

Rosebud Conservation District Loan Program History

August 1982- December 2005

Summary

The Rosebud Conservation District no-interest loan program was created in 1982, after three years of organization. The program was created in order to encourage people to install conservation practices and to utilize the money that was available to the district.

Originally, the board wanted to have a cost-share program. This meant the District would give a certain amount of money to the producer for his plan, which would not have to be paid back. However, the board soon decided to establish a no-interest loan program instead.

A great deal of time and hard work went into making the RCD loan program a reality. The District spoke with the various lending agencies in the area to make sure none of them had any objections to the proposed loan program. They also spoke with Montana Power, since the company was the major taxpayer in the county and the program would be funded by taxpayer money. The board spoke with the County Commissioners, as well, to discuss using the District's maximum allowed mill levy of 1.5%. These meetings were not mandatory, but were done out of consideration since the board wanted to be sure before the program started that no one had any problems with it. Everyone the board met with was comfortable with the program, so the board raised the mill levy to 1.5%. As soon as the starting balance of \$500,000 was reached, the District lowered the mill levy back to its previous level.

The most important and difficult step in the formation of the loan program was amending a Conservation District law to allow districts to have loan programs. The law then had to be passed by the State Legislature before the loan program could be enacted.

All of the hard work has been worth it, though. The program has been very successful, with a total of \$2,003,050 having been loaned out over the years.

Rosebud Conservation District feels that the best thing about the program is that it puts a lot of responsible conservation on the ground. A great deal of water has been conserved through the implementation of more efficient irrigation systems, while stockwater developments have allowed for better grazing practices on ranches. These practices and many others will continue to be beneficial for many years to come.

A Detailed History of the RCD Loan Program

8/25/1982 The board discussed the cost-share program which they plan to institute October 1, 1982. After a lengthy discussion, the board unanimously decided to add the following statement in the Cost-Share Policy: "The District reserves the right to make any and all program interpretations or changes." It was also decided to divide 60% of the total annual allocation equally between the first two priorities, and 40% equally between the next three priorities.

9/22/1982 A no-interest loan program was considered to replace the cost-share program which the board plans to institute October 1, 1982. The board felt that loans, for conservation practices applied, would benefit more landowners as it would perpetuate its own fund as payments are made. However, because of the complexities in starting such a program, it was decided to go with the cost-share program at this time. The board decided to drop the cost-share for noxious weed control program because it was not feasible at that time. If, at a later date, such a program could be drafted, the board will consider it.

10/27/1982 The board unanimously agreed to change the cost-share program to the

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no-interest loan program. The program will be effective January 1, so that taxes due in November could be added to the county cash fund. Dennis Loreth, District Conservationist, and Jeanne LaBree, District Administrator, will be meeting with Ray Beck, DNRC and Jack Thomas, and any questions will be answered at that time. The board felt that, for the first year, the maximum loan would be \$10,000 with a five year pay back and one year default on any amount up to the \$10,000. The program should be ready for board approval at the November meeting.

- 11/24/1982** The District's loan program was discussed. Questions concerning the program were sent to Ray Beck, DNRC, and he forwarded them to Don MacIntyre, Chief Legal Counsel. The proposed list of guidelines for the loan program was reviewed and several changes were made. Also, a question was raised as to which tract of land would be mortgaged, i.e., would the decision be the landowner's or the district's. It was decided that in case of default the contract would stipulate that the borrower must provide access to the mortgaged tract of land, in which case, the borrower would decide which tract would be mortgaged. The board also added the following to the guidelines: "The maximum loan shall not exceed the cost of the project(s), less any cost share assistance, and, under no circumstances, shall the loan exceed \$10,000."
- 12/21/1982** Minor changes were made in the loan program guidelines and application. Copies were sent to Ray Beck, DNRC, and Jack Thomas for their comment. There were four tentative applications.
- 1/26/1983** Jack Thomas sent a revised set of guidelines-adding a few and changing the wording on some. He also included a security information sheet. One of the additions to the guidelines was the need for a financial statement from the borrower. Board member Joe Nansel made a motion to adopt the guidelines and security information sheet. Tom Wimer seconded and the motion carried. Jack Thomas stopped in the office and went through the procedure of closing a loan with Jeanne Labree. He suggested that the board consider not approving a loan where the land is under contract for deed. The board decided they would approve such a loan as there are many farmers and ranchers buying land in this way. The board has received requests for information on the no-interest loan program from Colorado State Soil Conservation Board and Adams County Conservation District in Pennsylvania. Also, there were nine requests for applications (approximately \$70,000).
- 2/17/1983** The board received a letter from Ray Beck with enclosed legal opinion from Don MacIntyre on the loan program. Also enclosed was a request to the Attorney General for an opinion. Legal counsel states "At the outset, it should be understood that it is questionable whether conservation districts have the power of authority to set up such loan programs"... The Board of Supervisors decided to prioritize applications after getting the opinion of the Attorney General. A copy of the legal opinion from Don MacIntyre will be sent to each supervisor with minutes from the February 17, 1983 board meeting.
- 3/24/1983** Application forms, security information sheets, and guidelines will be sent with a letter of tentative approval to nine groups and/or individuals.
- 4/20/1983** Mortgage and installment note forms from the State Publishing Co. The guidelines were

