HOUSE BILL NO. 996

AN ACT TO CREATE THE STATE BANK OF MISSISSIPPI FOR THE
PURPOSE OF ENCOURAGING AND PROMOTING AGRICULTURE, COMMERCE AND
INDUSTRY IN THE STATE; TO PROVIDE THAT THE MISSISSIPPI DEVELOPMENT
AUTHORITY SHALL OPERATE, MANAGE AND CONTROL THE STATE BANK; TO
PROVIDE THAT THE BUSINESS AND FINANCIAL TRANSACTIONS OF THE STATE
BANK MAY INCLUDE ANYTHING THAT ANY BANK OR BANK HOLDING COMPANY
LAWFULLY MAY DO; TO PROVIDE THAT THE GOVERNOR SHALL APPOINT AN
ADVISORY BOARD OF DIRECTORS TO THE STATE BANK TO ENLIST THE HELP
OF PRIVATE ENTERPRISE AND TO ENCOURAGE MORE ACTIVE USE OF THE
PURPOSES FOR WHICH THE STATE BANK WAS CREATED; TO PRESCRIBE THE
POWERS OF THE ADVISORY BOARD OF DIRECTORS; TO PROVIDE THAT THE
MISSISSIPPI DEVELOPMENT AUTHORITY SHALL APPOINT A PRESIDENT OF THE
STATE BANK AND MAY APPOINT AND EMPLOY ANY SUBORDINATE OFFICERS,
EMPLOYEES, AND AGENTS AND FIX THE COMPENSATION OF THOSE PERSONS;
TO PROVIDE THAT ALL STATE FUNDS AND FUNDS OF ALL EDUCATIONAL
INSTITUTIONS MUST BE DEPOSITED IN THE STATE BANK; TO PROVIDE THAT
ALL DEPOSITS IN THE STATE BANK ARE GUARANTEED BY THE STATE; TO
PROVIDE THAT THOSE DEPOSITS ARE EXEMPT FROM ALL STATE, COUNTY AND
MUNICIPAL TAXES; TO PROVIDE THAT THE STATE BANK MAY PERFORM THE
FUNCTIONS AND RENDER THE SERVICES OF A CLEARINGHOUSE FOR BANKS
THAT MAKE THE STATE BANK A RESERVE DEPOSITORY; TO PRESCRIBE THE
POWERS OF THE STATE BANK; TO AUTHORIZE THE STATE TREASURER AND THE
STATE FISCAL OFFICER TO ISSUE ON BEHALF OF THE STATE EVIDENCES OF
INDEBTEDNESS ON THE STATE GENERAL FUND WHEN THE BALANCE IN THE
STATE GENERAL FUND IS INSUFFICIENT TO MEET LEGISLATIVE
APPROPRIATIONS; TO AUTHORIZE THE MISSISSIPPI DEVELOPMENT AUTHORITY
TO DIRECT THE STATE BANK TO MAKE LOANS TO THE STATE GENERAL FUND
BY THE PURCHASE OF THE EVIDENCES OF INDEBTEDNESS; TO PROVIDE THAT
THE STATE BANK SHALL MAINTAIN A REVOLVING LOAN FUND FOR THE
PURPOSE OF MAKING OR PARTICIPATING IN LOANS TO MISSISSIPPI
BEGINNING FARMERS FOR THE PURCHASE OF AGRICULTURAL REAL ESTATE,
EQUIPMENT AND LIVESTOCK; TO PROVIDE THAT THE STATE AUDITOR SHALL
CONTRACT WITH AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM FOR
AN ANNUAL AUDIT OF THE STATE BANK, AND THE STATE AUDITOR SHALL
AUDIT ANNUALLY OR CONTRACT FOR AN ANNUAL AUDIT OF THE SEPARATE
PROGRAMS AND FUNDS ADMINISTERED BY THE STATE BANK; TO AUTHORIZE
THE STATE BANK TO ESTABLISH A SYSTEM TO PROVIDE FUND TRANSFER
SERVICES TO ITS CUSTOMERS AND TO THE CUSTOMERS OF STATE-CHARTERED
AND FEDERALLY CHARTERED BANKS LOCATED WITHIN THE STATE OF
MISSISSIPPI AND TO OTHER FINANCIAL INSTITUTIONS OTHERWISE
AUTHORIZED TO USE THE SERVICES OF ELECTRONIC FUND TRANSFER
SYSTEMS; TO PROVIDE THAT CERTAIN RECORDS OF THE STATE BANK ARE
CONFIDENTIAL; TO PROVIDE THAT THE STATE BANK SHALL REPLACE THE
STATE TREASURER AS THE CUSTODIAN OF ALL SECURITIES THAT ARE
REQUIRED TO BE DEPOSITED WITH THE STATE OTHER THAN SECURITIES
RESULTING FROM THE INVESTMENT OF FUNDS BY THE STATE TREASURER; TO
ESTABLISH THE HEALTH INFORMATION TECHNOLOGY LOAN FUND AS A REVOLVING LOAN FUND IN THE STATE BANK FOR THE PURPOSE OF PROVIDING LOANS TO HEALTH CARE PROVIDERS TO PURCHASE AND UPGRADE ELECTRONIC HEALTH RECORD TECHNOLOGY, TRAIN PERSONNEL IN ITS USE, AND IMPROVE SECURITY OF INFORMATION EXCHANGE; TO ESTABLISH THE HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND AS A REVOLVING LOAN FUND IN THE STATE BANK FOR THE PURPOSE OF PROVIDING LOW-INTEREST LOANS TO HEALTH CARE ENTITIES TO ASSIST THOSE ENTITIES IN IMPROVING HEALTH INFORMATION TECHNOLOGY INFRASTRUCTURE; TO AUTHORIZE THE STATE BANK TO ESTABLISH A RESIDENTIAL MORTGAGE LOAN PROGRAM UNDER WHICH THE BANK MAY ORIGINATE RESIDENTIAL MORTGAGES IF PRIVATE SECTOR MORTGAGE LOAN SERVICES ARE NOT REASONABLY AVAILABLE; AND FOR RELATED PURPOSES.

