

THE RANGELAND IMPROVEMENT LOAN PROGRAM



APPLICATION GUIDELINES AND FORMS



MONTANA DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

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MONTANA RANGELAND IMPROVEMENT PROGRAM

APPLICATION GUIDELINES and FORMS

This booklet assists individuals, partnerships, associations and corporations in applying for loans under Montana's Rangeland Improvement Program. It describes eligible loan applicants, funding limits, eligible projects and activities, loan approval and funding procedures, and applicant responsibilities. The booklet includes application forms.

If you have any questions write or call:

Department of Natural Resources
And Conservation
Financial Development Bureau
1539 Eleventh Avenue
PO Box 201601
Helena, MT 59620-1601
(406) 444-6668

Applications may be submitted to the department at any time

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

RANGELAND IMPROVEMENT LOAN PROGRAM

The Rangeland Improvement Loan Program was established by the Montana Legislature in 1979 (**MCA 76-14-111**) and is administered by the Montana Department of Natural Resources and Conservation (DNRC). It promotes rangeland improvement and development.

ELIGIBLE APPLICANTS

Any person may apply for a loan for rangeland improvements on land that will be constructed, developed, and operated in Montana. As long as the person is a resident of Montana, is engaged in farming or ranching, and possesses the necessary expertise to make the loan practical.

ELIGIBLE PROJECTS

All projects must be approved by the conservation district where the application will be reviewed along with the conservation plan. The conservation plan may be prepared in consultation with the United States Natural Resources & Conservation Service.

Examples of eligible projects include stock water development, cross fencing, establishment of grazing systems, reseeding, mechanical renovation, and weed control.

LOAN LIMITS

Loans may not exceed \$75,000 and the interest rate currently is 3.0%. Repayment periods may not exceed 10 years. Repayments on the loan are in annual installments.

APPLICATION AND APPROVAL PROCESS

Loan applications are accepted by DNRC at any time. The applicants Conservation District will review the application with the conservation plan. The application is then sent to the Financial Development Bureau to have staff review the application. You will be notified if application forms and required documentation are not complete, and you will be given a specific time to complete the requirements. Applications are then evaluated to determine if they are technically and financially feasible. During this process, you may be required to submit additional documentation. Other state and federal agencies may be consulted to complete these evaluations. A staff recommendation is then submitted to the Rangeland Resource Executive Committee (RREC) who will review the recommendation of the staff. If the loan is approved by the RREC committee, the DNRC director will make the final decision on project funding.

APPLICANT RESPONSIBILITIES

Detailed scopes of work and budgets are included in all agreements, and must be approved by DNRC before you start work on the project. **EXPENSES YOU INCUR BEFORE THE LOAN IS APPROVED WILL NOT BE REIMBURSED.**

DNRC must approve procedures for contracting for professional services. All state laws on contracting and bid procedures for construction projects must be followed, and you must also keep accurate financial records and documentation for audits. DNRC can provide information about these requirements. DNRC staff must be permitted to monitor performance and visit the project site.

Narrative progress reports and financial reports may be required. A final report is required when the project is complete. You may also be required to submit annual financial reports during the life of the loan.

SECURITY

By statute, all loans must be secured by a lien on Real Estate. The lien is generally in the form of a Mortgage. Title Insurance and recording fees are the responsibility of the applicant. Liens on equipment may be considered, but a lien on real estate provides the primary security for these loans. Statute also requires that the security for the loan exceed 125% of the loan amount. By practice DNRC seeks security of at least 150% of the loan amount.

GUIDELINES TO APPLICANT FOR RANGELAND IMPROVEMENT LOANS

- 1) The maximum loan will be \$75,000.
- 2) Loans will be at 3% interest for 10 years or less.
- 3) An administrative fee of one (1) percent of the total loan, due at time of loan closing, will be assessed in addition to the interest rate.
- 4) Loans will be secured by a mortgage on Real Property (Real Estate Mortgage).
 - 1st Mortgage value must be at least 125% of loan amount.
 - 2nd Mortgage value must be at least 150% of loan amount.
 - DNRC will determine the mortgage value.
 - Real estate used as security must have access from a public road.
- 5) All costs incident to the loan are to be paid by the borrower. These shall include but are not limited to the following; Title Insurance, Administrative fee, and filing fees.
- 6) Applicants shall apply through their local Conservation District.
- 7) Conservation District supervisors shall review applications and approve or reject them on the basis of project feasibility. Approved applications will be forwarded to the DNRC with the necessary supporting documents.
- 8) Applicants will be notified of the Conservation Districts decision. If the application was approved, the applicant should send the following financial information to DNRC; Current Financial Statement and two (2) years cash flow information (pages 13-20 of application).
- 9) Upon receiving the approved application the DNRC will present it to the Rangeland Resource's Executive Committee for their approval.
- 10) Upon receiving the applicant's financial information the DNRC will present it to the Director of the DNRC for loan approval based on the financial merits.
- 11) After approval at all levels the DNRC will:
 - A. Order Title Insurance on the real estate to be taken as security.
 - B. Prepare all loan documents for signing.
 - C. Assure proper filing of all security documents.
- 12) After all necessary loan documents are properly signed and filed (loan closing) loan funds will be advanced.
- 13) Applicants will not be denied because of race, color, religious creed, political ideas, sex, age, marital status, physical or mental handicap, national origin or ancestry.

