

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

A Bill

HOUSE BILL 1080

4
5 By: House Interim Committee on Insurance and Commerce
6 By: Senate Interim Committee on Insurance and Commerce

For An Act To Be Entitled

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9 "AN ACT TO REENACT ARKANSAS CODE 23-32-908 PERTAINING TO
10 LOANS SECURED BY LIENS ON AGRICULTURAL LANDS; AND FOR
11 OTHER PURPOSES."

Subtitle

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14 "TO REENACT ARKANSAS CODE PERTAINING TO
15 LOANS SECURED BY LIENS ON AGRICULTURAL
16 LANDS."

17
18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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20 SECTION 1. Loans secured by liens on agricultural lands.

21 (a) Any person obtaining a loan secured by a lien on real estate in this
22 state which is used primarily for agricultural or livestock purposes shall
23 have the privilege of prepaying the loan in multiples of one hundred dollars
24 (\$100) during any one (1) year following the first anniversary date of the
25 loan, on interest-paying dates, provided the prepayment plus required payments
26 does not exceed twenty percent (20%) of the initial principal amount of the
27 loan.

28 (b) The privilege shall not be cumulative, and the borrower shall have
29 no further prepayment privilege except that the borrower may, at any time,
30 prepay the principal balance of the loan with accrued interest thereon plus
31 prepayment fees in amounts not exceeding the following:

32 (1) Five percent (5%) of the unpaid principal balance if prepaid during
33 the first year;

34 (2) Four percent (4%) of the unpaid principal balance if prepaid during
35 the second year;

36 (3) Three percent (3%) of the unpaid principal balance if prepaid during

1 the third year;

2 (4) Two percent (2%) of the unpaid principal balance if prepaid during
3 the fourth year;

4 (5) One percent (1%) of the unpaid principal balance if prepaid during
5 the fifth year;

6 (6) No penalty if prepaid more than five (5) years after the date of the
7 note creating the debt.

8 (c)(1) This section shall apply only to loans secured by a lien on real
9 estate used primarily for agricultural or livestock purposes.

10 (2) This section shall not apply to any mortgage, deed of trust, note,
11 or other instrument evidencing indebtedness if the instrument contains a
12 statement in bold-face type that this section does not apply and if the lender
13 or agent of the lender points out and explains the provisions to the borrower
14 and the borrower signs a statement on the instrument that the section has been
15 explained and that the borrower agrees.

16 (d) Any lender or other person applying or attempting to apply more
17 restrictive prepayment requirements, or otherwise violating this section,
18 shall be guilty of a Class A misdemeanor and shall be punished accordingly.

19 (e) In addition to the criminal penalties provided in subsection (d) of
20 this section, any lender or other person applying or attempting to apply more
21 restrictive prepayment requirements or otherwise violating this section shall
22 forfeit all unmatured interest and principal on the loan and shall be liable
23 for reasonable attorney's fees incurred by the debtor as a result of the
24 lender's violation of this section.

25 (f) Any payment of interest or principal made by the debtor shall not
26 constitute a waiver of any of the debtor's rights provided by this section or
27 any other law.

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

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33 SECTION 3. If any provision of this act or the application thereof to
34 any person or circumstance is held invalid, such invalidity shall not affect
35 other provisions or applications of the act which can be given effect without
36 the invalid provision or application, and to this end the provisions of this

1 act are declared to be severable.

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3 SECTION 4. All laws and parts of laws in conflict with this act are
4 hereby repealed.

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6 SECTION 5. EMERGENCY. It is hereby found and determined by the General
7 Assembly that the Arkansas Banking Act of 1997 goes into effect on May 31,
8 1997; that the law addressed by this act was repealed by the Arkansas Banking
9 Act of 1997 for technical purposes; that this act will reenact that law with
10 necessary changes; and that this act must go into effect on May 31, 1997, in
11 order to correlate with the Banking Act of 1997. Therefore an emergency is
12 declared to exist and this act being immediately necessary for the
13 preservation of the public peace, health and safety shall be in full force and
14 effect from and after May 31, 1997.

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