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

SECTION 1. For the purpose of encouraging and promoting agriculture, commerce and industry, the State of Mississippi shall engage in the business of banking, and for that purpose shall maintain a system of banking owned, controlled and operated by it, under the name of the State Bank of Mississippi ("the Bank").

SECTION 2. The Mississippi Development Authority shall operate, manage and control the State Bank of Mississippi, locate and maintain its places of business, of which the principal place must be within the State of Mississippi, and make and enforce orders, rules, regulations, and bylaws for the transaction of its business. The business and financial transactions of the Bank, in addition to other matters specified in this act, may include anything that any bank or bank holding company lawfully may do, except as it is restricted by the provisions of this act. This provision may not be held in any way to limit or qualify either the powers of the Mississippi Development Authority granted by this act or the functions of the Bank as defined in this act. The powers of the Mississippi Development Authority and the functions of the Bank must be implemented through actions taken and policies adopted by the Mississippi Development Authority.

SECTION 3. To enlist the help of private enterprise and to encourage more active use of the purposes for which the State Bank of Mississippi was created, the Governor shall appoint an advisory board of directors to the Bank consisting of seven (7) persons, at
least two (2) of whom must be officers of banks, the majority of
the stock of which is owned by Mississippi residents, and at least
one (1) of whom must be an officer of a state-chartered or
federally chartered financial institution. The Governor shall
appoint a chairman, vice chairman and secretary from the advisory
board of directors. The term of a director is four (4) years.
The Mississippi Development Authority shall define the duties of
the advisory board of directors.

SECTION 4. The advisory board of directors to the State Bank
of Mississippi shall:
   (a) Meet regularly with the management of the Bank to
review the Bank's operations to determine whether recommendations
should be made by the board to the Mississippi Development
Authority relating to improved management performance, better
customer service, and overall improvement in internal methods,
procedures, and operating policies of the Bank.
   (b) Make recommendations to the Mississippi Development
Authority relating to the establishment of additional objectives
for the operation of the Bank.
   (c) Make recommendations to the Mississippi Development
Authority concerning the appointment of officers of the Bank.
   (d) Meet regularly with the Executive Director of the
Mississippi Development Authority to present any recommendations
concerning the Bank.
   (e) In addition to the foregoing and under
authorization from the Mississippi Development Authority, act on
behalf of the Bank with respect to the powers and functions of the
Bank.

SECTION 5. The Mississippi Development Authority shall
appoint a president of the Bank, and may appoint and employ any
subordinate officers, employees, and agents as it may judge
expedient and in the interests of the state, and shall define the
duties, designate the titles, and fix the compensation of all of
those persons. The Mississippi Development Authority may designate the president or other officers or employees of the Bank as its agent in respect to the functions of the Bank, subject to its supervision, limitation, and control. The total compensation of those appointees and employees, together with other expenditures for the operation and maintenance of the Bank, shall remain within the amount of funds appropriated by the Legislature, and other revenues or capital lawfully available to the Bank or the Mississippi Development Authority for those purposes.

