

Act 838 of the 1989 Regular Session.

Act 838

SB586

By: Senator Gibson

"AN ACT TO AMEND TITLE 15, CHAPTER 5, SUBCHAPTER 4 OF THE ARKANSAS CODE OF 1987 ANNOTATED TO MODIFY THE AMOUNT AND METHOD OF PAYMENT OF GUARANTY PREMIUM PAYMENTS."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 15-5-408 of the Arkansas Code of 1987 Annotated is hereby amended to read as follows:

"15-5-408. Evidence to support guaranty - Premium payment.

(a) Each developer requesting a guaranty hereunder shall submit to the authority supporting documents, instruments, contractor's costs or estimated cost of improvements, land costs, and other evidence showing conformity with the ADFA Act or other law pursuant to which qualified bonds are to be or have been issued.

(b) Each developer receiving a guaranty hereunder shall pay a premium payment or payments to the Bond Guaranty Reserve Account as provided in this Section.

(1) The initial premium payment shall be an amount equal to two (2) to five (5) percent of the principal amount of the qualified bonds guaranteed, payable at the time the bonds are issued. An additional fee equal to up to one percent (1%) of the outstanding principal balance may be charged over the term of the loan. The amount of the premium payment shall be determined by the Authority on the basis of the relative degree of risk involved in guaranteeing the project, as compared to other projects guaranteed, and the term of years for which the guarantee will be outstanding.

(2) The Authority may retain from the premium payment an amount equal to one-half percent (.5%) of the principal amount of the bonds to be placed in its general fund to defray costs of the guaranty program.

(c) In addition to the guaranties authorized by this Act on behalf of developers, the Authority is hereby authorized to guarantee the short-term notes or bonds of state agencies, cities, counties and other political subdivisions for capital improvements for periods not to exceed one year. No premium payment shall be charged, but the Authority may charge an interest rate premium as a fee for guaranteeing the notes or bonds."

SECTION 2. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

APPROVED: March 22, 1989

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