

SENATE BILL NO. 106

INTRODUCED BY M. SPRAGUE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT AN ACTION MAY NOT BE BROUGHT AGAINST A REGULATED LENDER BASED ON A PROMISE OR COMMITMENT WITH RESPECT TO A COMMERCIAL LOAN IN EXCESS OF \$100,000 UNLESS THE PROMISE OR COMMITMENT IS IN WRITING; AND AMENDING SECTION 31-1-111, MCA."

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

NEW SECTION. **Section 1. Commercial loans -- when written agreement required.** (1) With respect to a commercial loan, ~~an~~ A CONTRACT action OR A BREACH OF CONTRACT ACTION may not be brought against a regulated lender on a promise or commitment that is not in writing where the promise or commitment is to:

- (a) lend money or to extend credit;
- (b) alter, amend, renew, extend, or otherwise modify an existing promise, commitment, or agreement to lend money or extend credit; or
- (c) make a financial accommodation.

(2) For the purposes of this section, "commercial loan" means money loaned or credit extended primarily for commercial or business purposes, in excess of \$100,000, and does not include money lent or credit extended for personal, family, or household purposes and also does not include charge or credit card accounts, personal lines of credit, personal overdraft accounts, or other consumer accounts.

Section 2. Section 31-1-111, MCA, is amended to read:

"31-1-111. Definition of regulated lender. The term "regulated ~~lenders~~ lender", as used in 31-1-112 and [section 1], means:

(1) a bank, building and loan association, savings and loan association, trust company, credit union, credit association, consumer loan licensee, development corporation, bank holding company, or a mutual or stock insurance company organized pursuant to state or federal statutory authority and subject to supervision, control, or regulation by:



- 1 (a) an agency of the state of Montana; or
2 (b) an agency of the federal government;
3 (2) a subsidiary of an entity described in subsection (1);
4 (3) a Montana state agency or a federal agency that is authorized to lend money;
5 (4) a corporation or other entity established by congress or the state of Montana that is owned,
6 in whole or in part, by the United States or the state of Montana and that is authorized to lend money."

7

8 NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an
9 integral part of Title 31, chapter 1, part 1, and the provisions of Title 31, chapter 1, part 1, apply to
10 [section 1].

11

- END -