SECTION 6. The Mississippi Development Authority may remove and discharge any and all persons appointed in the exercise of the powers granted by this act, whether by the Mississippi Development Authority or by the president of the Bank. All appointments and removals contemplated by this act must be made as the Mississippi Development Authority deems fit to promote the efficiency of the public service.

SECTION 7. All state funds and funds of all educational institutions must be deposited in the State Bank of Mississippi by the persons having control of those funds or must be deposited in accordance with constitutional and statutory provisions. All income earned by the Bank for its own account on state monies that are deposited in or invested with the Bank to the credit of the state must be credited to and become a part of the revenues and income of the Bank.

SECTION 8. Whenever any of the public funds designated in Section 7 of this act are deposited in the State Bank of Mississippi as provided in Section 7 of this act, the official having control of those funds and the sureties on the bond of every such official shall be exempt from all liability by reason of loss of any of those funds while so deposited.

SECTION 9. All deposits in the State Bank of Mississippi are guaranteed by the state. Those deposits are exempt from state, county, and municipal taxes of any and all kinds.
SECTION 10. For banks that make the State Bank of Mississippi a reserve depositary, it may perform the functions and render the services of a clearinghouse, including all facilities for providing domestic and foreign exchange, and may rediscount paper, on any terms that the Mississippi Development Authority provides.

SECTION 11. The State Bank of Mississippi may:

(a) Make, purchase, guarantee or hold loans:

(i) To state-chartered or federally chartered lending agencies or institutions or any other financial institutions.

(ii) To holders of State Bank of Mississippi certificates of deposit and savings accounts up to ninety percent (90%) of the value of the certificates and savings accounts offered as security.

(iii) To actual farmers who are residents of this state, if the loans are secured by recorded mortgages giving the State Bank of Mississippi a first lien on real estate in Mississippi in amounts not to exceed eighty percent (80%) of the value of the security.

(iv) That are insured or guaranteed, in whole or in part, by the United States, its agencies, or instrumentalities.

(v) To individuals or bank holding companies for the purpose of purchasing or refinancing the purchase of bank stock of a bank located in the state.

(vi) To nonprofit organizations that are exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code (26 USCS Section 501(c)(3)), the proceeds of the loans to be used for construction, reconstruction, repair, renovation, maintenance, and associated costs on property under the control of the Department of Wildlife, Fisheries and Parks.
(vii) Under Public Law No. 99-198 (7 USCS Section 1821932 et seq.), as amended, to nonprofit corporations for the purpose of relending loan funds to rural businesses.


(ix) Obtained as security pledged for or originated in the restructuring of any other loan properly originated or participated in by the Bank.

(x) To instrumentalities of this state.

(xi) As otherwise provided by this act or other statutes.

(xii) As follows: If the Bank is participating in the loan and the Bank deems it is in the best interests of the Bank to do so, it may purchase the remaining portion of the loan from a participating lender that is closed by regulatory action or from the receiver of the participating lender's assets.

(xiii) To an investment company created for completing a trust preferred securities transaction for the benefit of a financial institution located in this state.

(b) Make agricultural real estate loans in order to participate in the agricultural mortgage secondary market program established under the Agricultural Credit Act (Public Law 100-233; 12 USCS Section 2279aa-2279aa-14), as amended.

(c) Purchase participation interests in loans made or held by banks, bank holding companies, state-chartered or federally chartered lending agencies or institutions, any other financial institutions, or any other entity that provides financial services and that meets underwriting standards that are generally accepted by state or federal financial regulatory agencies.

(d) Invest its funds:
In conformity with policies of the industrial commission.

In a public venture capital corporation organized and doing business in this state through the purchase of shares of stock.

In any Mississippi alternative and venture capital investments and early-stage capital funds, not to exceed Ten Million Dollars ($10,000,000.00), for the purpose of providing funds for investment in Mississippi alternative and venture capital investments, early-stage capital funds, and entrepreneurship awards. The Bank may invest a maximum of Two Hundred Thousand Dollars ($200,000.00) per biennium in Mississippi-based venture capital entities that make investments in companies located outside Mississippi. The Bank may allow for third-party management of the funds invested under this subparagraph if the management is provided by a third party that is located in the state and that has demonstrated fund management experience.

Buy and sell federal funds.

