

Dear Senators RICE, Den Hartog, Jordan, and
Representatives BOYLE, Dayley, Erpelding:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of the
Idaho Soil & Water Conservation Commission:

IDAPA 60.05.01 - Resource Conservation and Rangeland Development Program - Proposed Rule
(Docket No. 60-0501-1801).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative
Services. The final date to call a meeting on the enclosed rules is no later than 10/23/2018. If a meeting is
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis
from Legislative Services. The final date to hold a meeting on the enclosed rules is 11/21/2018.

The germane joint subcommittee may request a statement of economic impact with respect to a
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has
been held.

To notify Research and Legislation, call 334-4854, or send a written request to the address on the
memorandum attached below.



Eric Milstead
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate Agricultural Affairs Committee and the House Agricultural Affairs Committee

FROM: Deputy Division Manager - Katharine Gerrity

DATE: October 04, 2018

SUBJECT: Idaho Soil & Water Conservation Commission

IDAPA 60.05.01 - Resource Conservation and Rangeland Development Program - Proposed Rule (Docket No. 60-0501-1801)

Summary and Stated Reasons for the Rule

The Idaho Soil & Water Conservation Commission submits notice of proposed rule at IDAPA 60.05.01 - Resource Conservation and Rangeland Development Program. According to the commission, the rulemaking proposes adding sections to the rules as required by the Office of Administrative Rules Coordinator, updating definitions to resolve inconsistencies with the relevant statutory provisions, clarifying ambiguous terms, updating various sections to streamline the loan application process, incorporating more comprehensive and adaptable credit standards and giving the commission more flexibility to set loan limits. The commission also proposes additional revisions as needed for internal consistency, to correct typographical errors and to remove outdated references.

Negotiated Rulemaking / Fiscal Impact

The commission notes that negotiated rulemaking was conducted and states that there is no fiscal impact associated with the rulemaking.

Statutory Authority

The rulemaking appears to be authorized pursuant to Section 22-2718, Idaho Code.

cc: Idaho Soil & Water Conservation Commission
Crystal Rosen

*** PLEASE NOTE ***

Per the Idaho Constitution, all administrative rules must be reviewed by the Legislature during the next legislative session. The Legislature has 3 options with this rulemaking docket: **1)** Approve the docket in its entirety; **2)** Reject the docket in its entirety; or **3)** Reject the docket in part.

IDAPA 60 – IDAHO STATE SOIL AND WATER CONSERVATION COMMISSION

60.05.01 – RESOURCE CONSERVATION AND RANGELAND DEVELOPMENT PROGRAM

DOCKET NO. 60-0501-1801

NOTICE OF RULEMAKING – PROPOSED RULE

AUTHORITY: In compliance with Section 67-5221, Idaho Code, and IDAPA 04.11.01, the Idaho Rules of Administrative Procedure of the Attorney General, Section 830, notice is hereby given that this agency has initiated proposed rulemaking procedures. This rulemaking action is authorized by Section 22-2718, Idaho Code.

PUBLIC HEARING SCHEDULE: A public hearing on the proposed rule will be held as follows:

PUBLIC HEARING (LIVE)
Thursday, October 25, 2018 - 9:00 a.m. (MDT)
Idaho Water Center 322 E. Front Street, Boise, Idaho 5th Floor, Suite 560 Conference Room
TELECONFERENCE CALL-IN
Toll Free: 1-877-820-7831 Participant Code: 922837

The hearing location will be accessible to persons with disabilities, and language translators will be made available upon request. Requests for these accommodations must be made no later than five (5) days prior to the hearing date. For arrangements, contact the undersigned.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

ISWCC initiated this rulemaking to resolve inconsistencies between Title 22, Chapter 27, Idaho Code and the Resource Conservation and Rangeland Development Program (RCRDP) Rules, remove outdated references, resolve internal inconsistencies, and correct typographical errors. The revisions also include adding or changing provisions to streamline the loan application process, update credit guidelines, and give more flexibility to set maximum loan amounts.

