HOUSE BILL NO. 919

AN ACT TO AMEND SECTION 57-71-11, MISSISSIPPI CODE OF 1972, TO INCREASE THE MAXIMUM LOAN AMOUNT UNDER THE MISSISSIPPI SMALL ENTERPRISE DEVELOPMENT FINANCE ACT; TO INCREASE THE MAXIMUM LOAN AMOUNT THAT MAY BE OUTSTANDING IN THE AGGREGATE TO ANY ONE BORROWER AT ONE TIME UNDER THE MISSISSIPPI SMALL ENTERPRISE DEVELOPMENT FINANCE ACT; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 57-71-11, Mississippi Code of 1972, is amended as follows:

57-71-11. (1) No loan made under the provisions of this act shall be in an amount exceeding Four Million Dollars ($4,000,000.00) principal.

(2) The maximum loan term shall not exceed twenty (20) years.

(3) All loans made pursuant to this act shall be guaranteed by a letter of credit in a form acceptable to the Mississippi Business Finance Corporation from a qualified financial institution. A letter of credit may be replaced by another letter of credit from a qualified financial institution if the letter is in a form acceptable to the Mississippi Business Finance Corporation. The cost of the letter of credit shall not exceed two percent (2%) per annum of the loan. If a letter of credit, upon expiration, is not renewed by the financial institution or otherwise replaced, the company shall draw upon the letter of credit for the payment of the principal of and accrued interest on the bonds, including any penalties, premium on bonds or other costs incident to the loan.
(4) No more than Four Million Dollars ($4,000,000.00) in loans may be outstanding in the aggregate to any one (1) borrower, either directly or indirectly, at any one time.

(5) The interest rate on such loans shall not be less than the net interest rate on the bonds or notes issued pursuant to this act to finance the loan being repaid, plus company servicing fees.

(6) The total amount of a loan secured by real and/or personal property, including any previous indebtedness incurred against real and/or personal property offered as security for such loan shall not exceed ninety percent (90%) of the market value thereof as determined by an appraisal made by the lender. In determining the amount of indebtedness to be incurred against any real or personal property securing such a loan, the lender may consider the enhanced value of the real property and any other additional capital assets accruing to the borrower through loans provided under this act.

(7) No loan shall be made under this act to finance any existing debt.

SECTION 2. This act shall take effect and be in force from and after its passage.