

By: Representative Morris

To: Ways and Means

HOUSE BILL NO. 919

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

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

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

10 57-71-11. (1) No loan made under the provisions of this act  
11 shall be in an amount exceeding Four Million Dollars  
12 (\$4,000,000.00) principal.

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

15 (3) All loans made pursuant to this act shall be guaranteed  
16 by a letter of credit in a form acceptable to the Mississippi  
17 Business Finance Corporation from a qualified financial  
18 institution. A letter of credit may be replaced by another letter  
19 of credit from a qualified financial institution if the letter is  
20 in a form acceptable to the Mississippi Business Finance  
21 Corporation. The cost of the letter of credit shall not exceed  
22 two percent (2%) per annum of the loan. If a letter of credit,  
23 upon expiration, is not renewed by the financial institution or  
24 otherwise replaced, the company shall draw upon the letter of  
25 credit for the payment of the principal of and accrued interest on  
26 the bonds, including any penalties, premium on bonds or other  
27 costs incident to the loan.



28           (4) No more than Four Million Dollars (\$4,000,000.00) in  
29 loans may be outstanding in the aggregate to any one (1) borrower,  
30 either directly or indirectly, at any one time.

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

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

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

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

