

House Bill 695

In The House

February 10, 1981	Introduced and referred to Committee on Business and Industry.
February 23, 1981	Motion to move from Committee to second reading.
February 24, 1981	Bill printed and placed on members' desks.
February 25, 1981	Second reading do not pass.
April 23, 1981	Died in Committee.

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House BILL NO. 695
Donna League Martin Ryan
Walt *McLane*

INTRODUCED BY
A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR ASSISTANCE TO FARMERS, RANCHERS, AND BUSINESSMEN ENGAGED IN AGRICULTURAL ACTIVITIES BY AUTHORIZING THE MONTANA BOARD OF HOUSING IN CONJUNCTION WITH AN AGRICULTURAL DEVELOPMENT ADVISORY COUNCIL CREATED IN THIS ACT TO ISSUE REVENUE BONDS FOR THE PURPOSE OF FINANCING ACQUISITION OF AGRICULTURAL LAND, LIVESTOCK, BUILDINGS, OR IMPROVEMENTS; APPROPRIATING FUNDING; AND AMENDING SECTIONS 90-6-102 THROUGH 90-6-104, 90-6-107 THROUGH 90-6-109, 90-6-111, AND 90-6-114, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 90-6-102, MCA, is amended to read:
"90-6-102. Legislative declaration. (1) The legislature finds and declares that there is a shortage in Montana of decent, safe, and sanitary housing which is within the financial capabilities of lower income persons and families. In order to alleviate the high cost of housing for these persons, the legislature believes that it is essential that additional public moneys be made available through the issuance of revenue bonds to assist both private enterprise and governmental agencies in meeting critical housing needs.

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(2) The legislature finds and declares that agriculture is and will continue to be the leading industry in the state, and that the long-term future of the state will be best served by promoting stable, healthy economic conditions for agriculture. Due to the continuing increases in the cost of land and equipment and the need to operate efficiently, the capital requirements for farming and ranching in the state have increased substantially, resulting in a need to make financial assistance available to farmers at lower than conventional interest rates to enable them to acquire, upgrade, and modernize their land, livestock, and equipment and increase the use of irrigation systems to reduce the risks of adverse weather conditions."

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

- (1) "Agricultural development advisory council" means the agricultural development advisory council established in [section 9].
- (2) "Agricultural land" means land suitable for use in farming and ranching and includes improvements to land, such as those making it suitable for irrigation or cultivation.
- (3) "Agricultural improvements" means any improvements, buildings, structures, irrigation, farming or

1 ranching equipment, or livestock suitable for use in farming
 2 and ranching that are located on or used in connection with
 3 agricultural land. The term "agricultural improvements"
 4 includes a single-family dwelling located on agricultural
 5 land that is or will be occupied by the purchaser and
 6 structures attached to or incidental to the use of the
 7 dwelling.

8 ~~(1)~~(4) "Board" means the board of housing created in
 9 2-15-1008.

10 ~~(2)~~(5) "Bond" means any bonds, notes, debentures,
 11 interim certificates, or other evidences of financial
 12 indebtedness issued by the board pursuant to this part.

13 ~~(3)~~(6) "Capital reserve account" means the capital
 14 reserve account provided for in 90-6-107.

15 ~~(4)~~(7) "Department" means the department of
 16 administration provided for in Title 2, chapter 15, part 10.

17 ~~(6)~~ "Federally guaranteed loan" means a mortgage loan
 18 or a secured loan for the purchase, acquisition,
 19 improvement, or rehabilitation of agricultural land or
 20 agricultural improvements insured or guaranteed by the
 21 United States or a governmental agency or instrumentality
 22 thereof or a commitment by the United States or a
 23 governmental agency or instrumentality thereof to insure or
 24 guarantee such a loan.

25 ~~(5)~~(9) "Federally insured mortgage" means a mortgage

1 loan for land development or residential housing insured or
 2 guaranteed by the United States or a governmental agency or
 3 instrumentality thereof or a commitment by the United States
 4 or a governmental agency or instrumentalities thereof to
 5 insure such a mortgage.

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

10 ~~(7)~~(11) "Governmental agency" means any department,
 11 division, public corporation, public agency, political
 12 subdivision, or other public instrumentality of the state,
 13 the federal government, any other state or public agency, or
 14 any two or more thereof.

15 ~~(8)~~(12) "Housing development" means any work or
 16 undertaking financed in whole or in part under this part for
 17 the primary purpose of acquiring, constructing, or
 18 rehabilitating dwelling accommodations for persons or
 19 families of lower income in need of housing. An undertaking
 20 may include any buildings, land, equipment, facilities, or
 21 other real or personal properties which are necessary,
 22 convenient, or desirable in connection therewith, including
 23 but not limited to streets, sewers, utilities, parks, site
 24 preparation, landscaping, and other nonhousing facilities as
 25 the board determines to be necessary, convenient, or

1 desirable.