The proposed changes include: Adding sections to the rules as required by the Office of Administrative Rules Coordinator. Update Section 10 (Definitions) to resolve inconsistencies with Title 22, Chapter 27, Idaho Code and other rule provisions, and/or clarify ambiguous terms. Update various sections in order to streamline the application process, incorporate more comprehensive and adaptable credit standards, and give ISWCC more flexibility to set loan limits. ISWCC also intends to make changes throughout other Sections of the rules as needed for internal consistency, to correct typographical errors, or to remove outdated references.

FEE SUMMARY: N/A

FISCAL IMPACT: N/A

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220(1), Idaho Code, negotiated rulemaking was conducted. The Notice of Intent to Promulgate Rules – Negotiated Rulemaking was published in the May 2, 2018, and the July 4, 2018, Idaho Administrative Bulletins, [Vol. 18-5, pages 158-159](#), and [Vol. 18-7, pages 211-212](#).

INCORPORATION BY REFERENCE: N/A

ASSISTANCE ON TECHNICAL QUESTIONS AND SUBMISSION OF WRITTEN COMMENTS: For assistance on questions concerning the proposed rule, contact Terry Hoebelheinrich at terry.hoebelheinrich@swc.idaho.gov, (208) 332-1793.

Anyone may submit written comments regarding this proposed rule. All written comments must be directed to the undersigned and must be delivered on or before 5:00 PM MDT on October 24, 2018.

Dated this 30th Day of August, 2018.

Terry Hoebelheinrich
Loan Officer
Idaho Soil and Water Conservation Commission
P.O. Box 83720
Boise, ID 83720-0083
terry.hoebelheinrich@swc.idaho.gov
Phone: (208) 332-1793
Fax: (208) 332-1799

THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 60-0501-1801
(The entire chapter is being printed, as changes are present in the every section.)

**60.05.01 – RULES FOR ADMINISTRATION OF THE IDAHO RESOURCE CONSERVATION
AND RANGELAND DEVELOPMENT PROGRAM**

000. LEGAL AUTHORITY.

The Idaho State Soil and Water Conservation Commission, pursuant to the authority granted in Section 22-2718, Idaho Code, has been granted the authority to adopt the following rules for the administration of ~~the~~ Resource Conservation and Rangeland Development Program (RCRDP) ~~in~~ for Idaho. ~~(3-29-10)~~()

001. TITLE AND SCOPE.

01. Title. ~~These rules shall be known and cited as Rules of the Idaho State Soil and Water Conservation Commission.~~ The title of this chapter is IDAPA 60.05.01, “Rules for Administration of the Idaho Resource Conservation and Rangeland Development Program.” ~~(4-1-94)~~()

02. Scope. The provisions of these rules set forth procedures and requirements for establishing, implementing, and administering a state loan ~~for resource conservation and rangeland development~~ from the RCRDP fund as provided in Sections 22-2730, through 22-2732, Idaho Code. ~~(3-29-10)~~()

002. WRITTEN INTERPRETATIONS — AGENCY GUIDELINES.

Written interpretations and agency guidance on these rules are available at the Idaho Soil and Water Conservation Commission, 322 E. Front St., Suite 560, Boise, ID 83702. ()

0023. ADMINISTRATIVE APPEALS.

Reconsideration of loan disapproval or any matter affecting the amount of loan funds ~~shall~~ must be done in accordance with ~~RCRDP Rule Subsection Paragraph~~ 056.02.d. of these rules. Persons may be entitled to appeal final agency actions authorized under this chapter pursuant to Title 67, Chapter 52, Idaho Code. ~~(4-1-94)~~()

004. INCORPORATION BY REFERENCE.

There are no documents that have been incorporated by reference into this rule. ()

005. OFFICE — OFFICE HOURS — MAILING ADDRESS AND STREET ADDRESS.

The office of the Idaho Soil and Water Conservation Commission is in Boise, Idaho. This office is open from 8:00 a.m. to 5:00 p.m. except Saturdays, Sundays and legal holidays. The Commission's mailing address is P.O. Box 83720, Boise, ID 83720-0083. The Commission's street address is 322 E. Front St., Suite 560, Boise, ID 83702.

