EXHIBIT 5
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SB 280

Clearing up misunderstandings surrounding Montana banking law

By: Senator Eric Moore

Banks can be like doctors and lawyers; people cuss them until they need one. As a lifelong farmer and rancher, I depend on them to supply the operating capital my business needs to function, provide jobs, and pay taxes. Over 25 years, I have learned that through good times and bad, timely and candid communication between lenders and borrowers is critical to beneficial outcomes.

Recently, I introduced a bill in the Montana Legislature that seeks to remedy a perhaps unintended consequence of a recent Montana Supreme Court decision. In a case that dealt with bad faith in a home mortgage loan, the court stated that ORAL discussions between a lender and borrower could be used as grounds for a lawsuit. This just makes no sense. I know Montanans like to do business on a handshake, but the reality is that when you get a mortgage, car loan, or operating loan, you get it in writing. When you agree to modify that loan agreement, you should also get it in writing. Common sense.

Leaving trial lawyers to opportunity to sue on a "he said, she said" basis has potentially disastrous consequences. Bankers don't like being sued any more than you do, so their lawyers will instruct their loan officers to not talk to their clients. When you lose your job, get hurt, are fighting drought or low markets, you need to be able to sit down and talk to your lender about options. Communication is vital.

Despite some recent misinformation in the press, SB 280 is very simple. By requiring any loan modification agreements to be in writing, it protects both the consumer and the lender, and preserves open communication necessary to healthy business relationships. What the bill does NOT do is: 1) Effect any current litigation. 2) Impede consumer rights under federal laws like SAFE or Dodd-Frank, 3) Overturn the Morrow case or 4) Protect banks, small or large from acts of fraud or bad faith.

Another thing to keep in mind is that the big multinational banks have swarms of corporate attorneys and compliance officers to navigate through state and federal red tape. Your local hometown bank does not. Every time the legislature or courts hand down another banking regulation, we encourage another small town bank to be swallowed by a corporate. This destroys competition and diminishes customer service.

Montana is blessed to have a healthy economy right now. Let's not strangle the flow of capital to homeowners and job creators through foolish regulation.

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