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discussed- increasing loan and allowing loans on 3rd mortgages. After some discussion, Joe Nansel made a motion to increase the loans to \$20,000 and allow loans on a third mortgage with written consent from the first and second mortgage holders. Loans will be secured by real estate mortgages on all, or a portion of, land owned by the borrower on first and second mortgages and all land on third mortgages. Minimum security shall be: Equity in property equal value to the loan on first mortgages; Equity in property of one and one-half times the loan on second mortgages, and; Equity in property twice the amount of the loan on third mortgages. The board decided that projects with lesser priorities will be accepted if funds are available. Ray Beck asked the board to have someone attend the Northern Plains Regional Meeting in Great Falls on June 12-14 to discuss the loan program. Dennis Kenney, board chairman, and Dennis Loreth, District Conservationist, agreed to attend.

- 5/27/1983** The Commitment for Title Insurance was discussed. Jack Thomas suggested that it be “up to date”, with proposed insurer being the Rosebud Conservation District. Jack will send a copy of the financial sheet and conveyance of contract forms which the district will need. These will be changed to the district’s needs.
- 6/29/1983** Dennis Loreth accompanied Dennis Kenney and Jeanne LaBree to a meeting with the commissioners on June 28, to discuss the loan account and budget. After reviewing the budget, the commissioners agreed with the district’s request.
- 10/26/1983** The district priorities under the loan guidelines, and the Long Range Plan, were reviewed. It was decided to reword the guidelines to emphasize site specific benefits in loaning priorities.
- 11/23/1983** Guidelines and applications have been changed to “loaning priority will be based on conservation need and resource benefit”, deleting “as determined by district annual and long range plans.”
- 6/27/1984** It was brought to the board’s attention that landowners under LTAs face a hardship in that they usually must borrow the money expected through their LTA to complete their practices. There was some consideration that it might be to their advantage not to sign up for the LTA, but borrow all the money needed from the district loan program. This would eliminate any interest they would incur. Due to the paperwork involved, and the necessity in some cases to get an assignment from ASCS, the board decided to leave the loan program as is- the loan will be made in actual costs, less cost-share paid and pending.
- 8/22/1984** The board discussed the possible problem in approving maximum funds to applicants who may not complete the projects within a reasonable length of time, therefore tying up money that could be loaned to others. It was decided not to make any changes in the guidelines at this time as no problems have been encountered.
- 10/24/1984** SCS will decide the distance needed to protect the riverbanks on a case by case basis and will inform the landowners at the time the needs and feasibility is determined. (This relates to land leveling a field close to the Yellowstone River. The landowners agreed to leave a 25’ strip unirrigated.)
- 2/26/1986** Motion: If no progress has been made toward utilizing an approved loan application within on year, the approval will be canceled, motion carried.