2 ~~(9)~~(13) "Housing development costs" means the sum total
3 of all costs incurred in a housing development approved by
4 the board as reasonable and necessary, including but not
5 limited to:

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

10 (b) cost of site preparation, demolition, and
11 clearing;

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

17 (d) cost of necessary studies, surveys, plans, and
18 permits;

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

22 (f) cost of construction, rehabilitation,
23 reconstruction, fixtures, furnishings, equipment, machinery,
24 apparatus, and similar facilities related to the real
25 property;

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

4 (h) necessary expenses in connection with initial
5 occupancy of the housing development;

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

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

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

19 ~~(10)~~(14) "Housing sponsor" means individuals, joint
20 ventures, partnerships, limited partnerships, trusts, firms,
21 associations, corporations, governmental agencies,
22 limited-profit housing sponsors, nonprofit corporations, or
23 other legal entities or any combination thereof that are:

24 (a) approved by the board;

25 (b) qualified either to own, construct, acquire,

1 rehabilitate, operate, manage, or maintain a housing
2 development;

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

5 ~~(11)~~(15) "Lending institution" means any public or
6 private entity or governmental agency approved by the board
7 maintaining an office in this state and authorized by law to
8 make or participate in making residential mortgages in the
9 state.

10 ~~(12)~~(16) "Limited-profit housing sponsor" means a
11 corporation, trust, partnership, association, other entity,
12 or an individual restricted as to distribution of income and
13 regulated as to rents, charges, rate of return, and methods
14 of operation as the board determines necessary to carry out
15 this part.

16 ~~(13)~~(17) "Mortgage" means a mortgage deed, deed of
17 trust, or other instrument which shall constitute a valid
18 lien on real property in fee simple or on a leasehold under
19 a lease having a remaining term at the time the mortgage is
20 acquired, which does not expire for at least that number of
21 years beyond the maturity date of the obligation secured by
22 the mortgage established by the board as necessary to
23 protect its interest as mortgagee.

24 ~~(14)~~(18) "Mortgage loan" means an interest-bearing
25 obligation secured by a mortgage on land and improvements in

1 the state.

2 ~~(15)~~(19) "Nonprofit housing sponsor" means a housing
3 cooperative formed under Title 35, chapter 15, or a
4 nonprofit corporation formed under Title 35, chapter 2,
5 restricted as to distribution of income and regulated as to
6 rents, charges, rate of return, and methods of operation as
7 the board determines necessary, and whose articles of
8 incorporation provide in addition that:

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

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

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

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

7 ~~(16)~~(20) "Persons and families of lower income" means
8 persons and families with insufficient personal or family
9 income or other financial resources who require assistance
10 under this part, as determined by the board, taking into
11 consideration:

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

15 (b) the size of the family;

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

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

23 (e) the availability and cost of housing in particular
24 areas; and

25 (f) needs of particular persons or families due to age

1 or physical handicaps.

2 ~~(17)~~(21) "Rehabilitation" means the repair,
3 reconstruction, or improvement of an existing structure to
4 provide decent, safe, and sanitary housing or to conform
5 housing with state or local health, building, fire
6 prevention, and safety codes as determined by the board."

7 Section 3. Section 90-6-104, MCA, is amended to read:
8 "90-6-104. General powers of the board. The board may:

9 (1) sue and be sued;

10 (2) have a seal;

11 (3) adopt all procedural and substantive rules
12 necessary for the administration of this part, including
13 rules concerning its mortgage, construction, and temporary
14 lending programs;

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

18 (5) enter into agreements or other transactions with
19 any federal, state, or local governmental agency, any
20 persons, and any domestic or foreign partnership,
21 corporation, association, or organization in carrying out
22 this part;

23 (6) enter into agreements under its rules with
24 sponsors, mortgagors, or lending institutions for the
25 purpose of regulating the analysis, planning, development,

1 and management of housing developments financed in whole or
2 in part by the proceeds of its loans or securities and
3 mortgage purchase programs;

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

9 (8) accept services, appropriations, gifts, grants,
10 bequests, and devises and utilize or dispose of them in
11 carrying out this part;

12 (9) acquire real or personal property or any right,
13 interest, or easement therein by gift, purchase, transfer,
14 foreclosure, lease, or otherwise; hold, sell, assign, lease,
15 encumber, mortgage, or otherwise dispose thereof; hold,
16 sell, assign, or otherwise dispose of any mortgage or loan
17 owned by it or in its control or custody; release or
18 relinquish any right, title, claim, interest, easement, or
19 demand, however acquired, including any equity or right of
20 redemption; do any of the foregoing by public or private
21 sale, with or without public bidding; commence any action to
22 protect or enforce any right conferred upon it by any law,
23 mortgage, contract, or other agreement; bid for and purchase
24 property at any foreclosure or other sale or acquire or take
25 possession of it in lieu of foreclosure; and operate,

1 manage, lease, dispose of, and otherwise deal with such
2 property in any manner necessary or desirable to protect its
3 interests and the holders of its bonds or notes and
4 consistent with any agreement with such holders;

5 (10) service and contract and pay for the servicing of
6 loans;

7 (11) provide general technical services in the
8 analysis, planning, design, processing, construction,
9 rehabilitation, and management of housing developments for
10 persons and families of lower income where these services
11 are not otherwise available;

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

17 (13) invest any funds not required for immediate use,
18 subject to any agreements with its bondholders and
19 noteholders, as provided in Title 17, chapter 6, except all
20 investment income from funds of the board held in the
21 housing finance account less the cost for investment as
22 prescribed by law shall be deposited in the housing finance
23 account, and funds of the board held in the agricultural
24 account less the cost of investment as prescribed by law
25 shall be deposited in the agricultural account;

1 (14) sell its loans or securities to the federal
2 national mortgage association or any other agency or
3 instrumentality of the United States and invest in the
4 capital stock issued by the association or other agency or
5 instrumentality to the extent, if any, required as a
6 condition of such sale;

7 (15) consent, whenever it deems it necessary or
8 desirable in fulfilling its purposes, to the modification of
9 the rate of interest, time, and payment of any installment
10 of principal or interest, security, or any other term of any
11 contract, mortgage, mortgage loan, mortgage loan commitment,
12 construction loan, advance contract, or agreement of any
13 kind, subject to any agreement with bondholders and
14 noteholders;

15 (16) collect reasonable interest, fees, and charges in
16 connection with making and servicing its loans, notes,
17 bonds, commitments, and other evidences of indebtedness and
18 in connection with providing technical, consultative, and
19 project assistance services. Interest fees and charges shall
20 be limited to the amounts required to pay the costs of the
21 board, including operating and administrative expenses and
22 reasonable allowances for losses which may be incurred.