Lease, assign, sell, exchange, transfer, convey, grant, pledge, or mortgage all real and personal property, title to which has been acquired in any manner.

Acquire real or personal property or property rights by purchase, lease, or the exercise of the power of eminent domain, and may construct, remodel, and repair buildings.

Receive deposits from any source and deposit its funds in any bank or other financial institution.

Perform all acts and do all things necessary, convenient, advisable, or desirable to carry out the powers expressly granted or necessarily implied in this act through or by means of its president, officers, agents, or employees or by contracts with any person, firm, or corporation.
(j) Purchase mortgage loans on residential real property originated by financial institutions.

**SECTION 12.** The State Treasurer and the State Fiscal Officer may, when the balance in the State General Fund is insufficient to meet legislative appropriations, execute and issue on behalf of the state evidences of indebtedness on the State General Fund, which at no time exceed the total principal amount of Ten Million Dollars ($10,000,000.00) with principal maturity of not more than twelve (12) months. As a condition precedent to the issuance and sale of the evidences of indebtedness, the State Treasurer must request and obtain a statement from the State Fiscal Officer and the Commissioner of Revenue certifying that anticipated general fund revenues for the balance of the fiscal year in which the evidences of indebtedness are to be issued will exceed the principal amount and interest on the evidences of indebtedness to be issued. The Mississippi Development Authority may in turn direct the State Bank of Mississippi to make loans to the State General Fund by the purchase of the evidences of indebtedness at any rates of interest as the Mississippi Development Authority prescribes. After evidences of indebtedness have been issued and sold under this section, the State Treasurer shall establish a fund for the repayment of the principal upon maturity and the interest when due. The State Treasurer shall place all available general fund revenues into this fund until the fund contains a sufficient balance for the repayment of the principal at maturity and interest when due, which monies shall be appropriated by the Legislature for this purpose.

**SECTION 13.** (1) The State Bank of Mississippi shall maintain a revolving loan fund in the Bank for the purpose of making or participating in loans to Mississippi beginning farmers for the purchase of agricultural real estate, equipment, and livestock. All monies transferred into the fund, interest upon monies in the fund, and payments to the fund of principal and
interest on loans made from the fund shall be appropriated by the
Legislature for the purpose of providing loans and to supplement
the interest rate on loans to beginning farmers made by the Bank
in accordance with this section.

(2) The revolving loan fund and loans made from the fund
must be administered and supervised by the Bank. The Bank may
deduct a service fee for administering the fund from interest
payments received on loans. An application for a loan from the
fund must be made to the Bank and, upon approval, a loan must be
made from the fund in accordance with this section.

(3) A loan made from the fund may not exceed eighty percent
(80%) of the appraised value of the agricultural collateral, with
the actual percentage to be determined by the Bank. The Bank may
do all things and acts and may establish additional terms and
conditions necessary to make a loan under this section. A loan
made from the fund must have a first security interest.

(4) A loan made from the fund must have the interest rate
fixed at one percent (1%) below the Bank's then current base rate
for the first five (5) years, with a maximum rate of six percent
(6%) per year and variable at one percent (1%) below the Bank's
then current base rate for the second five (5) years. During the
second five (5) years, the variable rate must be adjusted annually
on the anniversary date. The rate during the remaining term of
the loan floats at the Bank's base rate as in effect from time to
time.

(5) The maximum term of a real estate loan is thirty (30)
years. The maximum term of a farm equipment or livestock loan is
seven (7) years.

(6) The Mississippi Development Authority shall contract
with a certified public accounting firm to audit the fund as
necessary. The cost of the audit, and any other actual costs
incurred by the Bank on behalf of the fund, must be paid for by
the fund.
(7) The Bank shall adopt policies to implement this section.

SECTION 14. All business of the Bank must be conducted under the name of "The State Bank of Mississippi." Title to property pertaining to the operation of the Bank must be obtained and conveyed in the name of "The State of Mississippi, doing business as The State Bank of Mississippi." Instruments must be executed in the name of the State of Mississippi. Within the scope of authority granted by the Mississippi Development Authority, the president may execute instruments on behalf of the Bank, including any instrument granting, conveying, or otherwise affecting any interest in or lien upon real or personal property. Other officers or employees of, and legal counsel to, the Bank may execute instruments on behalf of the Bank when authorized by the Mississippi Development Authority.