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- 4/23/1986** Notice sent to applicant that their application approval was canceled since they had not made an attempt to utilize the loan within one year.
- 8/6/1986** Loan guidelines were discussed. A question of whether the district could loan money for a project that is or will be paid under another loan (such as the Rangeland Resource Loan Program) was addressed. The board felt this did not violate the loan guidelines. It was noted that several operators used bank loans to tide them over until their projects were completed and no-interest loans could be executed.
- 6/24/1987** Board requests that Jeanne Labree make an appointment with the County Attorney to discuss invoking a late loan payment penalty and legal recourse when payments cannot be made after the one year deferral.
- 7/22/1987** Meeting scheduled with County Attorney to discuss late payment penalty and foreclosure procedures. After some discussion, the board felt a 10% penalty after 30 days overdue would be sufficient.
- 8/26/1987** Board member Dennis Kenney and Tom Wimer along with Jeanne Labree met with Marvin Quinlan, County Attorney, to discuss the district's loan program. A late payment penalty could be instated into the guidelines. However, it would not affect those loans already made unless the borrower could sign a document agreeing to this. It would affect all new loans. The penalty can be as high as 18%. The board decided to write up the addition of an 18% late payment penalty and review this with the County Attorney. Also discussed was the district's position in a foreclosure. Foreclosure by other lending institutions could take all available money/assets and clear the mortgage... unless there is a contract for deed. Conveyance, by the landowner, back to the loaning institution would not clear the mortgage.
- 10/28/1987** Marvin Quinlan, County Attorney, after reviewing the addition of a penalty for late loan payments, suggested the following wording: "Payments not made within 30 days of the due date will be considered delinquent and will incur an interest charge of 1.5% per month or 18% per year, on the balance due until paid in full." Tom made a motion to add the penalty addition, as suggested by Marvin Quinlan, to the Loan Guidelines. Motion Carried.
- 2/22/1989** Loans on wells were discussed. Jeanne Labree asked the board to clarify what expenses were eligible for loans. Great Plains and ACP do no cost-share for pipe and pumps on wells but only the drilling and casing. The board decided that a well would not be operable without pipe and pump and, therefore, these components would be loaned on.
- 10/25/1989** Loan Guidelines: Guideline #1. Maximum loan will be \$35,000. There was a discussion as to whether this rule was too vague, i.e., could a producer borrow \$35,000 several times or \$35,000 total. The supervisor felt that if there was money sitting in the account, and not allocated, money could be loaned to a producer who had reached his \$35,000 limit but has paid off an amount equal to or over his additional request. Since first time borrowers have a priority, and as the loan fund becomes less, a producer requesting a second loan may not be approved on those bases. It was decided to leave guideline #1 as is so that supervisors would have some latitude in making a decision. Guideline #29 states that "The borrower agrees to grant, to the supervisors or their designee, access easement to the mortgaged property." The question on this is whether that statement says that access to the property would be given to a third party should the district find it must sell the property because of default. The County

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Attorney has not sent his opinion on whether the new mortgage form addresses this matter. The board felt a statement, clearly granting access in case of default, should be typed on the mortgage until a legal opinion has been rendered.

- 12/13/1989** A loan application using machinery, etc., as collateral was disapproved based on the district and state guidelines. Legal Opinion of Access: County Attorney Marvin Quinlan, in a letter dated October 26, 1989, informed the board that sub-paragraph (f) under Section 4 of the district mortgage indicates that an individual who purchases property after a foreclosure sale, would be allowed access. However, Marvin states that the district is not given access to the property (in the mortgage) prior to foreclosure action. The district loan guidelines state that a borrower agrees to give access to the district or its designee during the term of the loan and the application states the borrower (applicant) has reviewed and agrees to adhere to the guidelines. The board decided that since each applicant's property offered for mortgage is reviewed for road access and water, etc., no change in guidelines would be necessary.
- 2/28/1990** A letter was sent to the County Treasurer requesting that all interest accrued on the no-interest loan account be deposited back in to the loan account. Sharon Lincoln informed Jeanne that this could probably be done and it would increase the amount available for loans. The interest earned is approximately 8% at the present time.
- 3/28/1990** A letter was sent to Ray Beck asking him for a legal opinion on spending loan program funds on hiring an attorney to collect unpaid payments and/or balances of the loans. A letter was also sent to the county attorney asking him to list the options available to the district for collecting loan payment, etc. He was asked to send a letter or, if possible, attend this meeting.
- 4/25/1990** Received a letter from Gary Ryder, Dep. County Attorney, on their position in assisting the district with the collection of payments/bad loans. They do not have the time to provide legal action as they only work part time for the county and have a heavy workload. He suggested two attorneys from Miles City. Dennis Kenney visited with Gary, recently, and was informed that they suggested this as they felt we would rather hire outside attorneys because they would be "giving" us opinions, etc., and would have to charge for legal action. The board had no problem hiring Ryder or Quinlan as long as they were informed, beforehand, when a fee would be charged. In most cases the attorney's fee would come from the borrower.
- 5/30/1990** The board discussed the need for an attorney to close loans where the Commitment for Title Insurance is complicated. Whether the attorney's fees for doing this work would come from the 3% closing fees or charged to the borrower was discussed but a decision was not made at this time.
- 6/26/1990** The board will continue to hold \$35,000, for a particular borrower, in reserve as long as there is money in the account to satisfy new loan applications.
- 7/25/1990** A request by phone wanting to know if the district loan could be used to clean out reservoirs and repair and existing old well that had caved in. The board decided that the caller should submit an application and the district technician would do the needs and feasibility prior to determining whether it would qualify for a district loan. A question was raised by a current borrower on whether or not a dike repair would qualify under the existing loan. It was noted on the original application as land leveling and irrigation reorganization practices. The board decided the borrower should request a variance from his original loan and they would consider whether or