RANGELAND LOAN APPLICATION CHECKLIST

Technical Documentation submit to local **Conservation District (pages 7-11)**, the Conservation D will forward on to DNRC once they approve.

- ✓ Pages 7-11 of Application
- ✓ Conservation Plan of improvements and map (local NRCS can help)

Confidential Financial Documentation (**pages 12-20**) - of application and supporting documents should be mailed to:

**Department of Natural Resources and Conservation
Financial Development Bureau
1539 Eleventh Avenue
P.O. Box 201601
Helena, MT 59620-1601**

- ✓ Construction budget (with accompanying cost estimates)
- ✓ Statement of financial condition
- ✓ Profit or loss statement
- ✓ Documentation for income sources
- ✓ Three-year projected operating budget for the project
- ✓ Description of loan collateral
- ✓ Abstract of title or other evidence of ownership
- ✓ Other funding commitments or status documentation

Department of Natural Resources and Conservation
Rangeland Improvement Loan Program

RANGELAND LOAN APPLICATION SUMMARY

I. APPLICANT INFORMATION

A. Applicant Name _____

B. Mailing Address _____

C. City, State, Zip _____

D. Telephone Number(s) _____

E. Contact Person _____

1. Address if different from Applicant _____

2. Telephone _____

F. This loan is requested by a(n): (Check one)

___ Individual

___ Non-project corporation*

___ Corporation for profit*

___ Partnership**

___ Other (Specify)

II. PROJECT INFORMATION

A. Brief Project Description _____

B. How long will it take to complete your project or activity? _____

C. When do you plan to begin your project or activity?

Month/year

* Corporation applicants must submit corporation information as follows: Articles of Incorporation, Corporation By-laws, and complete page 6 of this application.

** Partnership applicants must submit a Partnership Agreement.

D. Project Budget

Funding Request: DNRC Loan (from page 17)	\$ _____
Applicant Funds	\$ _____
Other Funding Sources	\$ _____
Total Project Cost:	\$ _____

Loan requests cannot exceed \$75,000

E. Authorizing Statement

I (We) hereby declare that the information and all attachments to this application are true, complete and accurate to the best of my (our) knowledge, and that the project or activity complies with all applicable state, local and federal laws and regulations.

I (We) further declare that I am (we are) legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain loan funds if this application receives approval.

INDIVIDUAL

_____	_____
Signature of applicant	Date

_____	_____
Signature of co-applicant	Date

PARTNERSHIP

Name: _____, A Montana partnership

By: _____, a partner

_____, a partner

Date: _____ Taxpayer Identification No. _____

CORPORATION

Name: _____, A Montana corporation

By: _____, President

_____, Secretary

Date: _____ Taxpayer Identification No. _____

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CORPORATE INFORMATION

Corporation Name _____

Is corporation in good standing in the state and have corporation fees and taxes been paid?
(Yes/No) _____

Total Shares authorized by the Corporation: _____.

Stockholders, Directors and Officers (include manager if not an officer or director):

NAME	TITLE	DIRECTOR Yes/No	SHARES OWNED	GUARANTEES LOAN – Yes/No
	President			
	Vice-President			
	Secretary			
	Treasurer			
TOTAL SHARES OWNED				

Conservation District Approval

Approved (Y/N)	
Conservation District	
Chairman	
Date	

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ENVIRONMENTAL CHECKLIST

POTENTIAL IMPACTS ON ENVIRONMENT

(Check appropriate column – state whether adverse or beneficial)

	Major	Moderate	Minor	None	Unknown	Comments
1. Water: quality, quantity, distribution						
2. Terrestrial, avian & aquatic: species & habitats						
3. Unique, endangered, fragile or limited environmental resources						
4. Demands on resources of land, water & air						
5. Historical & archaeological sites						
6. Human health & safety						
7. Community & personal income						
8. Employment: quantity & distribution						
9. Recreation & wilderness						
10. Demands for energy						

List any groups or agencies contacted: _____

Comments: _____

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Rangeland Improvement Loan Program

**FINANCIAL NARRATIVE AND BUDGET FORM
INSTRUCTION SHEET**

COMPLETE THE FOLLOWING FINANCIAL NARRATIVE AND BUDGET FORMS

I. Instructions for Budget

A. Use the budget forms provided. Budgets should estimate costs as completely and accurately as possible. The forms include major expense categories. Amend the budget forms as needed to fit your particular project.

