

FIRST REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]

HOUSE BILL NO. 464

92ND GENERAL ASSEMBLY

1591L.01T

2003

AN ACT

To repeal sections 348.195 and 348.210, RSMo, and to enact in lieu thereof two new sections relating to loan guarantees.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 348.195 and 348.210, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 348.195 and 348.210, to read as follows:

348.195. 1. The authority may issue certificates of guaranty covering a first loss
2 guarantee up to but not more than [twenty-five] **fifty** percent of the loan on a declining principal
3 basis for loans to individuals executing a note or other evidence of a loan made for livestock
4 production or other single-purpose animal facility, including animal waste systems or livestock
5 purchase, but not to exceed the amount of two hundred fifty thousand dollars for any one
6 individual and to pay from the single-purpose animal facilities loan guarantee fund to an eligible
7 lender up to [twenty-five] **fifty** percent of the amount on a declining principal basis of any loss
8 on any guaranteed loan made under the provisions of sections 348.185 to 348.225, in the event
9 of default on the loan. Upon payment of the loan, the authority shall be subrogated to all the
10 rights of the eligible lender.

11 2. As used in sections 348.185 to 348.225, the term "eligible lender" means those entities
12 defined as "lenders" under subdivision (8) of section 348.015.

13 3. The authority shall charge for each guaranteed loan a one-time participation fee of one
14 percent which shall be collected by the lender at the time of closing and paid to the authority.
15 In addition, the authority may charge a special loan guarantee fee of up to one percent per annum
16 of the outstanding principal which shall be collected from the borrower by the lender and paid
17 to the authority. Amounts so collected shall be deposited in the single-purpose animal facilities
18 loan program fund and used, upon appropriation, to pay the costs of administering the program.

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law. Matter in boldface type in the above law is proposed language.

19 4. All moneys paid to satisfy a defaulted guaranteed loan shall only be paid out of the
20 single-purpose animal facilities loan guarantee fund established by sections 348.185 to 348.225.

21 5. The total outstanding guaranteed loans shall at no time exceed an amount which,
22 according to sound actuarial judgment, would allow immediate redemption of [forty] **twenty**
23 percent of the outstanding loans guaranteed by the fund at any one time.

348.210. 1. Persons eligible for guarantees for loans under the provisions of sections
2 348.185 to 348.225 are individuals engaged in farming operations as defined in section 348.015,
3 who intend to use the proceeds from the loan to finance breeding or feeder livestock, including
4 the purchase of additional or replacement livestock, land, buildings, facilities, equipment,
5 machinery, and animal waste facilities used to produce poultry, hogs, beef, or dairy cattle, or
6 other animals and who are seeking a loan or loans to finance not more than ninety percent of the
7 anticipated cost.

8 2. The authority shall adopt and promulgate regulations establishing eligibility under the
9 provisions of sections 348.185 to 348.225, taking into consideration the individual's ability to
10 repay the loan, the general economic conditions of the area in which the individual will be
11 located, the prospect of success of the particular facility for which the loan is sought and such
12 other factors as the authority may establish. The eligibility of any person for a loan guarantee
13 under the provisions of sections 348.185 to 348.225 shall not be determined or otherwise
14 affected by any consideration of that person's race, religion, sex, creed, color, or location of
15 residence. The authority may also provide for:

16 (1) The requirement or nonrequirement of security or endorsement and the nature
17 thereof;

18 (2) The manner and time of repayment of the principal and interest;

19 (3) The maximum rate of interest;

20 (4) The right of the borrower to accelerate payments without penalty;

21 (5) The amount of the guaranty charge;

22 (6) The effective period of the guaranty;

23 (7) The percent of the loan, not to exceed [twenty-five] **fifty** percent, covered by the
24 guaranty;

25 (8) The assignability of loans by the lender;

26 (9) Procedures in event of default by the borrower;

27 (10) The due diligence effort on the part of lenders for collection of guaranteed loans;

28 (11) Collection assistance to be provided to lenders; and

29 (12) The extension of the guaranty in consideration of duty in the armed forces,
30 unemployment, natural disasters, or other hardships.