SECTION 15. (1) Civil actions may be brought against the State of Mississippi on account of claims for relief claimed to have arisen out of transactions connected with the operation of the State Bank of Mississippi provided that the provisions of this section are complied with. In those actions, the state must be designated as the "State of Mississippi, doing business as the State Bank of Mississippi." The actions may be brought in the same manner and are subject to the same provisions of law as other civil actions. The action must be brought in the Circuit Court of the First Judicial District of Hinds County except as provided in subsection (2) of this section.

(2) If the Bank seeks to participate in a loan that involves multiple banks and if the loan documents require the Bank to agree that civil actions will be begun in a state outside of Mississippi, the Bank may agree to venue outside of Mississippi if approved by the Attorney General.

SECTION 16. Any provisions of law requiring that a surety or sureties be given on undertakings in actions on appeal, attachment, claim and delivery, and other cases in which an
undertaking is required, are not applicable to the State of Mississippi, doing business as the State Bank of Mississippi, as the party seeking that relief. It is required to give its own undertaking without surety and to reimburse the adverse party when required by law.

SECTION 17. (1) The State Auditor shall contract with an independent certified public accounting firm for an annual audit of the State Bank of Mississippi in accordance with generally accepted government auditing standards. The State Auditor shall audit annually or contract for an annual audit of the separate programs and funds administered by the State Bank of Mississippi. (2) On request of the State Auditor, the Mississippi Development Authority shall assist the State Auditor in the auditing firm selection process, but the selection of the auditing firm is the responsibility of the State Auditor. The auditor selected shall prepare an audit report that includes financial statements presented in accordance with the audit and accounting guide for banks and savings institutions issued by the American Institute of Certified Public Accountants. The auditor also shall prepare audited financial statements for inclusion in the comprehensive annual financial report for the state. The State Auditor may conduct performance audits of the State Bank of Mississippi, including the separate programs and funds administered by the Bank. The auditor shall report the results of the audit to the Mississippi Development Authority and to the Legislature. The State Bank of Mississippi or its separate programs and funds shall pay the costs of the audit. (3) The Department of Banking and Consumer Finance, through the commissioner, shall examine the State Bank of Mississippi at least once each twenty-four (24) months and conduct any investigation of the Bank which may be necessary. The commissioner shall report the examination results, and the results of any necessary investigation, to the Mississippi Development Authority.
Authority and to the Legislature as soon as practicable. The Department of Banking and Consumer Finance shall charge a fee for any examination or investigation at an hourly rate to be set by the commissioner, sufficient to cover all reasonable expenses of the department associated with the examinations and investigations provided for by this section.

**SECTION 18.** The State Bank of Mississippi may establish, under any rules and regulations as adopted by the Mississippi Development Authority, a system to provide fund transfer services to its customers and to the customers of state-chartered and federally chartered banks located within the State of Mississippi, and to other financial institutions otherwise authorized to use the services of electronic fund transfer systems, to acquire any equipment as is necessary to establish electronic fund transfer systems, and to make any reasonable charges for services rendered to other banks under this section as may be established by the Mississippi Development Authority.

**SECTION 19.** The following records of the State Bank of Mississippi are confidential:

(a) Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this paragraph, "customer" means any person who has transacted or is transacting business with, or has used or is using the services of, the Bank, or for whom the Bank has acted as a fiduciary with respect to trust property.

(b) Internal or interagency memorandums or letters that would not be available by law to a party other than in litigation with the Bank.

(c) Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.
(d) Information obtained from the Department of Banking and Consumer Finance that the department is required to keep confidential.

(e) The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

SECTION 20. Notwithstanding any other provision of law to the contrary, the State Bank of Mississippi shall replace the State Treasurer as the custodian of all securities that are required to be deposited with the state, except that the State Treasurer is the custodian of all securities resulting from the investment of funds by the State Treasurer.

SECTION 21. The sale and leasing of agricultural real estate with an appraised value of Ten Thousand Dollars ($10,000.00) or more acquired by the State Bank of Mississippi through foreclosure or deed in lieu of foreclosure must be done in accordance with policies adopted by the Mississippi Development Authority. The sale and leasing of agricultural real estate with an appraised value of less than Ten Thousand Dollars ($10,000.00), acquired by the Bank through foreclosure or deed in lieu of foreclosure, may be done in a manner as the Bank determines is appropriate given the circumstances. In the case of a lease by the party holding the right of redemption, that party has the right to purchase at any time.