23 (17) procure insurance against any loss in connection
24 with its mortgages and mortgage loans and other assets or
25 property in amounts and from insurers as the board considers

1 desirable or necessary;

2 (18) act as agent for governmental agencies concerning
3 acquisition, construction, leasing, operation, or management
4 of a housing development;

5 (19) issue notes and bonds and replace lost, destroyed,
6 or mutilated notes and bonds; and

7 (20) develop special programs for housing developments
8 for veterans of the armed forces of the United States who
9 are unable to acquire safe and sanitary housing through
10 lending institutions by conventional means."

11 Section 4. Section 90-6-107, MCA, is amended to read:

12 "90-6-107. Accounts of the board. (1) There is a
13 housing finance account in the bonds proceeds and insurance
14 clearance fund provided for in 17-2-102(6). All funds from
15 the proceeds of bonds issued under this part, fees, and
16 other moneys received by the board, moneys appropriated by
17 the legislature for the use of the board in carrying out
18 this part, and moneys made available from any other source
19 for the use of the board shall be deposited in the housing
20 finance account except where otherwise provided by law and
21 except as necessary to maintain the capital reserve and
22 revolving accounts. All funds deposited in the housing
23 finance account are continuously appropriated to and may be
24 expended by the board for the housing development purposes
25 authorized in this part.

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

7 (3) There is a revolving account in the revolving fund
8 provided for in 17-2-102(7). Funds appropriated by the
9 legislature for use of the board in payment of expenses
10 incurred in carrying out this part shall be deposited in the
11 revolving account. Funds expended by the board under this
12 subsection shall be repaid by the board into the revolving
13 account from the fees and charges collected under this part
14 and from any other moneys available for such repayment in
15 accordance with this part.

16 (4) There is an agricultural finance account in the
17 bond proceeds and insurance clearance fund provided for in
18 17-2-102(6). All funds from the proceeds of bonds issued for
19 agricultural financing programs, fees, and other money
20 received by the board from any source for the use of the
21 board in carrying out its agricultural financing programs
22 must be deposited in the agricultural finance account except
23 as otherwise provided by law. All funds deposited in the
24 agricultural finance account are continuously appropriated
25 to and may be expended by the board for the agricultural

1 development purposes authorized in this part."

2 Section 5. Section 90-6-108, MCA, is amended to read:
3 "90-6-108. Financing programs of the board. (1) With
4 respect to financing housing developments under this part
5 the the board may:

6 ~~(1)(a)~~ (a) make loans to lending institutions under terms
7 and conditions adopted by the board requiring the proceeds
8 to be used by the lending institution for the making of
9 mortgage loans for housing developments in the state for
10 persons and families of lower income;

11 ~~(2)(b)~~ (b) invest in, purchase or make commitments to
12 purchase, and take assignments from lending institutions of
13 notes, mortgages, and other securities evidencing loans for
14 the construction, rehabilitation, purchase, leasing, or
15 refinancing of housing developments for persons and families
16 of lower income in this state, under terms and conditions
17 adopted by the board;

18 ~~(3)(c)~~ (c) make, undertake commitments to make, and
19 participate in the making of mortgage loans, including
20 federally insured mortgage loans, and make temporary loans
21 and advances in anticipation of permanent mortgage loans to
22 housing sponsors to finance the construction or
23 rehabilitation of housing developments designed and planned
24 for occupancy by persons and families of lower income in
25 this state, under terms and conditions adopted by the board;

1 ~~(4)(d)~~ make, undertake commitments to make, and
 2 participate in the making of loans to persons and families
 3 of lower income for housing development under terms and
 4 conditions adopted by the board, including without
 5 limitation persons and families of lower income who are
 6 eligible or potentially eligible for federally insured
 7 loans, federal mortgages, or other federal housing
 8 assistance, when the board determines that mortgage loans
 9 are not otherwise available, wholly or in part, from private
 10 lenders upon reasonably equivalent terms and conditions;

11 ~~(5)(a)~~ require that loans made to or securities issued
 12 by lending institutions shall be additionally secured as to
 13 payment of principal and interest by a pledge of and a lien
 14 upon collateral security in amounts and consisting of
 15 obligations and securities as the board determines necessary
 16 to assure prompt payment of loans and interest. Collateral
 17 may be required to be lodged with a bank or trust company
 18 designated by the board as custodian, or the board may enter
 19 into an agreement with the lending institution requiring it
 20 to identify and maintain and service the collateral and the
 21 income therefrom solely in accordance with the agreement. A
 22 copy of each agreement and any revisions or supplements
 23 thereto shall be filed with the secretary of state, and no
 24 further filing or other action under the Uniform Commercial
 25 Code or any other law shall be required to perfect the

1 security interest of the board in the collateral or in any
 2 additions or substitutions. The lien and trust is binding
 3 from the time it is made against all parties having claims
 4 of any kind in tort, contract, or otherwise against the
 5 lending institution.