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not the project could be considered a “conservation practice” under the guideline of the district loan. Motion to purchase a new district computer with interest funds from the loan account carried.

- 11/18/1990** Dennis Kenney visited with Larry Bloxsom, CDB Attorney, about the options the district has in collecting a loan and the status of a “consent and agreement” form. He was told the Consent form does not have the legal clout that Deputy County Attorney, Gary Ryder, conveyed to the board. Mr. Bloxsom’s opinion was to take no legal action at his time since forcing the issue would not get the loan money paid off. He said there was no limit to the time we could hold the mortgage and at some point our position may improve.
- 2/26/1991** Whether or not to re-execute a loan for practices completed need to be decided at a full board meeting.
- 3/27/1991** The district could take no action on a borrower’s promissory notes. Scott Kaiser, CDB Resources Program Specialist, will ask the DNRC attorney to give him, in writing, various options for collecting on delinquent loans. It is the district’s understanding, from a previous conversation with a DNRC attorney, that action can be taken against a loan applicant up to 8 years after the last payment was due. Scott will also have the DNRC Attorney clarify this in writing.
- 4/24/1991** A borrower requested the board hold the money for their loan until November at which time they will have the place paid off. Motion made to hold money until November 30, 1991, carried. On another loan the board discussed the value of the house and barn but was unsure if it was within the area offered. They will be notified that they may send in another security information sheet including these assets if they are, in fact, a part of the land offered and they may reconsider the loan. On another loan, a motion to reinstated the original loan, with new Title Insurance to the district and forego the 3% closing; motion carried.
- 5/22/1991** The district holds two mortgages under contact for deed. The applicant doesn’t want to ask the deed holder to sign another consent form. After considering the loan guidelines, a motion was made to disapprove the loan request without a signed consent form, motion carried. On another loan, payment was made which included the interest for the late payment.
- 6/26/1991** A previously submitted application was resubmitted, including the value of the house and barn. It was questioned whether accepting the house and barn as collateral deviated from the loan guidelines. Loan disapproved. Dennis Kenney mentioned where it (court of laws) was ruled that a lien will stay with the property until a mortgage is paid off. This is being contested but if the ruling is upheld the district’s position could improve on bad loans.
- 7/10/1991** The district received a request from attorney John Forsythe to sign a release relieving him of any obligation to go after a delinquent loan because he will be terminating his private practice and working for the county full time as of July 1. Jeanne called Ray Beck, and followed through with a letter requesting a legal opinion on Forsythe’s request, as it is the district’s understanding that the county attorney could provide legal assistance if he had time.
- 1/22/1992** A borrower requests a modification in his loan application. They would like to add a

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pipeline as they have some money left in their loan account. Motion made and carried to approve the changed.