SECTION 22. (1) The Health Information Technology Loan Fund is established as a revolving loan fund in the State Bank of Mississippi for the purpose of providing loans to health care providers to purchase and upgrade electronic health record technology, train personnel in its use, improve security of information exchange, and for other purposes as established by the Mississippi Health Information Network. All monies transferred into the fund, interest upon monies in the fund, and collections of interest and principal on loans made from the fund shall be
appropriated by the Legislature for disbursement according to this section.

(2) The Bank shall make loans from this fund to health care providers as approved by the Mississippi Health Information Network, in accordance with the criteria established by the Health Information Network. A loan made under this fund must be repayable over a period that may not exceed ten (10) years.

(3) The Bank shall administer the Health Information Technology Loan Fund. Funds in the loan fund may be used for loans as provided under this section and the costs of administration of the fund. The Bank may deduct an annual service fee for administering the fund maintained under this section.

(4) An application for a loan under this section must be made to the Mississippi Health Information Network. The Health Information Network may approve the application of a qualified applicant that meets the criteria established by the Health Information Network. The Health Information Network shall forward approved applications to the Bank. Upon approval of the application by the Bank, the Bank shall make the loan from the loan fund as provided under this section.

(5) The Bank may do all acts necessary to negotiate loans and preserve security as deemed necessary, to exercise any right of redemption, and to bring suit in order to collect interest and principal due the loan fund under mortgages, contracts, and notes executed to obtain loans under this section. If the applicant's plan for financing provides for a loan of funds from sources other than the State of Mississippi, the Bank may take a subordinate security interest. The Bank may recover from the loan fund amounts actually expended by the Bank for legal fees and to effect a redemption.

SECTION 23. (1) The Health Information Technology Planning Loan Fund is established as a revolving loan fund in the State Bank of Mississippi for the purpose of providing low-interest
loans to health care entities to assist those entities in improving health information technology infrastructure. All monies transferred into the fund, interest upon monies in the fund, and collections of interest and principal on loans made from the fund shall be appropriated by the Legislature for disbursement according to this section.

(2) The Bank shall make loans from this fund to health care entities as approved by the Mississippi Health Information Network, in accordance with the criteria established by the Health Information Network.

(3) The Bank shall administer the Health Information Technology Planning Loan Fund. Funds in the loan fund may be used for loans as provided under this section and the costs of administration of the fund. The Bank may deduct an annual service fee for administering the loan fund maintained under this section.

(4) An application for a loan under this section must be made to the Mississippi Health Information Network. The Health Information Network may approve the application of a qualified applicant that meets the criteria established by the Health Information Network. The Health Information Network shall forward approved applications to the Bank. Upon approval of the application by the Bank, the Bank shall make the loan from the loan fund as provided under this section.

(5) The Bank may do all acts necessary to negotiate loans and preserve security as deemed necessary, to exercise any right of redemption, and to bring suit in order to collect interest and principal due the loan fund under mortgages, contracts, and notes executed to obtain loans under this section. If the applicant's plan for financing provides for a loan of funds from sources other than the State of Mississippi, the Bank may take a loan subordinate security interest. The Bank may recover from the loan fund amounts actually expended by the Bank for legal fees and to effect a redemption.
SECTION 24.  (1) The State Bank of Mississippi may establish a residential mortgage loan program under which the Bank may originate residential mortgages if private sector mortgage loan services are not reasonably available. Under this program a local financial institution may assist the Bank in taking a loan application, gathering required documents, ordering required legal documents, and maintaining contact with the borrower.

(2) If the Bank establishes a program under this section, at a minimum the program must provide:

(a) The Bank originate no more than Eight Million Dollars ($8,000,000.00) in conventional rural residential mortgages;

(b) An applicant must be referred to the Bank by a local financial institution and the Bank may not have received from any other local financial institution an objection to the Bank's program;

(c) The loan application must be for an owner-occupied primary residence;

(d) The Bank provide all regulatory disclosures, process and underwrite the loan, prepare closing documents, and disburse the loan; and

(e) The terms of the loan originated by the Bank must provide:

(i) The amount of the loan may not exceed Two Hundred Thousand Dollars ($200,000.00);

(ii) The term of the loan may not exceed thirty (30) years;

(iii) The rate of the loan must be equal to the Bank's market rate;

(iv) The maximum loan to value may not exceed eighty percent (80%) of appraised value; however, a local financial institution may take a second mortgage that does not exceed a combined loan to value of ninety-five percent (95%); and
(v) Standard credit underwriting and documentation applies.

(3) The Bank may sell eligible first-time home buyer loans to the Mississippi Home Corporation.

SECTION 25. This act shall take effect and be in force from and after July 1, 2012.