6 ~~(2) With respect to financing agricultural~~
 7 ~~developments the board may:~~

8 ~~(a) make loans to lending institutions under terms and~~
 9 ~~conditions adopted by the board requiring the proceeds to be~~
 10 ~~used by the lending institution for the making of federally~~
 11 ~~guaranteed loans for agricultural land and improvements in~~
 12 ~~the state for persons residing in the state;~~

13 ~~(b) invest in, purchase or make commitments to~~
 14 ~~purchase, and take assignments from lending institutions of~~
 15 ~~notes, mortgages, security agreements, and other securities~~
 16 ~~evidencing federally guaranteed loans for the acquisition,~~
 17 ~~construction, rehabilitation, or purchase of agricultural~~
 18 ~~land and improvements in this state, under terms and~~
 19 ~~conditions adopted by the board;~~

20 ~~(c) make, undertake commitments to make, and~~
 21 ~~participate in the making of federally guaranteed loans to~~
 22 ~~persons residing in the state for agricultural land and~~
 23 ~~improvements when the board determines that loans are not~~
 24 ~~otherwise available, wholly or in part, from private lenders~~
 25 ~~upon reasonably equivalent terms and conditions."~~

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

8 ~~(2) The board may finance federally guaranteed loans
 9 for agricultural land or improvements under this part only
 10 when at least a majority of the agricultural development
 11 advisory council finds that:~~

12 ~~(a) private enterprise has not provided sufficient
 13 financing for agricultural land and improvements on terms
 14 sufficiently attractive to induce borrowers to proceed; and
 15 (b) the purchase, acquisition, improvement, or
 16 rehabilitation of the agricultural land or improvement will
 17 be in the public interest."~~

18 Section 7. Section 90-6-111, MCA, is amended to read:

19 "90-6-111. Bonds and notes. (1) The board may by
 20 resolution, from time to time, issue negotiable notes and
 21 bonds in a principal amount as the board determines
 22 necessary to provide sufficient funds for achieving any of
 23 its purposes, including the payment of interest on notes and
 24 bonds of the board, establishment of reserves to secure the
 25 notes and bonds, including the reserve funds created under

1 90-6-119, and all other expenditures of the board incident
2 to and necessary or convenient to carry out this part.

3 (2) The board may by resolution, from time to time,
4 issue notes to renew notes and bonds to pay notes, including
5 interest, and whenever it deems refunding expedient, refund
6 any bonds by the issuance of new bonds, whether the bonds to
7 be refunded have or have not matured, and issue bonds partly
8 to refund bonds outstanding and partly for any of its other
9 purposes.

10 (3) Except as otherwise expressly provided by
11 resolution of the board, every issue of its notes and bonds
12 shall be obligations of the board payable out of any
13 revenues, assets, or moneys of the board, subject only to
14 agreements with the holders of particular notes or bonds
15 pledging particular revenues, assets, or moneys.

16 (4) The notes and bonds shall be authorized by
17 resolutions of the board, shall bear a date and shall mature
18 at times as the resolutions provide. A note shall not
19 mature more than 10 years and a bond shall not mature more
20 than 50 years from the date of its issue. The bonds may be
21 issued as serial bonds payable in annual installments or as
22 term bonds or as a combination thereof. The notes and bonds
23 shall bear interest at a rate, or rates, be in
24 denominations, be in a form, either coupon or registered,
25 carry registration privileges, be executed in a manner, be

1 payable in a medium of payment, at places within or without
2 the state, and be subject to terms of redemption as provided
3 in resolutions. The notes and bonds of the board may be sold
4 at public or private sale at such prices, which may be above
5 or below par, as are determined by the board.

6 (5) The total amount of notes and bonds outstanding at
7 any one time, except notes or bonds as to which the board's
8 obligation has been satisfied and discharged by refunding or
9 for which reserve for payment or other means of payment have
10 been otherwise provided, may not exceed \$375 million ~~for~~
11 ~~financing housing programs and \$375 million for financing~~
12 ~~agricultural programs.~~ The rate of interest on bonds or
13 notes issued by the board may not exceed 9% per annum."

14 Section 6. Section 90-6-114, MCA, is amended to read:
15 "90-6-114. Personal liability. The board members,
16 ~~members of the agricultural development advisory council,~~
17 and employees of the department are not personally liable or
18 accountable by reason of the issuance of or on any bond or
19 note issued by the board."

20 NEW SECTION. Section 9. Agricultural development
21 advisory council -- allocation -- composition --
22 quasi-judicial. (1) There is an agricultural development
23 advisory council.

24 (2) The council consists of seven members appointed by
25 the governor as provided in 2-15-124. The members shall be

LC 2271/01

1 informed and experienced in ranching, farming, economics, or
2 finance. Three members of the council shall be voting
3 members of the Montana wheat research and marketing
4 committee; three members of the council shall be members of
5 the board of livestock; and the seventh member of the
6 council shall be a person otherwise qualified who is not a
7 member of either such committee or such board.

8 (3) The council shall elect a chairman and other
9 necessary officers.

10 (4) The council is designated a quasi-judicial board
11 for purposes of 2-15-124.

12 (5) The council is allocated to the department of
13 administration for administrative purposes only as provided
14 in 2-15-121.