- 5/27/1992** On a current loan, a decision to defer a loan payment until fall was made. On another, the applicant had not brought in clear title or contract to the district.
- 12/3/1992** On a previously deferred loan, a request for debt reduction was made. The supervisors did not feel that a no-interest loan should be reduced, but rather that the payments would be restructured. Motion carried to restructure payments with 18% per year penalty on payment over 30 days past due.
- 12/23/1992** Previous decision to restructure payment schedule did not pan out. Motion made to allow 20 year payments; motion carried.
- 4/28/1993** A borrower intends to pay off their loan as soon as they finish their business with FmHA.
- 9/28/1994** The district holds a \$10,000 mortgage with \$6,000 balance; Boyd requests \$4,000. The board felt that an additional mortgage is not needed. Motion was made to approve the application, using the existing mortgage for collateral. A letter was sent to a borrower requesting an update on their business with FmHA, as they are in arrears for \$3,240.
- 10/26/1994** No response to a letter sent requesting information on payments due.
- 12/28/1994** The board discussed a request that a borrower's son assumes the mortgage for a conservation loan. Since the son is purchasing property by contract for deed, an assumption agreement is not appropriate.
- 4/26/1995** The board agreed to contact Lee Kerr, County Attorney, to investigate the legal action available to collect on a loan now three payments past due.
- 5/24/1995** The board discussed using small claims court to recoup payments. No response from Kerr.
- 8/23/1995** A borrower requested to change land offered as security due to costs of insuring 16 ½ section to 4 ½ sections. The board was concerned that the offered land may not be accessible by road, may be located in the middle of the farmstead, or that approval of the request may set a precedent that does not follow the established guidelines. Motion to deny request carried.
- 9/27/1995** Policy: Applicants will be strongly encouraged to attend the regular meeting when the board initially reviews a loan request.
- 11/21/1995** A request for another loan was made by a current borrower. Rosebud Conservation District holds two mortgages totaling \$35,000, on which \$22,300 will be paid in full in December and \$12,700 to be paid in full in 2002. Since one mortgage secures both notes, the board discussed their options for securing a new loan. Another title search will be required to verify the District's position. The issue will be investigated further and reported to the board.
- 12/20/1995** On the previous request: According to Larry Bloxsom, DNRC-CDB, in order to close another loan with the same real estate being offered, title insurance must be purchased. If the insurance shows the district in second place on previous mortgage and also lists a third holder, the board could accept a forth mortgage, draw up a new

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mortgage including the remaining balance (\$12,700) due on the mortgage, and record it at the courthouse. After recording, the district could release the previous mortgage and their second place, thereby holding a third mortgage. If no other mortgage holders show on the report, the district could accept a third mortgage and hold second and third mortgages. Because notes are tied to specific mortgages, a previous mortgage cannot be used to secure a new note; if executed, the note is unsecured.

- 1/24/1996** A borrower requested to change mortgage currently held as security on a loan on his land for a loan on land owned by their father. The board was unable to accept this offering. The borrower requested to change the security to land under contract for deed. The board approved the mortgage change, pending the outcome of title insurance and the required recording of a consent agreement form from the contract holder.
- 5/29/1996** No action taken on an applicant's application until needs and feasibility is completed.
- 8/28/1996** Approved application for \$3,000; new title insurance must be purchased.
(District currently holds a mortgage on same property.)
- 9/19/1996** Requested guidance from DNRC on how the District may spend accumulated interest and funds collected through administrative fees assessed.
- 9/25/1996** Following discussion the board decided that an applicant with an outstanding loan balance under \$35,000 may be eligible for another loan; however, the sum of the loan may not exceed \$35,000. The borrower is required to submit a loan application and an updated security information sheet and is required to purchase title insurance. The earlier mortgage will not be released unless the applicant chooses to pay the outstanding balance in full. The outstanding balance will not be refinanced with loan program moneys.
Streambank Stabilization: Landowners have inquired of financial assistance to install rock rip rap or rock bank barbs for streambank stabilization along the Yellowstone River. The loan program guidelines specify that projects must meet NRCS specifications; however, NRCS does not have job approval authority or specifications for projects on the Yellowstone River, due to flow capacity. Dennis Nixon made a motion that prior to board approval, loan applicants are required to submit a professional engineer design for streambank stabilization projects installed on the Yellowstone River or any other stream that NRCS does not have approval authority on. Robert seconded and the motion carried.
- 10/30/1996** Don MacIntyre responded to questions regarding interest and administrative fees.
- 11/20/1996** A borrower was notified that the district would no advance loan money. Board members had questions on using loan funds to purchase a generator that may not be sufficient for the intended purpose. Following discussion, it was decided that the district would loan the funds for the generator, even though it is very portable, since NRCS is willing to sign off on the project.
- 12/18/1996** Laurie Zeller attended the meeting to discuss proper use of loan program funds and other questions uncovered while researching the board's initial concern. A draft memorandum legal opinion from Don MacIntyre, DNRC legal counsel, states that the funds in the loan program account may be used for making loans and for administering the loan program. The memo further states that only funds from the regular assessment, loan repayments and interest charged, and administrative fees may be deposited into the general operating account. Given this information the board