()

006. PUBLIC RECORDS ACT COMPLIANCE.

All records relating to this chapter are public records except to the extent such records are exempt from disclosure by law. ()

0037. -- 009. (RESERVED)

010. DEFINITIONS.

For the purpose of these rules, unless the context indicates otherwise, the terms and phrases are used as defined herein: (9-9-86)()

~~01. Account. The account established pursuant to Section 22-2730, Idaho Code, as amended, which contains the receipts allocated in Section 14-413(3)(a), Idaho Code, and all monies appropriated to it by the legislature or made available from federal, private, or other sources. (4-1-94)~~

~~021. Applicant. Any individual, partnership, association, trust, estate, private corporation, or any other private legal entity that is recognized by law as the subject of rights and duties who files an application with the appropriate local District for a loan under the provisions of the act An eligible applicant as defined in Section 22-2717, Idaho Code. (3-29-10)()~~

~~032. Application. The loan request document submitted to a local District that sets forth the information required by Section 22-2732, Idaho Code and Subsection 057.03 of these rules, including a conservation plan. (3-29-10)()~~

~~043. Commission. The Idaho State Soil and Water Conservation Commission as defined in Section 22-2718, Idaho Code. (9-9-86)~~

~~04. Conservation Plan. A conservation plan as defined in Sections 22-2717 and 22-2732, Idaho Code that sets forth the information required by Paragraph 057.03.i of these rules. ()~~

~~05. Contractee. The applicant when the loan has been closed and recorded. (9-9-86)~~

~~06. Coordinated Resource Planning Process. A process that considers all the resources and resource users within a geographical area and encourages active involvement and input from all interested parties. (9-9-86)~~

~~07. District. A Conservation District, Soil Conservation District (SCD), or Soil and Water Conservation District as defined in Section 22-2717, Idaho Code. (9-9-86)()~~

~~08. Eligible Land. Private, state, county, or federal lands within the state of Idaho. (9-9-86)()~~

~~09. Field Office. The principal headquarters of the District; it is usually co-located with the local United States Department of Agriculture Natural Resources Conservation Service (NRCS) office usually located with the principal headquarters of the local District. (3-29-10)()~~

~~10. Field Office Technical Guide. The primary technical reference used by NRCS and the Districts The primary scientific reference for NRCS that contains technical information about the conservation of soil, water, air, and related plant and animal resources. Technical guides used in each field office are localized so that they apply specifically to the geographic area for which they are prepared. Copies of the field office technical guides may be obtained from a local District or field office. (3-29-10)()~~

11. Five (5) Year Plan. The plan prepared by each District as defined in Section 025 of IDAPA 60.05.02, "Rules of the Antidegradation Plan for Agriculture for the Idaho Soil Conservation Commission and Soil Conservation Districts." ()

12. Fund. The RCRDP fund established pursuant to Section 22-2730, Idaho Code. ()

143. Other Funds. ~~Federal, state, or private~~ Funds to be dedicated to conservation practice implementation costs; which are not from the RCRDP fund or provided by the applicant. (3-29-10)()

124. Practice or Eligible Practice for Loans. A practice listed in the field office technical guide or a special practice approved under Section 058 of these rules. (3-29-10)()

135. Practice Life. The number of years, with proper maintenance and operation, that a practice is expected to last, as shown in the field office technical guide. (3-29-10)

146. Program Year. The state fiscal year as provided in Section 67-2201, Idaho Code. (9-9-86)()

157. Project. One (1) or more practices to be installed with a RCRDP loan. (3-29-10)

168. Rangeland. Land used primarily for the grazing of domestic livestock and wildlife. (9-9-86)

17. RCRDP. ~~The Idaho Resource Conservation and Rangeland Development Program.~~ (9-9-86)

18. Resource Conservation Plan for Loans. ~~A plan for loans, developed by the applicant and approved by the local District, that identifies the resource problems and needed conservation improvements, together with engineering and economic feasibility data and estimated costs.~~ (3-29-10)

