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To: Ways and Means

HOUSE BILL NO. 1548

1 AN ACT TO ESTABLISH A DISASTER HOME FLOOD LOAN PROGRAM TO
2 PROVIDE LOANS TO INDIVIDUALS WHO SUSTAINED PHYSICAL DAMAGE TO
3 HOMES DUE TO FLOODING OR STORM SURGE AS A RESULT OF HURRICANE
4 KATRINA AND WHO HAD NO FLOOD INSURANCE OR OTHER INSURANCE
5 PROVIDING COVERAGE FOR SUCH DAMAGE OR HAD FLOOD INSURANCE BUT HAD
6 A FLOOD LOSS THAT EXCEEDED SUCH INSURANCE AND WAS NOT COVERED BY
7 OTHER INSURANCE OR SOURCE OF REIMBURSEMENT; TO PROVIDE THAT THE
8 DEPARTMENT OF FINANCE AND ADMINISTRATION SHALL ADMINISTER THE LOAN
9 PROGRAM; TO PROVIDE THE MAXIMUM AMOUNT FOR SUCH LOANS; TO
10 ESTABLISH CERTAIN ELIGIBILITY REQUIREMENTS FOR THE RECEIPT OF SUCH
11 LOANS; TO AUTHORIZE THE ISSUANCE OF \$250,000,000.00 WORTH OF STATE
12 GENERAL OBLIGATION BONDS FOR THE PURPOSE OF PROVIDING FUNDS FOR
13 THE LOAN PROGRAM; AND FOR RELATED PURPOSES.

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

15 **SECTION 1.** (1) The Department of Finance and Administration
16 shall establish a loan program to provide loans to individuals who
17 sustained physical damage to homes due to flooding or storm surge
18 as a result of Hurricane Katrina and who had no flood insurance or
19 other insurance providing coverage for such damage or had flood
20 insurance but had a flood loss that exceeded such insurance and
21 was not covered by other insurance or source of reimbursement.

22 For the purposes of the program authorized under this section, a
23 home shall be the primary homestead of the applicant.

24 (2) (a) The amount of a loan made under this section shall
25 not exceed Twenty-five Thousand Dollars (\$25,000.00); however,
26 loans made under this section shall be made only to the extent
27 that federal or other assistance is not available or does not
28 provide adequate assistance or coverage needed to repair or
29 rebuild a home for which a loan is made under this section. No
30 interest shall be charged on loans made under this section, and
31 the term of any such loans shall not exceed twenty (20) years.

32 The proceeds of the loans authorized under this section shall be

33 used only for the purpose of repairing or rebuilding a home for
34 which a loan is made under this section. An individual receiving
35 a loan to rebuild a home must rebuild the home in the county in
36 which it was located at the time of the damage. All repayments of
37 loans made under this section shall be deposited into the State
38 General Fund. In making loans under this section, the Department
39 of Finance and Administration shall attempt to provide for the
40 equitable distribution of such loans in order to address the
41 housing needs caused as a result of Hurricane Katrina.

42 (b) To be eligible for a loan under this section, an
43 individual must:

44 (i) Own or have owned a home that sustained
45 physical damage due to flooding or storm surge as a result of
46 Hurricane Katrina;

47 (ii) Not have had flood insurance or other
48 insurance providing coverage for such damage or had flood
49 insurance but had a flood loss that exceeded such insurance and
50 was not covered by other insurance or source of reimbursement; and

51 (iii) Agree to obtain and maintain flood insurance
52 coverage on the property for which assistance is requested.

53 (3) Any individual who receives a loan under this section
54 and who fails to maintain flood insurance coverage on the property
55 for which assistance is provided as required in this section shall
56 not be eligible for state assistance for any flood damage that
57 occurs after the loan is made.

58 (4) An individual desiring assistance under this section
59 must submit an application to the Department of Finance and
60 Administration. The application must include a description of the
61 property and the purpose for which assistance is requested, the
62 cost of the project for which assistance is requested and any
63 other information required by the department.

64 (5) The Department of Finance and Administration shall have
65 all powers necessary to implement and administer the program

66 established under this section, and the department shall
67 promulgate rules and regulations, in accordance with the
68 Mississippi Administrative Procedures Law, necessary for the
69 implementation of this section.

70 (6) (a) There is created in the State Treasury a special
71 fund to be designated as the "Mississippi Disaster Home Flood Loan
72 Fund," which shall consist of funds appropriated or otherwise made
73 available by the Legislature in any manner and funds from any
74 other source designated for deposit into such fund. Unexpended
75 amounts remaining in the fund at the end of a fiscal year shall
76 not lapse into the State General Fund, and any investment earnings
77 or interest earned on amounts in the fund shall be deposited to
78 the credit of the fund. Monies in the fund shall be used by the
79 Department of Finance and Administration for the purposes
80 described in this section.