-End-

Committee
on Business and Industry

Motion to move from
committee to 2nd reading

1
2 INTRODUCED BY *House* BILL NO. 695
3 *Clayton League* *Justin Ryan* *Scott*
Wentworth *McLane*
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
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6 AGRICULTURAL ACTIVITIES BY AUTHORIZING THE MONTANA BOARD OF
7 HOUSING IN CONJUNCTION WITH AN AGRICULTURAL DEVELOPMENT
8 ADVISORY COUNCIL CREATED IN THIS ACT TO ISSUE REVENUE BONDS
9 FOR THE PURPOSE OF FINANCING ACQUISITION OF AGRICULTURAL
10 LAND, LIVESTOCK, BUILDINGS, OR IMPROVEMENTS; APPROPRIATING
11 FUNDING; AND AMENDING SECTIONS 90-6-102 THROUGH 90-6-104,
12 90-6-107 THROUGH 90-6-109, 90-6-111, AND 90-6-114, MCA."

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20 and families. In order to alleviate the high cost of
21 housing for these persons, the legislature believes that it
22 is essential that additional public moneys be made available
23 through the issuance of revenue bonds to assist both private
24 enterprise and governmental agencies in meeting critical
25 housing needs.

1 ~~(2) The legislature finds and declares that~~
2 ~~agriculture is and will continue to be the leading industry~~
3 ~~in the state, and that the long-term future of the state~~
4 ~~will be best served by promoting stable, healthy economic~~
5 ~~conditions for agriculture. Due to the continuing increases~~
6 ~~in the cost of land and equipment and the need to operate~~
7 ~~efficiently, the capital requirements for farming and~~
8 ~~ranching in the state have increased substantially,~~
9 ~~resulting in a need to make financial assistance available~~
10 ~~to farmers at lower than conventional interest rates to~~
11 ~~enable them to acquire, upgrade, and modernize their land,~~
12 ~~livestock, and equipment and increase the use of irrigation~~
13 ~~systems to reduce the risks of adverse weather conditions."~~

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

18 (1) "Agricultural development advisory council" means
19 the agricultural development advisory council established in
20 [section 9].

21 (2) "Agricultural land" means land suitable for use in
22 farming and ranching and includes improvements to land, such
23 as those making it suitable for irrigation or cultivation.

24 (3) "Agricultural improvements" means any
25 improvements, buildings, structures, irrigation, farming or

1 ranching equipment, or livestock suitable for use in farming
 2 and ranching that are located on or used in connection with
 3 agricultural land. The term "agricultural improvements"
 4 includes a single-family dwelling located on agricultural
 5 land that is or will be occupied by the purchaser and
 6 structures attached to or incidental to the use of the
 7 dwelling.

8 ~~(1)~~(4) "Board" means the board of housing created in
 9 2-15-1008.

10 ~~(2)~~(5) "Bond" means any bonds, notes, debentures,
 11 interim certificates, or other evidences of financial
 12 indebtedness issued by the board pursuant to this part.

13 ~~(3)~~(6) "Capital reserve account" means the capital
 14 reserve account provided for in 90-6-107.

15 ~~(4)~~(7) "Department" means the department of
 16 administration provided for in Title 2, chapter 15, part 10.

17 (8) "Federally guaranteed loan" means a mortgage loan
 18 or a secured loan for the purchase, acquisition,
 19 improvement, or rehabilitation of agricultural land or
 20 agricultural improvements insured or guaranteed by the
 21 United States or a governmental agency or instrumentality
 22 thereof or a commitment by the United States or a
 23 governmental agency or instrumentality thereof to insure or
 24 guarantee such a loan.

25 ~~(5)~~(9) "Federally insured mortgage" means a mortgage

1 loan for land development or residential housing insured or
 2 guaranteed by the United States or a governmental agency or
 3 instrumentality thereof or a commitment by the United States
 4 or a governmental agency or instrumentalities thereof to
 5 insure such a mortgage.

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

10 ~~(7)~~(11) "Governmental agency" means any department,
 11 division, public corporation, public agency, political
 12 subdivision, or other public instrumentality of the state,
 13 the federal government, any other state or public agency, or
 14 any two or more thereof.

15 ~~(8)~~(12) "Housing development" means any work or
 16 undertaking financed in whole or in part under this part for
 17 the primary purpose of acquiring, constructing, or
 18 rehabilitating dwelling accommodations for persons or
 19 families of lower income in need of housing. An undertaking
 20 may include any buildings, land, equipment, facilities, or
 21 other real or personal properties which are necessary,
 22 convenient, or desirable in connection therewith, including
 23 but not limited to streets, sewers, utilities, parks, site
 24 preparation, landscaping, and other nonhousing facilities as
 25 the board determines to be necessary, convenient, or

1 desirable.

2 ~~(9)~~(13) "Housing development costs" means the sum total
3 of all costs incurred in a housing development approved by
4 the board as reasonable and necessary, including but not
5 limited to:

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

10 (b) cost of site preparation, demolition, and
11 clearing;

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

17 (d) cost of necessary studies, surveys, plans, and
18 permits;

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

22 (f) cost of construction, rehabilitation,
23 reconstruction, fixtures, furnishings, equipment, machinery,
24 apparatus, and similar facilities related to the real
25 property;

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

4 (h) necessary expenses in connection with initial
5 occupancy of the housing development;

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

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

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

19 ~~(10)~~(14) "Housing sponsor" means individuals, joint
20 ventures, partnerships, limited partnerships, trusts, firms,
21 associations, corporations, governmental agencies,
22 limited-profit housing sponsors, nonprofit corporations, or
23 other legal entities or any combination thereof that are:

24 (a) approved by the board;

25 (b) qualified either to own, construct, acquire,

1 rehabilitate, operate, manage, or maintain a housing
2 development;

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

5 ~~(11)~~(15) "Lending institution" means any public or
6 private entity or governmental agency approved by the board
7 maintaining an office in this state and authorized by law to
8 make or participate in making residential mortgages in the
9 state.