19. Riparian Areas. Riparian areas are sites directly influenced by free water. They have visible vegetation or physical characteristics that reflect free water influence. Lake shores and stream banks are typical riparian areas. Excluded are sites such as ephemeral streams or washes that do not exhibit the presence of vegetation dependent upon free water in the soil. (4-1-94)

20. Security. Collateral provided by an approved applicant to secure requested RCRDP funds. ~~This may include mortgage note, promissory note, security agreement, water rights, or other asset.~~ (3-29-10)()

21. Special Practice. A practice (not listed in the field office technical guide) that includes a proven, modern technique that is necessary to solve a resource problem and meet program objectives as determined by the local District. (3-29-10)()

011. ABBREVIATIONS.

01. RCRDP. The Idaho Resource Conservation and Rangeland Development Program. ()

02. NRCS. United States Department of Agriculture Natural Resources Conservation Service. ()

0142. PROGRAM POLICY.

01. Administration. It is the policy of the Idaho State Soil and Water Conservation Commission to administer the Resource Conservation and Rangeland Development Program to provide the greatest benefits to all concerned from the agricultural lands and rangelands within the state. (4-1-94)

02. Equal Opportunity. Each applicant regardless of handicap, race, age, sex, creed, color or national origin, shall ~~must~~ be given the opportunity to apply for a loan. (3-29-10)()

03. Filing Applications. An application may be filed at anytime during the program year. (4-1-94)

04. Use of Loan Money in Conjunction with State or Federal Programs. Requests for state or federal cost-share assistance and for loan approval are handled by different governmental agencies and approval for one does not guarantee approval for the other. ()

0123. PROGRAM OBJECTIVES.

- are to:
- 01. Objectives.** The objectives of the Resource Conservation and Rangeland Development Program (9-9-86)
 - a. Conserve soil resources. (9-9-86)
 - b. Conserve water resources. (9-9-86)
 - c. Improve riparian areas for multiple use benefits. (9-9-86)
 - d. Protect or improve existing beneficial uses of the state's waters. (9-9-86)
 - e. Conserve and improve fish and wildlife habitat. (9-9-86)
 - f. Increase agricultural productivity of: (9-9-86)
 - i. Cropland. (9-9-86)
 - ii. Orchards. (9-9-86)
 - iii. Pasture and Hayland. (9-9-86)
 - iv. Rangeland. (9-9-86)
 - v. Woodland. (9-9-86)

02. Achieving Program Objectives. Decisions concerning the use of program funds *shall must* be based on achievement of program objectives. The administration of the program *shall must* emphasize coordinated resource management planning and decision-making to ensure maximum benefit of funds. Program objectives *shall must* be achieved when the *resource* conservation plan ~~or rangeland and riparian area improvement plan~~ is implemented. (4-1-94)()

0134. -- 055. (RESERVED)

056. RESPONSIBILITIES.

- 01. District.** The local District *shall must*: (3-29-10)
 - a. Receive *applications the conservation plan* for program participation. (9-9-86)()
 - b. Within sixty (60) days of receipt, review and evaluate the *application for loans conservation plan* to determine if the project is consistent with the District's program goals and objectives. (3-29-10)()
 - c. Assign a priority of high, medium, or low to the *applications project*. (4-1-94)()
 - d. Forward *applications conservation plans* to the Commission with a recommendation for funding. (4-1-94)()
 - e. Prepare and forward to the Commission special practice requests. (9-9-86)
 - f. The local District may assign a priority to practices in the field office technical guide and have that priority ranking apply to all future projects seeking to implement the pre-ranked practices. The local District Board

must consider pre-ranking practices at a scheduled Board meeting. The Board's decision including the name and identification number of the practice(s), the assigned ranking and the recommendation for funding must be reflected in the meeting minutes and be forwarded to the Commission. ()

g. If the local District does not review and evaluate a conservation plan within sixty (60) days of receipt, the Commission may review and evaluate the conservation plan and assign a priority ranking for the project based on the District's five (5) year plan. ()