81 (b) Monies in the special fund which are derived from
82 proceeds of bonds issued under Sections 2 through 18 of this act
83 may be used to reimburse reasonable actual and necessary costs
84 incurred by the Department of Finance and Administration in
85 administering or providing assistance under the program
86 established in this section. An accounting of actual costs
87 incurred for which reimbursement is sought shall be maintained by
88 the Department of Finance and Administration. Reimbursement of
89 reasonable actual and necessary costs under this paragraph shall
90 not exceed three percent (3%) of the proceeds of bonds issued
91 under Sections 2 through 18 of this act for the program
92 established in this section.

93 **SECTION 2.** As used in Sections 2 through 18 of this act, the
94 following words shall have the meanings ascribed herein unless the
95 context clearly requires otherwise:

96 (a) "Accreted value" of any bonds means, as of any date
97 of computation, an amount equal to the sum of (i) the stated
98 initial value of such bond, plus (ii) the interest accrued thereon

99 from the issue date to the date of computation at the rate,
100 compounded semiannually, that is necessary to produce the
101 approximate yield to maturity shown for bonds of the same
102 maturity.

103 (b) "State" means the State of Mississippi.

104 (c) "Commission" means the State Bond Commission.

105 **SECTION 3.** (1) The commission, at one time, or from time to
106 time, may declare by resolution the necessity for issuance of
107 general obligation bonds of the State of Mississippi to provide
108 funds for the program authorized in Section 1 of this act. Upon
109 the adoption of a resolution by the Department of Finance and
110 Administration, declaring the necessity for the issuance of any
111 part or all of the general obligation bonds authorized by this
112 section, the Department of Finance and Administration shall
113 deliver a certified copy of its resolution or resolutions to the
114 commission. Upon receipt of such resolution, the commission, in
115 its discretion, may act as the issuing agent, prescribe the form
116 of the bonds, advertise for and accept bids, issue and sell the
117 bonds so authorized to be sold and do any and all other things
118 necessary and advisable in connection with the issuance and sale
119 of such bonds. The total amount of bonds issued under Sections 2
120 through 18 of this act shall not exceed Two Hundred Fifty Million
121 Dollars (\$250,000,000.00).

122 (2) The proceeds of bonds issued pursuant to Sections 2
123 through 18 of this act shall be deposited into the special fund
124 created in Section 1 of this act. Any investment earnings on
125 bonds issued pursuant to Sections 2 through 18 of this act shall
126 be used to pay debt service on bonds issued under Sections 2
127 through 18 of this act, in accordance with the proceedings
128 authorizing issuance of such bonds.

129 **SECTION 4.** The principal of and interest on the bonds
130 authorized under Sections 2 through 18 of this act shall be
131 payable in the manner provided in this section. Such bonds shall

132 bear such date or dates, be in such denomination or denominations,
133 bear interest at such rate or rates (not to exceed the limits set
134 forth in Section 75-17-101, Mississippi Code of 1972), be payable
135 at such place or places within or without the State of
136 Mississippi, shall mature absolutely at such time or times not to
137 exceed twenty-five (25) years from date of issue, be redeemable
138 before maturity at such time or times and upon such terms, with or
139 without premium, shall bear such registration privileges, and
140 shall be substantially in such form, all as shall be determined by
141 resolution of the commission.

142 **SECTION 5.** The bonds authorized by Sections 2 through 18 of
143 this act shall be signed by the chairman of the commission, or by
144 his facsimile signature, and the official seal of the commission
145 shall be affixed thereto, attested by the secretary of the
146 commission. The interest coupons, if any, to be attached to such
147 bonds may be executed by the facsimile signatures of such
148 officers. Whenever any such bonds shall have been signed by the
149 officials designated to sign the bonds who were in office at the
150 time of such signing but who may have ceased to be such officers
151 before the sale and delivery of such bonds, or who may not have
152 been in office on the date such bonds may bear, the signatures of
153 such officers upon such bonds and coupons shall nevertheless be
154 valid and sufficient for all purposes and have the same effect as
155 if the person so officially signing such bonds had remained in
156 office until their delivery to the purchaser, or had been in
157 office on the date such bonds may bear. However, notwithstanding
158 anything herein to the contrary, such bonds may be issued as
159 provided in the Registered Bond Act of the State of Mississippi.

160 **SECTION 6.** All bonds and interest coupons issued under the
161 provisions of Sections 2 through 18 of this act have all the
162 qualities and incidents of negotiable instruments under the
163 provisions of the Uniform Commercial Code, and in exercising the
164 powers granted by Sections 2 through 18 of this act, the

165 commission shall not be required to and need not comply with the
166 provisions of the Uniform Commercial Code.

167 **SECTION 7.** The commission shall act as the issuing agent for
168 the bonds authorized under Sections 2 through 18 of this act,
169 prescribe the form of the bonds, advertise for and accept bids,
170 issue and sell the bonds so authorized to be sold, pay all fees
171 and costs incurred in such issuance and sale, and do any and all
172 other things necessary and advisable in connection with the
173 issuance and sale of such bonds. The commission is authorized and
174 empowered to pay the costs that are incident to the sale, issuance
175 and delivery of the bonds authorized under Sections 2 through 18
176 of this act from the proceeds derived from the sale of such bonds.
177 The commission shall sell such bonds on sealed bids at public
178 sale, and for such price as it may determine to be for the best
179 interest of the State of Mississippi, but no such sale shall be
180 made at a price less than par plus accrued interest to the date of
181 delivery of the bonds to the purchaser. All interest accruing on
182 such bonds so issued shall be payable semiannually or annually;
183 however, the first interest payment may be for any period of not
184 more than one (1) year.