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must consider options available to them in utilizing the interest earned on the account since 1990. Other questions covered involve whether Rosebud Conservation District followed the Montana Administrative Procedure Act (MAPA) when adopting the loan program forms and rules. Board members were unsure whether MAPA had been followed when the program was initiated. MAPA publications are filed with the Montana Secretary of State's Office; a check with them will determine if the provision was followed. If MAPA was not followed, the board may go through the procedure now or may ask MACD for assistance in requesting legislative changes to the statute. Additionally, the statutes imply interest must be charged, which Rosebud Conservation District does not assess, and two statutes are inconsistent regarding whether or not administrative fees may be charged. These also may be addressed by legislative changes, if the board opts.

- 1/14/1997** The district decided to work with DNRC & MACD to draft legislation to strike MAPA requirements, allow a "no-interest" loan program, and allow assessment of administrative fees.
- 1/22/1997** Don Holland agreed to carry legislation. Included an option of leaving interest accrued from the account in the loan program.
- 2/5/1997** Board member Robert Heinle traveled to Helena to House Ag Committee meetings in regards to legislation pending.
- 2/26/1997** The board decided to release funds committed but not used in a project, i.e., when the mortgage is for more than the actual project costs. A committee was established to review guidelines and clarify how to calculate a delinquent payment penalty.
- 2/28/1997** Committee met and revised guideline. The board will review at the next regular meeting.
- 3/26/1997** Moved, seconded, carried to adopt the changes to the guidelines. Copy sent to Laurie Zeller, DNRC, to ensure the changes follow the law. Used, gate irrigation pipe is an eligible component for a District loan if NRCS checks the pipe out, if it meets their specifications, the life of the project and/or the term of the loan.
- 4/23/1997** A ten year lease must be provided on leased land and the borrower must secure the loan with his own property in order to borrow district loan funds to install a project on leased property.
- 5/28/1997** DNRC recommended the following to the revised guidelines: state the interest rate- 0%; and conduct a public hearing to gather input on the changes.
- 6/18/1997** Accumulated interest from the loan account (\$154,798.66) will be utilized for additional loans. This issue is to be addressed annually at budget time.
- 7/23/1997** The County Attorney was contacted regarding a delinquent loan. A project was determined not needed and feasible as the stockwater pipeline will not be used for animal distribution within a planned grazing system.
- 8/27/1997** Credit Services, Billings, was contacted for information on how to proceed with collecting on a delinquent loan.
- 9/24/1997** Credit Services stated the statute of limitations for collecting a delinquent loan is five

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years from the last date of activity. Since the last payment received from the borrower was in 1990, the debt was written off and the file closed.

