

SENATE BILL NO. 239

INTRODUCED BY LYBECK, RAMIREZ

IN THE SENATE

January 24, 1985	Introduced and referred to Committee on Business and Industry.
February 8, 1985	Committee recommend bill do pass. Report adopted.
February 9, 1985	Bill printed and placed on members' desks.
February 11, 1985	Second reading, do pass.
February 12, 1985	Considered correctly engrossed.
February 13, 1985	Third reading, passed. Ayes, 50; Noes, 0.
	Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Business and Labor.
March 22, 1985	Committee recommend bill be concurred in. Report adopted.
March 23, 1985	Second reading, concurred in.
March 26, 1985	Third reading, concurred in. Returned to Senate.

IN THE SENATE

March 26, 1985

Received from House.

March 27, 1985

Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *239*  
 2 INTRODUCED BY *Lyle B. Jamney*  
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 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAW ON  
 5 FUTURE ADVANCES UNDER A MORTGAGE; AUTHORIZING THE USE OF  
 6 MORTGAGES TO SECURE A LINE OF CREDIT WITH VARYING BALANCES;  
 7 AMENDING SECTION 71-1-206, MCA."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 71-1-206, MCA, is amended to read:

11 "71-1-206. Future advances. (1) The ~~total~~ amount of  
 12 all future advances contemplated or total indebtedness that  
 13 may be outstanding at any given time and to--be subject to  
 14 mortgage protection must be stated in the mortgage;  
 15 ~~provided-the~~ The mortgagee may reserve the right, at the  
 16 mortgagee's option, to refuse to make all or any part  
 17 thereof of a future advance. The total amount of  
 18 indebtedness that may be secured by the mortgage may  
 19 decrease or increase from time to time, but the total  
 20 principal amount of the obligations secured at any one time  
 21 may not exceed the face amount stated in the mortgage  
 22 together with interest as provided in the instrument secured  
 23 by the mortgage.

24 (2) The lien for ~~said~~ the stated amount of ~~said~~ future  
 25 advances or total indebtedness shall, notwithstanding the

1 fact that from time to time during the term of the mortgage  
 2 no indebtedness is due from the mortgagor to the mortgagee,  
 3 have priority to the same extent as if the amount thereof  
 4 had been actually advanced by the mortgagee to the mortgagor  
 5 at the time of the execution of the mortgage. The lien  
 6 extends to interest as provided in the instrument secured by  
 7 the mortgage.

8 (3) The mortgagee shall, upon demand of the mortgagor  
 9 or a creditor, furnish a statement of all such advances and  
 10 amounts paid on the principal sum secured, provided such  
 11 statement shall not impair or affect the lien created for  
 12 all advances. Upon receipt of such statement or at any other  
 13 time following the execution and delivery of the mortgage,  
 14 the mortgagor may deliver written notice, duly acknowledged,  
 15 to the mortgagee plainly stating that the mortgagor does not  
 16 desire to request or apply for any future advances if none  
 17 have been allowed or for any further advances if additional  
 18 advances have in fact been theretofore allowed under the  
 19 mortgage, clearly identifying the mortgage by reference to  
 20 its date, the parties thereto, and the principal amount of  
 21 the original indebtedness and the limit placed on  
 22 contemplated future advances, if allowed. Upon the recording  
 23 of such written notice by the mortgagor in the county and  
 24 counties where the mortgage is recorded, the lien of the  
 25 mortgage shall continue to have priority, but only for the



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 INTRODUCED BILL  
 SB 239

1 aggregate amount of the indebtedness then existing,  
2 including any advances theretofore made, interest due, and  
3 other charges as evidenced by the original loan-contract and  
4 indebtedness thereafter accumulating on such basis,  
5 exclusive of any other future advances originally  
6 contemplated. The mortgagor retains the right to demand  
7 satisfaction of the mortgage at any time the balance is  
8 zero."

9 NEW SECTION. Section 2. Saving clause. This act does  
10 not affect rights and duties that matured, penalties that  
11 were incurred, or proceedings that were begun before the  
12 effective date of this act.

-End-

APPROVED BY COMM. ON BUSINESS & INDUSTRY

*Senate* BILL NO. 239

INTRODUCED BY *Lyle B. Yarnway*

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20 principal amount of the obligations secured at any one time  
21 may not exceed the face amount stated in the mortgage  
22 together with interest as provided in the instrument secured  
23 by the mortgage.

24 (2) The lien for said the stated amount of said future  
25 advances or total indebtedness shall, notwithstanding the

1 fact that from time to time during the term of the mortgage  
2 no indebtedness is due from the mortgagor to the mortgagee,  
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20 its date, the parties thereto, and the principal amount of  
21 the original indebtedness and the limit placed on  
22 contemplated future advances, if allowed. Upon the recording  
23 of such written notice by the mortgagor in the county and  
24 counties where the mortgage is recorded, the lien of the  
25 mortgage shall continue to have priority, but only for the



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1 aggregate amount of the indebtedness then existing,  
2 including any advances theretofore made, interest due, and  
3 other charges as evidenced by the original loan-contract and  
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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 71-1-206, MCA, is amended to read:

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(2) The lien for said the stated amount of said future advances or total indebtedness shall, notwithstanding the

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(3) The mortgagee shall, upon demand of the mortgagor or a creditor, furnish a statement of all such advances and amounts paid on the principal sum secured, provided such statement shall not impair or affect the lien created for all advances. Upon receipt of such statement or at any other time following the execution and delivery of the mortgage, the mortgagor may deliver written notice, duly acknowledged, to the mortgagee plainly stating that the mortgagor does not desire to request or apply for any future advances if none have been allowed or for any further advances if additional advances have in fact been theretofore allowed under the mortgage, clearly identifying the mortgage by reference to its date, the parties thereto, and the principal amount of the original indebtedness and the limit placed on contemplated future advances, if allowed. Upon the recording of such written notice by the mortgagor in the county and counties where the mortgage is recorded, the lien of the mortgage shall continue to have priority, but only for the



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REFERENCE BILL

SB 239



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