02. **Commission.** The Idaho State Soil and Water Conservation Commission ~~shall~~ must: (9-9-86)()

a. Review and evaluate applications. (4-1-94)

b. Approve loans, if: (9-9-86)

i. The applicant has adequate assets for security to protect the state from risk ~~and~~ of loss. (9-9-86)()

ii. There is reasonable assurance that the borrower can repay the loan. (9-9-86)

iii. Money is available in the ~~loan account~~ RCRDP fund. (9-9-86)()

c. Disapprove loans for reasons including but not limited to: (4-1-94)

i. The purpose of the loan is to pay for ~~resource~~ conservation plan practices that have been ~~applied~~ implemented prior to Commission approval. (4-1-94)()

ii. If all the requirements in ~~Rule Subsection Paragraph~~ 056.02.b. of these rules are not met. (4-1-94)()

d. Reconsider loan disapproval if the applicant, within fifteen (15) business days after notice of disapproval, requests the ~~Soil Conservation~~ Commission, in writing, to reconsider its determination in any matter affecting the loan or the amount of loan funds. Reconsideration of the determination ~~shall~~ must take place within ninety (90) business days from the date the written request is received. The time, place, and date ~~shall~~ must be determined by the Commission. The applicant ~~shall~~ must be notified of the time, place, and date and ~~shall~~ must have the right to appear. (3-29-10)()

e. ~~Upon~~ After loan approval, execute a promissory note and other security documents with the applicant for loan repayment. (4-1-94)()

f. Not less than once per year, determine the loan interest rate not to exceed six percent (6%) annually. (9-9-86)

g. Prepare an annual report showing RCRDP accomplishments and benefits resulting from use of loan and grant funds. (4-1-94)

h. Administer and monitor loan proceeds to assure that the intent of the law is met. (9-9-86)

i. Approve or disapprove special practice requests. (9-9-86)

057. **APPLICATION FOR LOAN.**

01. **How to Apply.** Any applicant desiring a loan from the RCRDP ~~account~~ fund must: ~~apply through the local District.~~ (3-29-10)()

a. Prepare and submit a conservation plan. The conservation plan must be presented by the applicant (or representative appointed by the applicant) to the local District Board at a scheduled meeting unless the project

includes only practices that have been pre-ranked by the local District in accordance with Paragraph 56.01.f. of these rules. If the project includes only pre-ranked practices, the applicant must submit the conservation plan to the Commission. ()

b. Prepare and submit a completed application. The application including all information required under Subsection 57.03 of these rules must be submitted to the Commission. ()

02. Two or More Applicants. Two (2) or more applicants may install a practice(s) as a group providing the loan can be adequately collateralized and all parties agree to joint and several liability. (4-1-94)

03. Application Form. The application ~~shall~~ **must** be on a form prescribed by the Commission and must include: (4-1-94)()

a. Name of applicant, and the location, size, and type of agricultural enterprise. (9-9-86)

~~**b.** Applicant's status (full-time farmer/rancher, part-time farmer/rancher or owner of agricultural lands leased to another operator).~~ (9-9-86)

~~**eb.** Identification and extent of the resource problem (erosion, plant community deterioration, water loss, water quality, low production, etc.).~~ (9-9-86)

~~**ec.** Statement of applicant's objectives and expected benefits.~~ (9-9-86)

~~**e.** Proposed practices, implementation schedule, and estimated costs.~~ (9-9-86)

~~**fd.** Estimate of costs of implementing the project and~~ of total loan funds needed. (9-9-86)()

i. Applicant ~~shall~~ **must** be required to supply at least five percent (5%) of the total project costs through personal funds or in-kind services. (3-29-10)

ii. Total RCRDP loan funds combined with other funds cannot exceed ninety-five percent (95%) of total project costs. (3-29-10)

~~**ge.** Applicant's statement of security offered.~~ (4-1-94)

