements with
 14 the holders of particular notes or bonds pledging particular
 15 revenues, assets, or money.

16 Section 13. Codification instruction. Section 12 is
 17 intended to be codified as an integral part of Title 90,
 18 chapter 6, part 1, and the provisions of Title 90, chapter
 19 6, part 1, apply to section 12.

20 Section 14. Severability. If a part of this act is
 21 invalid, all valid parts that are severable from the invalid
 22 part remain in effect. If a part of this act is invalid in
 23 one or more of its applications, the part remains in effect
 24 in all valid applications that are severable from the
 25 invalid applications.

STATE OF MONTANA

REQUEST NO. 306-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 5, 19 81, there is hereby submitted a Fiscal Note for HB 615 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation:

HB 615 amends the Housing Act of 1975 and authorizes the sale of 100 million dollars of general obligation bonds to finance housing for members of the Montana National Guard, United States Reserve Military Forces, and Veterans.

Assumptions:

- 1. Sale of 50 million dollars of general obligation bonds in each year of the 82-83 biennium.
2. No additional FTE will be required to implement program.
3. Operating costs will approximate costs on similar existing Board of Housing bond issues.
4. A 6 month audit would have to be performed prior to sale of bonds.
5. No general fund money would be required to implement the program because Board of Housing surplus funds could be loaned for this purpose.
6. The effective date is July 1, 1981

Table with 4 columns: Fiscal Impact, FY - 82, FY - 83, TOTAL BIENNIUM. Rows include Expenditures under proposed law, Expenditures under current law, and Increased expenditures under proposed law.

Funding: Revolving Fund, No General Fund

Local Impact:

50 million out-of-state dollars entered into the Montana economy each year of the biennium generates an unknown quantity of jobs, state and federal taxes, and it gives a general boost to many Montana industries connected directly or indirectly to housing.

Long Range Effects:

- 1. State tax revenues will be increased as long as the amended statute as proposed exists and general obligation housing bonds for veterans continue to be sold.
2. Should a disaster occur and mortgagors default, the credit of the State of Montana is pledged to the bond holder.

Handwritten signature of David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-9-81