185 Notice of the sale of any such bonds shall be published at
186 least one time, not less than ten (10) days before the date of
187 sale, and shall be so published in one or more newspapers
188 published or having a general circulation in the City of Jackson,
189 Mississippi, and in one or more other newspapers or financial
190 journals with a national circulation, to be selected by the
191 commission.

192 The commission, when issuing any bonds under the authority of
193 Sections 2 through 18 of this act, may provide that bonds, at the
194 option of the State of Mississippi, may be called in for payment
195 and redemption at the call price named therein and accrued
196 interest on such date or dates named therein.

197 **SECTION 8.** The bonds issued under the provisions of Sections
198 2 through 18 of this act are general obligations of the State of
199 Mississippi, and for the payment thereof the full faith and credit
200 of the State of Mississippi is irrevocably pledged. If the funds
201 appropriated by the Legislature are insufficient to pay the
202 principal of and the interest on such bonds as they become due,
203 then the deficiency shall be paid by the State Treasurer from any
204 funds in the State Treasury not otherwise appropriated. All such
205 bonds shall contain recitals on their faces substantially covering
206 the provisions of this section.

207 **SECTION 9.** Upon the issuance and sale of bonds under the
208 provisions of Sections 2 through 18 of this act, the commission
209 shall transfer the proceeds of any such sale or sales to the
210 special fund created in Section 1 of this act. The proceeds of
211 such bonds shall be disbursed solely upon the order of the
212 Department of Finance and Administration under such restrictions,
213 if any, as may be contained in the resolution providing for the
214 issuance of the bonds.

215 **SECTION 10.** The bonds authorized under Sections 2 through 18
216 of this act may be issued without any other proceedings or the
217 happening of any other conditions or things other than those
218 proceedings, conditions and things which are specified or required
219 by Sections 2 through 18 of this act. Any resolution providing
220 for the issuance of bonds under the provisions of Sections 2
221 through 18 of this act shall become effective immediately upon its
222 adoption by the commission, and any such resolution may be adopted
223 at any regular or special meeting of the commission by a majority
224 of its members.

225 **SECTION 11.** The bonds authorized under the authority of
226 Sections 2 through 18 of this act may be validated in the Chancery
227 Court of the First Judicial District of Hinds County, Mississippi,
228 in the manner and with the force and effect provided by Chapter
229 13, Title 31, Mississippi Code of 1972, for the validation of

230 county, municipal, school district and other bonds. The notice to
231 taxpayers required by such statutes shall be published in a
232 newspaper published or having a general circulation in the City of
233 Jackson, Mississippi.

234 **SECTION 12.** Any holder of bonds issued under the provisions
235 of Sections 2 through 18 of this act or of any of the interest
236 coupons pertaining thereto may, either at law or in equity, by
237 suit, action, mandamus or other proceeding, protect and enforce
238 any and all rights granted under Sections 2 through 18 of this
239 act, or under such resolution, and may enforce and compel
240 performance of all duties required by Sections 2 through 18 of
241 this act to be performed, in order to provide for the payment of
242 bonds and interest thereon.

243 **SECTION 13.** All bonds issued under the provisions of
244 Sections 2 through 18 of this act shall be legal investments for
245 trustees and other fiduciaries, and for savings banks, trust
246 companies and insurance companies organized under the laws of the
247 State of Mississippi, and such bonds shall be legal securities
248 which may be deposited with and shall be received by all public
249 officers and bodies of this state and all municipalities and
250 political subdivisions for the purpose of securing the deposit of
251 public funds.

252 **SECTION 14.** Bonds issued under the provisions of Sections 2
253 through 18 of this act and income therefrom shall be exempt from
254 all taxation in the State of Mississippi.

255 **SECTION 15.** The proceeds of the bonds issued under Sections
256 2 through 18 of this act shall be used solely for the purposes
257 therein provided, including the costs incident to the issuance and
258 sale of such bonds.

259 **SECTION 16.** The State Treasurer is authorized, without
260 further process of law, to certify to the Department of Finance
261 and Administration the necessity for warrants, and the Department
262 of Finance and Administration is authorized and directed to issue

263 such warrants, in such amounts as may be necessary to pay when due
264 the principal of, premium, if any, and interest on, or the
265 accreted value of, all bonds issued under Sections 2 through 18 of
266 this act; and the State Treasurer shall forward the necessary
267 amount to the designated place or places of payment of such bonds
268 in ample time to discharge such bonds, or the interest thereon, on
269 the due dates thereof.

270 **SECTION 17.** Sections 2 through 18 of this act shall be
271 deemed to be full and complete authority for the exercise of the
272 powers therein granted, but Sections 2 through 18 of this act
273 shall not be deemed to repeal or to be in derogation of any
274 existing law of this state.

275 **SECTION 18.** This act shall take effect and be in force from
276 and after its passage.