~~**hf.** Applicant's statement of willingness to allow continued monitoring and evaluation of impacts resulting from applied land treatment and management practices.~~ (9-9-86)

g. All documentation required under Subsection 101.03. of these rules and any other documentation requested by the Commission needed to determine whether there is reasonable assurance that the applicant can repay the loan. ()

~~**ih.** A copy of the applicant's resource conservation plan which becomes a part of the application for assistance. The resource conservation plan shall must include:~~ (4-1-94)()

i. A map showing project location and extent of the resource problem. (4-1-94)

ii. The eligible practices to be installed. (4-1-94)

iii. Estimated costs of applying the practices. (4-1-94)

iv. An implementation schedule. (4-1-94)

v. A statement whereby the applicant agrees to properly maintain and operate installed practices. (4-1-94)

vi. Needed clearances, easements and rights of way. (4-1-94)

vii. Any other appropriate documentation needed to complete the implementation of the *resource* conservation plan as requested by the local District or Commission. (3-29-10)(____)

~~04. Presenting the Application. The completed application must be presented by the applicant (or representative) to the local District Board at a scheduled meeting. (3-29-10)~~

058. SPECIAL PRACTICE(S) APPROVAL FOR LOANS.

01. Special Practice Approval. A special practice must be approved by the Commission before it becomes an eligible practice. (9-9-86)

02. Special Practice Requests. Special practice requests *shall may* be prepared by the local District *for or* the Commission and *shall must* include: (3-29-10)(____)

a. A description of the proposed practice. (9-9-86)

b. A justification of need for the special practice. (9-9-86)

c. Standards and specifications for the proposed practice. (9-9-86)

d. A statement from the appropriate agency as to the technical adequacy of the special practice in solving the resource problem. (9-9-86)

059. -- 080. (RESERVED)

081. ENCOURAGING PUBLIC BENEFITS WHEN INSTALLING PRACTICES.

District Boards *shall must* encourage persons responsible for any aspect of performing practices to promote public benefit by improving or preserving environmental quality and ecological balance when the practices are being installed. Multiple objective achievement and total resource evaluation and treatment *shall must* receive high priority consideration for loan funds. When reviewing loan requests the following considerations *shall must* be made: (4-1-94)(____)

01. Preventing Degradation. Preventing or abating pollution and other environmental degradation. (9-9-86)

02. Benefiting the Community. Benefiting the community by means such as outdoor recreational opportunities or enhancing the appearance of the area. (9-9-86)

03. Benefiting Habitat. Benefiting fish and wildlife habitat. (9-9-86)

082. -- 100. (RESERVED)

101. CREDIT GUIDELINES FOR LOANS.

~~These credit guidelines are established to reduce the risk of the state. Even though these loans are made at a low interest rate for the purpose of encouraging conservation and resource development, they must be repaid. This rule sets forth the requirements for determining the eligibility of an operator for a loan. (4-1-94)~~

01. Standards for Acceptable Loans. There *shall must* be adequate assets and collateral for security to protect the state from risk *and of* loss. (9-9-86)(____)

02. Credit Information Required Documentation. ~~The Commission must obtain and the applicant must provide~~ Documentation *shall be* sufficient *and verified to support* to determine the applicant's ability and willingness to repay the loan offered. *Such documentation it must may* include; financial *and operating* statements, *balance sheets, profit and loss statements, driver's license, income tax returns, budgets, credit reports, estimates/quotes, deeds, leases,* and other supporting documents as deemed necessary relative to the size, complexity, and financial responsibility of the individual or entity being financed. *A credit report will be ordered from at least three*

~~(3) credit repositories for each applicant. (3-29-10)()~~

03. ~~Information Needed Prior to Loan Commitment~~ Duty to Inform. Documents and forms required for all loans: After submitting the application and before funds are dispersed, the applicant must inform and provide documentation to the Commission of any significant change of circumstance that may impact their financial standing or ability to repay the loan. (9-9-86)()

~~a. Loan application. (9-9-86)~~

~~b. Financial statements. (9-9-86)~~

~~i. A current balance sheet will be required from all parties who will be responsible for repayment of the loan and may be required from other relevant parties. (4-1-94)~~