10 ~~(12)~~(16) "Limited-profit housing sponsor" means a
11 corporation, trust, partnership, association, other entity,
12 or an individual restricted as to distribution of income and
13 regulated as to rents, charges, rate of return, and methods
14 of operation as the board determines necessary to carry out
15 this part.

16 ~~(13)~~(17) "Mortgage" means a mortgage deed, deed of
17 trust, or other instrument which shall constitute a valid
18 lien on real property in fee simple or on a leasehold under
19 a lease having a remaining term at the time the mortgage is
20 acquired, which does not expire for at least that number of
21 years beyond the maturity date of the obligation secured by
22 the mortgage established by the board as necessary to
23 protect its interest as mortgagee.

24 ~~(14)~~(18) "Mortgage loan" means an interest-bearing
25 obligation secured by a mortgage on land and improvements in

1 the state.

2 ~~(15)~~(19) "Nonprofit housing sponsor" means a housing
3 cooperative formed under Title 35, chapter 15, or a
4 nonprofit corporation formed under Title 35, chapter 2,
5 restricted as to distribution of income and regulated as to
6 rents, charges, rate of return, and methods of operation as
7 the board determines necessary, and whose articles of
8 incorporation provide in addition that:

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

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

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

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

7 ~~(16)~~(20) "Persons and families of lower income" means
8 persons and families with insufficient personal or family
9 income or other financial resources who require assistance
10 under this part, as determined by the board, taking into
11 consideration:

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

15 (b) the size of the family;

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

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

23 (e) the availability and cost of housing in particular
24 areas; and

25 (f) needs of particular persons or families due to age

1 or physical handicaps.

2 ~~(17)~~(21) "Rehabilitation" means the repair,
3 reconstruction, or improvement of an existing structure to
4 provide decent, safe, and sanitary housing or to conform
5 housing with state or local health, building, fire
6 prevention, and safety codes as determined by the board."

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

8 "90-6-104. General powers of the board. The board may:

9 (1) sue and be sued;

10 (2) have a seal;

11 (3) adopt all procedural and substantive rules
12 necessary for the administration of this part, including
13 rules concerning its mortgage, construction, and temporary
14 lending programs;

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

18 (5) enter into agreements or other transactions with
19 any federal, state, or local governmental agency, any
20 persons, and any domestic or foreign partnership,
21 corporation, association, or organization in carrying out
22 this part;

23 (6) enter into agreements under its rules with
24 sponsors, mortgagors, or lending institutions for the
25 purpose of regulating the analysis, planning, development,

1 and management of housing developments financed in whole or
2 in part by the proceeds of its loans or securities and
3 mortgage purchase programs;

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

9 (8) accept services, appropriations, gifts, grants,
10 bequests, and devises and utilize or dispose of them in
11 carrying out this part;

12 (9) acquire real or personal property or any right,
13 interest, or easement therein by gift, purchase, transfer,
14 foreclosure, lease, or otherwise; hold, sell, assign, lease,
15 encumber, mortgage, or otherwise dispose thereof; hold,
16 sell, assign, or otherwise dispose of any mortgage or loan
17 owned by it or in its control or custody; release or
18 relinquish any right, title, claim, interest, easement, or
19 demand, however acquired, including any equity or right of
20 redemption; do any of the foregoing by public or private
21 sale, with or without public bidding; commence any action to
22 protect or enforce any right conferred upon it by any law,
23 mortgage, contract, or other agreement; bid for and purchase
24 property at any foreclosure or other sale or acquire or take
25 possession of it in lieu of foreclosure; and operate,

1 manage, lease, dispose of, and otherwise deal with such
2 property in any manner necessary or desirable to protect its
3 interests and the holders of its bonds or notes and
4 consistent with any agreement with such holders;

5 (10) service and contract and pay for the servicing of
6 loans;

7 (11) provide general technical services in the
8 analysis, planning, design, processing, construction,
9 rehabilitation, and management of housing developments for
10 persons and families of lower income where these services
11 are not otherwise available;

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

17 (13) invest any funds not required for immediate use,
18 subject to any agreements with its bondholders and
19 noteholders, as provided in Title 17, chapter 6, except all
20 investment income from funds of the board held in the
21 housing finance account less the cost for investment as
22 prescribed by law shall be deposited in the housing finance
23 account, and funds of the board held in the agricultural
24 account less the cost of investment as prescribed by law
25 shall be deposited in the agricultural account;

1 (14) sell its loans or securities to the federal
2 national mortgage association or any other agency or
3 instrumentality of the United States and invest in the
4 capital stock issued by the association or other agency or
5 instrumentality to the extent, if any, required as a
6 condition of such sale;

7 (15) consent, whenever it deems it necessary or
8 desirable in fulfilling its purposes, to the modification of
9 the rate of interest, time, and payment of any installment
10 of principal or interest, security, or any other term of any
11 contract, mortgage, mortgage loan, mortgage loan commitment,
12 construction loan, advance contract, or agreement of any
13 kind, subject to any agreement with bondholders and
14 noteholders;

15 (16) collect reasonable interest, fees, and charges in
16 connection with making and servicing its loans, notes,
17 bonds, commitments, and other evidences of indebtedness and
18 in connection with providing technical, consultative, and
19 project assistance services. Interest fees and charges shall
20 be limited to the amounts required to pay the costs of the
21 board, including operating and administrative expenses and
22 reasonable allowances for losses which may be incurred.

