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To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
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. However, if the Department of
70 Finance and Administration desires to contract with any entity or
71 entities to assist in the administration the program established
72 under this section, the department shall utilize a request for
73 proposals procedure before awarding any contract for any such
74 assistance purposes.

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

86 (b) Monies in the special fund which are derived from
87 proceeds of bonds issued under Sections 2 through 18 of this act
88 may be used to reimburse reasonable actual and necessary costs
89 incurred by the Department of Finance and Administration in
90 administering or providing assistance under the program
91 established in this section. An accounting of actual costs
92 incurred for which reimbursement is sought shall be maintained by
93 the Department of Finance and Administration. Reimbursement of
94 reasonable actual and necessary costs under this paragraph shall
95 not exceed one percent (1%) of the proceeds of bonds issued under
96 Sections 2 through 18 of this act for the program established in
97 this section.

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

101 (a) "Accreted value" of any bonds means, as of any date
102 of computation, an amount equal to the sum of (i) the stated
103 initial value of such bond, plus (ii) the interest accrued thereon
104 from the issue date to the date of computation at the rate,
105 compounded semiannually, that is necessary to produce the
106 approximate yield to maturity shown for bonds of the same
107 maturity.

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

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

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

127 (2) The proceeds of bonds issued pursuant to Sections 2
128 through 18 of this act shall be deposited into the special fund
129 created in Section 1 of this act. Any investment earnings on
130 bonds issued pursuant to Sections 2 through 18 of this act shall

131 be used to pay debt service on bonds issued under Sections 2
132 through 18 of this act, in accordance with the proceedings
133 authorizing issuance of such bonds.

134 **SECTION 4.** The principal of and interest on the bonds
135 authorized under Sections 2 through 18 of this act shall be
136 payable in the manner provided in this section. Such bonds shall
137 bear such date or dates, be in such denomination or denominations,
138 bear interest at such rate or rates (not to exceed the limits set
139 forth in Section 75-17-101, Mississippi Code of 1972), be payable
140 at such place or places within or without the State of
141 Mississippi, shall mature absolutely at such time or times not to
142 exceed twenty-five (25) years from date of issue, be redeemable
143 before maturity at such time or times and upon such terms, with or
144 without premium, shall bear such registration privileges, and
145 shall be substantially in such form, all as shall be determined by
146 resolution of the commission.

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

163 anything herein to the contrary, such bonds may be issued as
164 provided in the Registered Bond Act of the State of Mississippi.

165 **SECTION 6.** All bonds and interest coupons issued under the
166 provisions of Sections 2 through 18 of this act have all the
167 qualities and incidents of negotiable instruments under the
168 provisions of the Uniform Commercial Code, and in exercising the
169 powers granted by Sections 2 through 18 of this act, the
170 commission shall not be required to and need not comply with the
171 provisions of the Uniform Commercial Code.

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

190 Notice of the sale of any such bonds shall be published at
191 least one time, not less than ten (10) days before the date of
192 sale, and shall be so published in one or more newspapers
193 published or having a general circulation in the City of Jackson,
194 Mississippi, and in one or more other newspapers or financial

195 journals with a national circulation, to be selected by the
196 commission.

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

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

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

220 **SECTION 10.** The bonds authorized under Sections 2 through 18
221 of this act may be issued without any other proceedings or the
222 happening of any other conditions or things other than those
223 proceedings, conditions and things which are specified or required
224 by Sections 2 through 18 of this act. Any resolution providing
225 for the issuance of bonds under the provisions of Sections 2
226 through 18 of this act shall become effective immediately upon its
227 adoption by the commission, and any such resolution may be adopted

228 at any regular or special meeting of the commission by a majority
229 of its members.

230 **SECTION 11.** The bonds authorized under the authority of
231 Sections 2 through 18 of this act may be validated in the Chancery
232 Court of the First Judicial District of Hinds County, Mississippi,
233 in the manner and with the force and effect provided by Chapter
234 13, Title 31, Mississippi Code of 1972, for the validation of
235 county, municipal, school district and other bonds. The notice to
236 taxpayers required by such statutes shall be published in a
237 newspaper published or having a general circulation in the City of
238 Jackson, Mississippi.

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

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

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

260 **SECTION 15.** The proceeds of the bonds issued under Sections
261 2 through 18 of this act shall be used solely for the purposes
262 therein provided, including the costs incident to the issuance and
263 sale of such bonds.

264 **SECTION 16.** The State Treasurer is authorized, without
265 further process of law, to certify to the Department of Finance
266 and Administration the necessity for warrants, and the Department
267 of Finance and Administration is authorized and directed to issue
268 such warrants, in such amounts as may be necessary to pay when due
269 the principal of, premium, if any, and interest on, or the
270 accreted value of, all bonds issued under Sections 2 through 18 of
271 this act; and the State Treasurer shall forward the necessary
272 amount to the designated place or places of payment of such bonds
273 in ample time to discharge such bonds, or the interest thereon, on
274 the due dates thereof.

275 **SECTION 17.** Sections 2 through 18 of this act shall be
276 deemed to be full and complete authority for the exercise of the
277 powers therein granted, but Sections 2 through 18 of this act
278 shall not be deemed to repeal or to be in derogation of any
279 existing law of this state.

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