B. Complete the Financial Statement. It provides the basic statistics about your assets and debts (a copy of a current Financial Statement that has been prepared for another financial Institution may be substituted if it includes all requested information).

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FINANCIAL INFORMATION

- Are there any lawsuits, judgments, obligations pending for or against you? YES___ NO___
- Have you ever declared bankruptcy? YES___ NO___
- Have required income tax returns not been filed? YES___ NO___
- Are any of your tax returns under dispute? YES___ NO___
- Any unpaid deficiencies? YES___ NO___
- Are you a party to a lawsuit? YES___ NO___
- Are you a co-signer, co-maker or guarantor on any other obligations? YES___ NO___
- Does anyone else own an interest in the property listed? YES___ NO___
- Do you have any other contingent liabilities? YES___ NO___

Explain all **YES** answers _____

I (We), the undersigned, have provided this financial statement as part of my (our) application for a loan from the Resource Development Bureau of the Department of Natural Resources and Conservation. I (We) certify that the statement is complete and accurate to the best of my (our) knowledge and I (we) authorize DNRC to certify any condition of debt described above.

Name	Social Security No.	Signature	Date
Name	Social Security No.	Signature	Date
Name	Social Security No.	Signature	Date

SUPPORTING SCHEDULES

- | | |
|--|--|
| 1. Name of Spouse _____
2. Ages of Children at home _____
3. Insurance on Crops \$ _____
4. Insurance on Buildings (Fire, Ext. Cov.) \$ _____ | 5. Insurance on Machinery, Equipment & Livestock \$ _____
6. Your Age _____ Physical Condition _____
7. Do you carry health, accident or hospital insurance? Yes__ No__
8. Liability Insurance Coverage \$ _____
9. List Contingent Liabilities (Incl. CCC Commodity Loans): _____ |
|--|--|

SCHEDULE A - Bonds and Securities (in your name)				SCHEDULE B - Accounts and Notes Receivable			
No. of Shares or Par Value Bonds	Description	Cost	Market Value	Acct (A) Note (N)	Due From or Payer	Date Due	Amount Due
TOTAL				TOTAL			

SCHEDULE C - Feed and Seed Held for Farm Use - Harvested Crops Held for Sale - and Cash Invested in Growing Crops									
Kind	Market Price Per Unit	Feed and Seed Held for Farm Use		Harvested Crops Held for Sale		Cash Invested in Growing Crops			
		Bu.Tons	Value	Bu.Tons	Value	Acres Owned	Acres Rented	Nature of Investment	Amount
TOTAL		TOTAL		TOTAL		TOTAL			

SCHEDULE D - Life Insurance (include credit life)				Policy Loans		
Insurance Company	Beneficiary	Face Value	Cash Value	Amount Borrowed	Due	From Whom

SCHEDULE E - Real Estate - Owned or Rented				
Acres	OWNED - Title Held By:	Description	County	Statement Value
A				
B				
C				
D				
E				
F				

(Present Market Value of above Real Estate is Estimated at \$ _____, based on _____).

SCHEDULE F - Real Estate Debts				
Date Originated	Current Payment	Balance Due	Repayment Terms	Holder
A	\$	\$		
B	\$	\$		
C	\$	\$		
D	\$	\$		
E	\$	\$		
F	\$	\$		

REAL ESTATE RENTED					
Owner	Description	Acres	Type of Lease (i.e., FS, BLM, State, Private)	Annual Cost	Expires
				\$	
				\$	
				\$	
				\$	

SCHEDULE H – Machinery Inventory			
Year	Make	Model	Current Value
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$

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CONSTRUCTION BUDGET

I. PROJECT COSTS

A. Equipment \$ _____

B. Materials \$ _____

C. Other \$ _____

SUBTOTAL \$ _____

Administrative Fee* \$ _____

**Administrative fee of subtotal 1%, on total loan amount.*

TOTAL PROJECT COSTS \$ _____

III. PROJECT FUNDING

A. Loan Request--DNRC* \$ _____

B. Federal Funding \$ _____

C. Applicant Contribution \$ _____

D. Other \$ _____

TOTAL PROJECT FUNDING \$ _____
(Total funding must equal total cost)

***Loans cannot exceed \$75,000.**

If you anticipate beginning construction following approval but before state bond funds are available, you may want to obtain interim financing.