~~ii. Applicant may be questioned about any major changes that may have occurred on the financial statements submitted. (9-9-86)~~

~~iii. Income and expense statements. The most recent three (3) year series of accountant prepared statements, if available, or federal tax returns are desired. (3-29-10)~~

~~e. Copy of drivers license or other photo identification. (3-29-10)~~

~~d. Documentation of water rights. (3-29-10)~~

~~e. Current tax assessments for all parcels referenced in the conservation plan. (3-29-10)~~

~~f. Copy of land lease agreement, if the applicant is not the owner of the parcel(s) referenced in the conservation plan. (3-29-10)~~

04. Field Inspections. The Commission may require a Ffield inspections may be used in order to: (4-1-94)()

a. Determine loan and security positions, provide repayment estimates and verify agricultural assets. (4-1-94)()

b. Indicate the applicant's management ability. (4-1-94)

c. Secure a complete and accurate description of collateral for the security agreement. (4-1-94)

05. ~~Other Information Needed Prior to~~ Additional Information Required for Loans Secured with Real Estate. Real estate secured loans Where real estate is offered as collateral the following information must be provided: (9-9-86)()

a. A legal description of the offered collateral. (4-1-94)

b. Real estate appraisal, ~~if necessary, should~~ consisting of at least one (1) of the following: (9-9-86)()

i. Copy of appraisal made by a licensed professional appraiser ~~deemed acceptable to the state~~ approved by the Commission. (9-9-86)()

ii. Copy of the most recent property tax assessment. ()

iii. Evaluation made by Commission or the local District Board according to their its knowledge of the estimated average value of the property in the area in which the project is to be implemented. (3-29-10)()

c. ~~Other Collateral. Any item having tangible value may be accepted as security for these loans.~~

~~Condition of the collateral shall be updated periodically and additions to the security agreement may be required over time~~ A map designating the location of the real estate. (4-1-94)()

~~d. If the state is not a primary lien holder, a request for notice of default shall be recorded and a letter written to primary lien holders notifying them of the security interests of the state.~~ (9-9-86)

~~e. Must include a map designating location of subject property.~~ (9-9-86)

06. Other Collateral. Any item having tangible value may be accepted as security for these loans. Condition of the collateral must be updated periodically and additions to the security agreement may be required over time. ()

102. LOAN CLOSURE AND ADMINISTRATION.

01. Servicing and Documentation. All loans ~~shall~~ must be assigned to a loan officer (Commission employee) who ~~shall~~ must be responsible for servicing the loan. (4-1-94)()

02. Loan Securing Documents. Following approval of the application, the Commission, ~~shall~~ must prepare all necessary loan securing documents. (4-1-94)()

03. Loan Note and Security Agreement. The loan ~~shall~~ must be secured by utilizing a ~~loan promissory~~ note and security document listing the parties and the collateral, as well as terms and conditions of the loan. A mortgage or deed of trust ~~shall~~ must be executed and recorded with the county recorder where the collateral is located if the collateral is real property. A security agreement and any other necessary documents shall must be executed if the collateral is not real property. Appropriate financing statements ~~shall~~ must be executed and filed with the Secretary of State on all collateral consisting of personal property. (4-1-94)()

04. Fund Obligation. Funds ~~shall~~ must be obligated when all loan conditions established by the Commission have been met and when all necessary loan securing documents are in order and appropriately signed by the applicant. Funds will then be obligated. Upon notification of fund obligation, the applicant who is now the contractee, may ~~proceed with the~~ complete implementation of the ~~resource conservation plan~~ project. (4-1-94)()

05. Cost Incurred. The applicant is required to cover all costs incurred for loan closure, title insurance, and recording fees. (9-9-86)