23 (17) procure insurance against any loss in connection
24 with its mortgages and mortgage loans and other assets or
25 property in amounts and from insurers as the board considers

1 desirable or necessary;

2 (18) act as agent for governmental agencies concerning
3 acquisition, construction, leasing, operation, or management
4 of a housing development;

5 (19) issue notes and bonds and replace lost, destroyed,
6 or mutilated notes and bonds; and

7 (20) develop special programs for housing developments
8 for veterans of the armed forces of the United States who
9 are unable to acquire safe and sanitary housing through
10 lending institutions by conventional means."

11 Section 4. Section 90-6-107, MCA, is amended to read:

12 "90-6-107. Accounts of the board. (1) There is a
13 housing finance account in the bonds proceeds and insurance
14 clearance fund provided for in 17-2-102(6). All funds from
15 the proceeds of bonds issued under this part, fees, and
16 other moneys received by the board, moneys appropriated by
17 the legislature for the use of the board in carrying out
18 this part, and moneys made available from any other source
19 for the use of the board shall be deposited in the housing
20 finance account except where otherwise provided by law and
21 except as necessary to maintain the capital reserve and
22 revolving accounts. All funds deposited in the housing
23 finance account are continuously appropriated to and may be
24 expended by the board for the housing development purposes
25 authorized in this part.

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

7 (3) There is a revolving account in the revolving fund
8 provided for in 17-2-102(7). Funds appropriated by the
9 legislature for use of the board in payment of expenses
10 incurred in carrying out this part shall be deposited in the
11 revolving account. Funds expended by the board under this
12 subsection shall be repaid by the board into the revolving
13 account from the fees and charges collected under this part
14 and from any other moneys available for such repayment in
15 accordance with this part.

16 ~~(4) There is an agricultural finance account in the~~
17 ~~bond proceeds and insurance clearance fund provided for in~~
18 ~~17-2-102(6). All funds from the proceeds of bonds issued for~~
19 ~~agricultural financing programs, fees, and other money~~
20 ~~received by the board from any source for the use of the~~
21 ~~board in carrying out its agricultural financing programs~~
22 ~~must be deposited in the agricultural finance account except~~
23 ~~as otherwise provided by law. All funds deposited in the~~
24 ~~agricultural finance account are continuously appropriated~~
25 ~~to and may be expended by the board for the agricultural~~

1 ~~development purposes authorized in this part."~~

2 Section 5. Section 90-6-108, MCA, is amended to read:
3 "90-6-108. Financing programs of the board. ~~(1) With~~
4 ~~respect to financing housing developments under this part~~
5 ~~the~~ The board may:

6 ~~(1)(a)~~ make loans to lending institutions under terms
7 and conditions adopted by the board requiring the proceeds
8 to be used by the lending institution for the making of
9 mortgage loans for housing developments in the state for
10 persons and families of lower income;

11 ~~(2)(b)~~ invest in, purchase or make commitments to
12 purchase, and take assignments from lending institutions of
13 notes, mortgages, and other securities evidencing loans for
14 the construction, rehabilitation, purchase, leasing, or
15 refinancing of housing developments for persons and families
16 of lower income in this state, under terms and conditions
17 adopted by the board;

18 ~~(3)(c)~~ make, undertake commitments to make, and
19 participate in the making of mortgage loans, including
20 federally insured mortgage loans, and make temporary loans
21 and advances in anticipation of permanent mortgage loans to
22 housing sponsors to finance the construction or
23 rehabilitation of housing developments designed and planned
24 for occupancy by persons and families of lower income in
25 this state, under terms and conditions adopted by the board;

1 ~~(4)~~(d) make, undertake commitments to make, and
 2 participate in the making of loans to persons and families
 3 of lower income for housing development under terms and
 4 conditions adopted by the board, including without
 5 limitation persons and families of lower income who are
 6 eligible or potentially eligible for federally insured
 7 loans, federal mortgages, or other federal housing
 8 assistance, when the board determines that mortgage loans
 9 are not otherwise available, wholly or in part, from private
 10 lenders upon reasonably equivalent terms and conditions;

11 ~~(5)~~(e) require that loans made to or securities issued
 12 by lending institutions shall be additionally secured as to
 13 payment of principal and interest by a pledge of and a lien
 14 upon collateral security in amounts and consisting of
 15 obligations and securities as the board determines necessary
 16 to assure prompt payment of loans and interest. Collateral
 17 may be required to be lodged with a bank or trust company
 18 designated by the board as custodian, or the board may enter
 19 into an agreement with the lending institution requiring it
 20 to identify and maintain and service the collateral and the
 21 income therefrom solely in accordance with the agreement. A
 22 copy of each agreement and any revisions or supplements
 23 thereto shall be filed with the secretary of state, and no
 24 further filing or other action under the Uniform Commercial
 25 Code or any other law shall be required to perfect the

1 security interest of the board in the collateral or in any
 2 additions or substitutions. The lien and trust is binding
 3 from the time it is made against all parties having claims
 4 of any kind in tort, contract, or otherwise against the
 5 lending institution.