- 12/10/1997** The board approved a loan on a project installed one year earlier. Reasoning was that this had been done in the past with another borrower and that the project is in conjunction with a Great Plains contract.
- 1/21/1998** Moved, seconded and carried to add to the guidelines: Applications will not be accepted for loans on previously completed projects or on functional portions of a project. In opposition with the decision made on 12/10/1997. The loan to this borrower was completed as instructed in December, 1997. The board discussed whether “debris removal” is an eligible loan project. Based on the loan guidelines, it was clarified that debris removal is not a conservation practice and therefore, is not eligible for a loan. Due to a land trade, a borrower requested a mortgage release on a portion of the property used to secure a loan. Once the trade is finalized in March, 1998, the mortgage would be applied to the new property. The request was granted. As of January 12, 1998, loan funds receivable totaled \$424,452.00, and total loan funds committed was \$151,000.00.
- 6/24/1998** Board member Dave Davenport moved to use the loan program account interest, totaling \$24,025 for additional loans; motion carried.
- 10/28/1998** Letters were sent by the board to applicants who have not completed their projects within the one-year time frame.
- 12/9/1998** The board discussed how to handle a subordination request. Since no official request for subordination has been made by the borrower, no decision was made. If the issue comes up prior to the next meeting, Diane Stephenson, District Administrator, will contact the members by phone with details.
- 3/24/1999** Diane provided information on the loan program account and administrative fees collected and disbursed. It was noted that a loan approved in 1997, which was only partially completed, needed to be completed within one-year time from the date of approval. The applicant would be notified that title insurance needed to be purchased in 15 days or the funds would not be available for the completion of the rest of the project.
- 4/28/1999** The question was asked if the board is required to make a decision on a loan application while the applicant is present during the closed session. Since the decision must be made during a meeting, it would either take place during the closed session while the application is being reviewed or during the open meeting. Diane will check with DNRC on the open meeting law and an individual’s right to privacy.
- 5/26/1999** A stockwater pipeline project constructed by a loan applicant is to be constructed on CRP acres. When the applicant was informed that the loan funds could not be used for this purpose, they withdrew their request for the loan. Copies of an Attorney General’s opinion regarding closing a public meeting to discuss loan applications were distributed. The board will continue to conduct business as in the past.
- 8/25/1999** A request to defer payments on three loans from the same borrower was made. All three loans were granted a deferment last year; therefore, neither of the loans are eligible for more deferments. The request was denied and the borrower would be informed

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that if the payments are not made on time, interest will start accruing beginning on the 31st day late.

- 1/31/2001** Board members Dave Davenport, Jim Rogers, Doug McRae and Don Youngbauer looked over the loan guidelines. They had a few changes which will be looked over at the next meeting.
- 2/28/2001** Copies of the recommended changes were distributed to the board. Dave Davenport moved to accept the changes. The motion was seconded and carried. The new guidelines will be given out with each application.
- 4/24/2002** Rocky Schwagler, NRCS- DC, brought up the fact that the conservation district has been lacking in getting the conservation plans done before approving the loan applications. Some of the board thought that maybe we should require a plan be submitted with the application. Nothing was done at this time.
- 4/20/2005** A loan application was approved by phone survey.
- 6/22/2005** Board member Steve Lackman moved to authorize putting \$10,000 into the loan account. In case of unexpected expenses, they will leave \$4,000 in the general account. Motion was seconded and carried. Combining no-interest conservation practice loan payments- Steve mentions that it might be a good idea to ask people if they would like to make one annual payment on the average of the dates of their installment(s). Motion carried and Laurie Kelley, Administrator, would send out forms to be signed and returned by the lessees.
- 8/24/2005** On August 16, the district received approval from the DNRC to combine no-interest loan payments pending borrower's approval. The group discussed raising the loan limit above the current limit of \$35,000. They also discussed allowing more than one loan at a time. Wendy Warren made a motion to increase the loan limit to \$60,000. Motion was seconded. I was later suggested having \$50,000 as the maximum for two loans instead of \$60,000 for one. Motion was tabled.
- 9/28/2005** The motion made at the last meeting to increase the loan limit to \$60,000 was voted on and failed. It was later motioned, seconded and carried to increase the loan the limit to \$50,000 leaving the number of loans for that amount up to the discretion of the board.
- 12/7/2005** A recent loan applicant asked if he could use rental houses in Forsyth as collateral. According to line 6 of the loan application; "Loans will be secured by real estate mortgages on all, or a portion of, land owned by the borrower on first and second mortgages and on all land on third mortgages. The board discussed Rocky Schwagler's suggestion that an environmental release be required for land used as collateral. The board asked Laurie Kelley to determine appropriate language and have it available for discussion at the next meeting. The board also asked the administrator to find out if a producer pays down their loan and then borrows it back, will they have to get new title insurance.
- 12/31/2005** Total amount of approved loans from 1983 to 2005 totaled \$2,003,050.