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Name: _____

Real Estate Offered as Security					
	OWNED - Title Held By:	Description; Township, Range, Section	Acres	Value per Acre	Statement Value
A				\$	\$
B				\$	\$
C				\$	\$
D				\$	\$
E				\$	\$
TOTAL				\$	\$

(Present Market Value of above Real Estate is Estimated at \$ _____, based on: _____).

Real Estate Mortgage or Contract on Real Estate Offered as Security					
	Date Originated	Current Payment	Total Balance Due	Repayment Terms	Holder
A		\$	\$		
B		\$	\$		
C		\$	\$		
D		\$	\$		
E		\$	\$		
TOTAL		\$	\$		

Attach a map on which all real property offered as security is clearly identified and located according to its legal description (real estate used as security must have access from a public road).

Do you lease any of your property that is offered as security? Yes _____ No _____
If so, give your tenant's name, address and conditions of the lease: _____

Is any of the real or personal property offered as collateral on this loan affected by probate or other estate proceedings? No _____ Yes _____ (If yes, explain):

_____ \$ _____
_____ \$ _____

NOTE: Security must be 150% of the loan amount.

Department of Natural Resources and Conservation Rangeland Improvement Loan Program

PROFIT OR LOSS STATEMENT

Name: _____ Date: _____

Show your overall financial condition for the past two (2) years and an estimate for the current year.

INCOME SOURCES	YEAR		
	20__	20__	ESTIMATE 20__
Barley	\$	\$	\$
Wheat	\$	\$	\$
Steer Calves	\$	\$	\$
Heifer Calves	\$	\$	\$
Yearlings	\$	\$	\$
Cull Cows	\$	\$	\$
Cull Bulls	\$	\$	\$
CRP	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
TOTAL GROSS INCOME	\$	\$	\$

OPERATING EXPENSES	YEAR		
	20__	20__	ESTIMATE 20__
Salaries and Employees Benefits	\$	\$	\$
Rent/Leases	\$	\$	\$
Repairs and Maintenance	\$	\$	\$
Feed and Seed	\$	\$	\$
Supplies	\$	\$	\$
Veterinary and Medicine	\$	\$	\$
Gas and Oil	\$	\$	\$
Taxes	\$	\$	\$
Interest Expenditures	\$	\$	\$
Trucking	\$	\$	\$
Living Expenses	\$	\$	\$
Debt Payment	\$	\$	\$
Capital Expenditures	\$	\$	\$
Other (itemize)	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
TOTAL OPERATING EXPENSES	\$	\$	\$
	\$	\$	\$
NET PROFIT (OR LOSS)	\$	\$	\$

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THREE-YEAR PROJECTION FOR THIS PROJECT

Name: _____

Loan repayment period and estimated interest rate used to compute interest and principal on DNRC loan: 10 years maximum or the life of project, whichever is less, at 3.0 percent per year.

PROJECTED INCOME			
INCOME SOURCES	YEAR		
	20__	20__	20__
Increased/Saved Crop Production	\$	\$	\$
Increased Livestock Production	\$	\$	\$
Other Project Income	\$	\$	\$
TOTAL PROJECTED INCOME	\$	\$	\$

PROJECTED EXPENSES			
OPERATING EXPENSES	YEAR		
	20__	20__	20__
Rent/Leases	\$	\$	\$
Water	\$	\$	\$
Repairs and Maintenance	\$	\$	\$
Feed and Seed	\$	\$	\$
Fertilizer/Chemicals	\$	\$	\$
Gas and Oil	\$	\$	\$
Auto/Freight/Trucking	\$	\$	\$
Insurance	\$	\$	\$
Utilities (Gas, Water, and Electricity)	\$	\$	\$
Other (itemize)	\$	\$	\$
TOTAL PROJECTED OPERATING EXPENSES	\$	\$	\$

OTHER PROJECTED EXPENSES			
OTHER PROJECTED EXPENSES	YEAR		
	20__	20__	20__
DNRC Payment	\$	\$	\$
DNRC Payment (other)	\$	\$	\$
Other (itemize)	\$	\$	\$
TOTAL PROJECTED EXPENSES	\$	\$	\$
PROJECT NET INCOME (OR LOSS)	\$	\$	\$

Comments: _____
