

*House* BILL NO. *402*  
*Holland*

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INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE CONSERVATION PRACTICE LOAN PROGRAM LAWS; AMENDING SECTIONS 76-15-524, 76-15-542, 76-15-546, AND 76-15-547, MCA; PROVIDING A RETROACTIVE APPLICABILITY DATE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 76-15-524, MCA, is amended to read:

**"76-15-524. Receipt and crediting of district funds -- responsibility on bond.** The treasurer of the principal county shall receive and receipt for all county tax money of the district and for ~~all loan repayments and administrative fees or charges~~ conservation practice loan repayments, including principal, interest, if any, administrative fees or charges for loans, and interest paid and collected on deposits or investments under a conservation practice loan program and place the same to the credit of the district. ~~He~~ The treasurer is responsible ~~on his~~ for the official bond and for ~~the~~ its safekeeping and disbursement, in the manner provided in this part and part 6, of the money of the district held by ~~him~~ the treasurer."

**Section 2.** Section 76-15-542, MCA, is amended to read:

**"76-15-542. Conservation practice loan account.** (1) The supervisors of a district may allocate a portion of the regular assessment for each fiscal year to a segregated and separate conservation practice loan account within the treasury of the principal county for the purpose of providing funds for conservation practice loans.

(2) Conservation practice loan repayments, including principal, ~~and~~ interest, if any, and administrative fees or charges for loans must be deposited in the conservation practice loan account. Interest earned from deposits or investment of funds must be credited to the conservation practice loan account unless the district directs the county treasurer to deposit the interest earned into the conservation district general operating account.

(3) The funds in the conservation practice loan account may be used for conservation practice loans and for the administrative expenses of a conservation practice loan program. Interest paid and



1 collected on the deposits or investments of a conservation practice loan account may be used for the  
 2 general operations of a conservation district."

3

4 **Section 3.** Section 76-15-546, MCA, is amended to read:

5 **"76-15-546. Terms and conditions of loan.** A conservation practice loan is subject to the following  
 6 terms and conditions:

7 (1) The district shall obtain ~~such a~~ security interest in real estate ~~as that~~ would be obtained by a  
 8 reasonable, careful, and prudent lender.

9 (2) The term of the loan may not be greater than the life of the project, and ~~in no case~~ may not  
 10 ~~it~~ exceed 30 years.

11 (3) A current appraisal of real estate offered as security and a commitment for title insurance on  
 12 that land must be secured by the borrower at ~~his~~ the borrower's expense. All costs incident to the loan and  
 13 loan closing, ~~other than administrative costs of the district,~~ must be paid by the borrower.

14 (4) A conservation practice must be completed according to United States ~~set~~ natural resources  
 15 conservation service standards and specifications, if applicable."

16

17 **Section 4.** Section 76-15-547, MCA, is amended to read:

18 **"76-15-547. Rules for loan program.** The district shall adopt rules ~~in accordance with the Montana~~  
 19 ~~Administrative Procedure Act:~~

20 (1) prescribing the form and content of applications for loans and plans for the resource  
 21 conservation practice;

22 (2) governing the application of the criteria and preferences for awarding loans;

23 (3) providing for the servicing of loans, including arrangements for obtaining security interests and  
 24 the establishment of reasonable fees or charges;

25 (4) providing for the confidentiality of financial statements submitted;

26 (5) prescribing the conditions for making loans;

27 (6) establishing the interest rate, if any, for the loans; and

28 (7) determining the type and amount of security interest in real estate that will be accepted and  
 29 any conditions to be made upon the security interest."

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1            NEW SECTION. **Section 5. Retroactive applicability.** [This act] applies retroactively, within the  
2 meaning of 1-2-109, to all loans issued before [the effective date of this act] and to all funds that are on  
3 deposit in a conservation practice loan account.

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5            NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.

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Section 2. Section 76-15-542, MCA, is amended to read:

"76-15-542. Conservation practice loan account. (1) The supervisors of a district may allocate a portion of the regular assessment for each fiscal year to a segregated and separate conservation practice loan account within the treasury of the principal county for the purpose of providing funds for conservation practice loans.

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1 collected on the deposits or investments of a conservation practice loan account may be used for the  
 2 general operations of a conservation district."

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4 **Section 3.** Section 76-15-546, MCA, is amended to read:

5 **"76-15-546. Terms and conditions of loan.** A conservation practice loan is subject to the following  
 6 terms and conditions:

7 (1) The district shall obtain ~~such a~~ security interest in real estate ~~as~~ that would be obtained by a  
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 12 that land must be secured by the borrower at ~~his~~ the borrower's expense. All costs incident to the loan and  
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17 **Section 4.** Section 76-15-547, MCA, is amended to read:

18 **"76-15-547. Rules for loan program.** The district shall adopt rules ~~in accordance with the Montana~~  
 19 ~~Administrative Procedure Act:~~

20 (1) prescribing the form and content of applications for loans and plans for the resource  
 21 conservation practice;

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5 **"76-15-546. Terms and conditions of loan.** A conservation practice loan is subject to the following  
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## HOUSE BILL NO. 402

INTRODUCED BY HOLLAND

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