103. IMPLEMENTATION OF AGREED TO PRACTICES.

~~Once the loan has been approved and the conditions of approval have been met, the~~ The applicant/contractee may, at their own risk, begin installing practices but must not complete the project until the loan has been approved. The applicant/contractee may must install practices as identified and scheduled in the resource conservation plan. The applicant/contractee has the responsibility to obtain the appropriate technical assistance. Technical personnel ~~shall~~ must assist the applicant/contractee in implementation activities to ensure that practices are properly designed, constructed, and managed. The applicant/contractee may install practices or subcontract work out to a subcontractor. Whatever method is used, the applicant/contractee ~~shall~~ must be responsible to ensure that the quality of materials and workmanship in the installation of practices meets the approved standards and specifications for each practice. (4-1-94)()

01. Practice Completion. Upon completion of the scheduled practice the applicant/contractee ~~shall~~ must notify the ~~local District and the~~ provider of technical assistance. ~~And~~ The provider of technical assistance ~~shall~~ must inspect and document the amount and extent of the installed practice and certify its completion if it meets the quality standards and construction specifications of the practice and notify the ~~local District and~~ applicant/contractee. If the practice does not meet practice standards and specifications the applicant/contractee ~~and the local District shall~~ must be notified by the provider of technical assistance, in writing, of the deficiencies and what needs to be done so the practice ~~shall~~ meets standards and specifications. (3-29-10)()

02. Submitting Vouchers and Bills. (3-29-10)

~~a. When practices are certified complete by the provider of technical assistance,~~ The provider of

~~technical assistance must provide a written certification of completion of the project to the Commission. †The applicant/contractee must submit to the Commission signed invoices, vouchers and bills along with the certification of completion report for the project to the Commission.~~ (3-29-10)(____)

b. Up to ninety-five percent (95%) of loan funds can be disbursed toward submitted bills during the loan installment period. The remaining loan funds will be disbursed upon receipt of written certification of project completion from the provider of technical assistance. (3-29-10)

03. **Warrant Requests.** The Commission staff ~~shall~~ **must** prepare warrant request(s). ~~made out~~ **The warrant(s) are paid** to the **order of the** contractee(s) and the vendor, and ~~are~~ **are** mailed ~~it~~ to the contractee. (4-1-94)(____)

04. **Drawing Loan Funds.** The ~~applicant/contractee shall~~ **must** implement the practices as scheduled and ~~upon certification the contractee may draw on the~~ loan funds ~~throughout the installment term of the loan contract in multiple disbursements during installation of the project.~~ (3-29-10)(____)

104. -- 125. (RESERVED)

126. **REPAYMENT OF LOAN.**

01. **Repayment of the Loan.** Repayment of the loan, together with interest, ~~shall~~ **must** commence no later than two (2) full years from the date the note is signed. (4-1-94)(____)

02. **Repayment Schedule.** The repayment schedule ~~shall~~ **must** be identified in the loan documents with a fifteen (15) year maximum loan period. One (1) month before payment is due, the commission will mail the contractee a notice of payment due. (4-1-94)(____)

03. **First Payment.** The first payment ~~shall~~ **must** be due as required on the signed loan documents as prepared by the ~~ISCC Commission.~~ Any additional interest incurred during the installment period of the loan will be added to the first payment notice. (3-29-10)(____)

127. **FORECLOSURE.**

In the event of a contractee not adhering to the payment terms and conditions of the mortgage, promissory note, or security agreement, the Commission may seek foreclosure ~~procedures~~ according to the laws of the state of Idaho. (3-29-10)(____)

~~128. -- 150. (RESERVED)~~

~~151. **LOAN POLICIES.**~~

~~01. **Maximum Amount of Any One Loan.** The maximum amount of any one (1) loan shall must be two hundred thousand dollars (\$200,000).~~ (3-29-10)

~~02. **Total Maximum Program Obligation.** The total maximum program liability of any individual borrower is three hundred thousand dollars (\$300,000).~~ (3-29-10)

~~03. **Use of Loan Money in Conjunction with State or Federal Programs.** Requests for state or federal cost share assistance and for loan approval are handled by different governmental agencies and approval for one does not guarantee approval for the other.~~ (4-1-94)

~~152. -- 999. (RESERVED)~~