

State of Arkansas

76th General Assembly

Regular Session, 1987

SENATE BILL 662

By: Senator Luelf

"AN ACT TO AUTHORIZE AND DIRECT THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY TO ESTABLISH A PROGRAM FOR PROVIDING ASSISTANCE IN THE FINANCING OF THE ESTABLISHMENT OF NEW AND THE EXPANSION OF EXISTING SMALL BUSINESS IN THE STATE; TO AUTHORIZE AND DIRECT THE AUTHORITY TO USE A MINIMUM PERCENTAGE OF FUNDS DERIVED FROM BONDS ISSUED BY THE AUTHORITY FOR PROMOTING SMALL BUSINESSES THROUGH THE PURCHASE OF MORTGAGE LOANS FROM FINANCIAL INSTITUTIONS; AND FOR OTHER PURPOSES."

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

SECTION 1. Legislative Intent and Purpose. It is hereby found and determined by the General Assembly that it is essential to the economic well-being of the State of Arkansas and the residents of the State that appropriate steps be taken to encourage and promote the establishment of new small businesses and the expansion of existing small businesses in the State and that such encouragement and promotion can best be provided through the establishment of a program to provide and assist in providing financing for the establishment and expansion of small businesses; that the Arkansas Development Finance Authority was created primarily to promote and revitalize existing agricultural and industrial business enterprises in the State and that it is the appropriate agency to establish and administer a program for the promotion of small businesses; that it is the purpose and intent of this Act to authorize and direct the Arkansas Development Finance Authority to establish and administer such program and to make available a minimum percentage of all funds received by it through the sale of bonds for the purchase of mortgage loans to small business enterprises from financial institutions in the State and for other appropriate financial assistance to small business development.

SECTION 2. The Arkansas Development Finance Authority is hereby authorized and directed to establish and implement a program to complement and assist private financial institutions in the State in the financing of new and the expansion of existing small businesses in the various areas of the State.

SECTION 3. In developing the program, the Authority shall survey the various financial institutions in the State to determine the average number of applications received annually by the respective institutions for loans for small business development and expansion, the average dollar amount of such loans applied for, the average number of such loans approved each year and the total dollar amount thereof, and such other information as the Authority feels will be helpful in the establishment and implementation of the program and in developing rules, regulations and guidelines for the program.

SECTION 4. The Authority is hereby authorized to purchase and contract to purchase participations in, or whole mortgages from mortgage lenders, made to eligible persons in the State for the financing of new or the expansion of existing small business enterprises in the State. The agency may make commitments to mortgage lenders to purchase mortgages or participation therein prior to the date of the execution of such mortgages. The Authority is authorized to make and execute contracts for servicing of mortgages acquired by the agency and need not take possession of mortgages purchased if the financing institution from which the mortgage loan is purchased enters into an agreement with the Authority for servicing of the mortgage acquired by the Authority.

SECTION 5. The Authority shall purchase only those mortgages or participations in mortgages for loans made for financing the purchase of real estate, the construction or renovation of buildings and facilities, and/or for the purchase of machinery and equipment having an expected useful life of ten (10) years or more, and secured by first liens on the real estate and/or personal property purchased, constructed or renovated with proceeds from the loan.

SECTION 6. The Arkansas Development Finance Authority is hereby directed to allocate and set aside a minimum of ten percent (10%) of the proceeds

derived from all bonds issued and sold by the Authority, to finance the small business development program provided for herein.

SECTION 7. The Arkansas Development Finance Authority is hereby authorized to adopt appropriate rules, regulations and guidelines to carry out the intent and purposes of this Act and the small business development program developed pursuant to this Act and to avoid abuses of the program.

SECTION 8. All laws and parts of laws in conflict with this Act are hereby repealed.