6 ~~(2) With respect to financing agricultural~~
 7 ~~developments the board may:~~

8 ~~(a) make loans to lending institutions under terms and~~
 9 ~~conditions adopted by the board requiring the proceeds to be~~
 10 ~~used by the lending institution for the making of federally~~
 11 ~~guaranteed loans for agricultural land and improvements in~~
 12 ~~the state for persons residing in the state;~~

13 ~~(b) invest in, purchase or make commitments to~~
 14 ~~purchase, and take assignments from lending institutions of~~
 15 ~~notes, mortgages, security agreements, and other securities~~
 16 ~~evidencing federally guaranteed loans for the acquisition,~~
 17 ~~construction, rehabilitation, or purchase of agricultural~~
 18 ~~land and improvements in this state, under terms and~~
 19 ~~conditions adopted by the board;~~

20 ~~(c) make, undertake commitments to make, and~~
 21 ~~participate in the making of federally guaranteed loans to~~
 22 ~~persons residing in the state for agricultural land and~~
 23 ~~improvements when the board determines that loans are not~~
 24 ~~otherwise available, wholly or in part, from private lenders~~
 25 ~~upon reasonably equivalent terms and conditions."~~

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

8 ~~(2) The board may finance federally guaranteed loans
9 for agricultural land or improvements under this part only
10 when at least a majority of the agricultural development
11 advisory council finds that:~~

12 ~~(a) private enterprise has not provided sufficient
13 financing for agricultural land and improvements on terms
14 sufficiently attractive to induce borrowers to proceed; and~~

15 ~~(b) the purchase, acquisition, improvement, or
16 rehabilitation of the agricultural land or improvement will
17 be in the public interest."~~

18 Section 7. Section 90-6-111, MCA, is amended to read:

19 "90-6-111. Bonds and notes. (1) The board may by
20 resolution, from time to time, issue negotiable notes and
21 bonds in a principal amount as the board determines
22 necessary to provide sufficient funds for achieving any of
23 its purposes, including the payment of interest on notes and
24 bonds of the board, establishment of reserves to secure the
25 notes and bonds, including the reserve funds created under

1 90-6-119, and all other expenditures of the board incident
2 to and necessary or convenient to carry out this part.

3 (2) The board may by resolution, from time to time,
4 issue notes to renew notes and bonds to pay notes, including
5 interest, and whenever it deems refunding expedient, refund
6 any bonds by the issuance of new bonds, whether the bonds to
7 be refunded have or have not matured, and issue bonds partly
8 to refund bonds outstanding and partly for any of its other
9 purposes.

10 (3) Except as otherwise expressly provided by
11 resolution of the board, every issue of its notes and bonds
12 shall be obligations of the board payable out of any
13 revenues, assets, or moneys of the board, subject only to
14 agreements with the holders of particular notes or bonds
15 pledging particular revenues, assets, or moneys.

16 (4) The notes and bonds shall be authorized by
17 resolutions of the board, shall bear a date and shall mature
18 at times as the resolutions provide. A note shall not
19 mature more than 10 years and a bond shall not mature more
20 than 50 years from the date of its issue. The bonds may be
21 issued as serial bonds payable in annual installments or as
22 term bonds or as a combination thereof. The notes and bonds
23 shall bear interest at a rate, or rates, be in
24 denominations, be in a form, either coupon or registered,
25 carry registration privileges, be executed in a manner, be

1 payable in a medium of payment, at places within or without
2 the state, and be subject to terms of redemption as provided
3 in resolutions. The notes and bonds of the board may be sold
4 at public or private sale at such prices, which may be above
5 or below par, as are determined by the board.

6 (5) The total amount of notes and bonds outstanding at
7 any one time, except notes or bonds as to which the board's
8 obligation has been satisfied and discharged by refunding or
9 for which reserve for payment or other means of payment have
10 been otherwise provided, may not exceed \$375 million ~~for~~
11 ~~financing housing programs and \$375 million for financing~~
12 ~~agricultural programs.~~ The rate of interest on bonds or
13 notes issued by the board may not exceed 9% per annum."

14 Section 6. Section 90-6-114, MCA, is amended to read:
15 "90-6-114. Personal liability. The board members,
16 ~~members of the agricultural development advisory council,~~
17 and employees of the department are not personally liable or
18 accountable by reason of the issuance of or on any bond or
19 note issued by the board."

20 NEW SECTION. Section 9. Agricultural development
21 advisory council -- allocation -- composition --
22 quasi-judicial. (1) There is an agricultural development
23 advisory council.

24 (2) The council consists of seven members appointed by
25 the governor as provided in 2-15-124. The members shall be

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1 informed and experienced in ranching, farming, economics, or
2 finance. Three members of the council shall be voting
3 members of the Montana wheat research and marketing
4 committee; three members of the council shall be members of
5 the board of livestock; and the seventh member of the
6 council shall be a person otherwise qualified who is not a
7 member of either such committee or such board.

8 (3) The council shall elect a chairman and other
9 necessary officers.

10 (4) The council is designated a quasi-judicial board
11 for purposes of 2-15-124.

12 (5) The council is allocated to the department of
13 administration for administrative purposes only as provided
14 in 2-15-121.

-End-