

COMMERCE: Rife, Chair; Kinley and Priebe

Senate File 432

MALL BUSINESS AND ECONOMIC DEVELOPMENT: A. Miller, Chair; E FILE 432

Jordan and Rife

Amend (3357) to Do Pass 4/1/87 (p. 1023)

BY PALMER and RIFE

Passed Senate, Date 4-6-87 (p. 1113) Passed House, Date _____
Vote: Ayes 43 Nays 4 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

- 1 An Act relating to the creation of an Iowa small business
- 2 guaranty fund.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 432

S-3426

- 1 Amend amendment, S-3357, to Senate File 432 as
- 2 follows:
- 3 1. Page 1, line 24, by striking the figure
- 4 "110.53" and inserting the following: "524.332".

S-3426

Filed April 6, 1987

BY JACK RIFE

ADOPTED (p. 1111)

SENATE FILE 432

S-3431

- 1 Amend Senate File 432 as follows:
- 2 1. Page 1, line 17, by striking the word "broad".

S-3431

Filed April 6, 1987

BY BERL E. PRIEBE

ADOPTED (p. 1112)

JACK RIFE

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1 Section 1. NEW SECTION. 524.228 SMALL BUSINESS GUARANTY
2 FUND.

3 1. An Iowa small business guaranty fund is created within
4 the division of banking to be administered by the division.

5 2. The fund may guaranty up to eighty percent of a
6 commercial loan. A fee of one percent of the money loaned
7 shall be paid to the fund to cover fund administrative costs
8 and to form a reserve for loan losses.

9 3. Initial moneys for the fund shall come from the
10 proceeds of lottery sales, in an amount determined by the
11 general assembly.

12 4. The superintendent shall adopt rules to implement and
13 administer the fund. The rules shall give priority to new
14 businesses or expanding existing businesses. The rules shall
15 also give priority to loans for emerging industries and value-
16 added industries, and loans with greater job creation
17 potential. The superintendent has broad rule-making authority
18 to factor these priorities and develop other standards for the
19 fund in order to maximize the leverage of public funds for
20 economic development and net job creation within the state.
21 The rules shall limit the size or percentage of a loan
22 otherwise eligible proportionate to the accumulated size of
23 the fund's reserve. The rules shall limit the percentage of
24 the fund's reserve at risk for any one loan or any one
25 business to a prudent level proportionate to the size of the
26 fund's reserve.

27 EXPLANATION

28 This bill creates an Iowa small business guaranty fund to
29 be administered by the division of banking. The fund is to be
30 initially funded by lottery sales proceeds, and will receive a
31 fee of 1 percent on the full amount of a loan guaranteed by
32 the fund. A commercial loan may be guaranteed up to 80
33 percent of the loan. Broad rule-making authority is granted
34 the superintendent of banking to maximize the leverage of
35 public funds for economic development and net job creation.

SENATE FILE 432

S-3357

1 Amend Senate File 432 as follows:

2 1. Page 1, line 3, by inserting after the word
3 "fund" the following: "program".

4 2. Page 1, by striking lines 9 through 11 and
5 inserting the following:

6 "3. The superintendent is authorized to issue up
7 to three hundred million dollars in bonds to provide
8 initial funding for the loan guarantee fund as
9 provided in sections 524.229 through 524.335."

10 3. Page 1, by inserting after line 26 the
11 following:

12 "Sec. ____ . NEW SECTION. 524.229 DEFINITIONS.

13 When used in this division, unless the context
14 otherwise requires:

15 1. "Bonds" means negotiable small business
16 guarantee bonds of the superintendent issued pursuant
17 to this division and section 524.228 and includes all
18 bonds, notes, and other obligations issued in
19 anticipation of these bonds or as refunding bonds
20 pursuant to this division.

21 2. "Treasurer" means the treasurer of state of the
22 state of Iowa.

23 3. "Small business guaranty fund" means the fund
24 created by section 110.53.

25 Sec. ____ . NEW SECTION. 524.230 BONDS ISSUED BY
26 THE SUPERINTENDENT.

27 1. The superintendent may issue its negotiable
28 bonds in principal amounts of up to three hundred
29 million dollars as, in the opinion of the commission,
30 are necessary to provide funds for the small business
31 guaranty fund, the payment of interest on its bonds
32 and all other expenditures of the superintendent
33 incident to and necessary or convenient to implement
34 the small business guaranty fund. However, the
35 superintendent shall not have a total principal amount
36 of bonds outstanding at any time in excess of three
37 hundred million dollars. The bonds shall be deemed to
38 be investment securities and negotiable instruments
39 within the meaning of and for all purposes of chapter
40 554, the uniform commercial code.

41 2. Bonds issued by the superintendent are payable
42 solely and only from the revenues credited to the
43 small business guaranty fund. Taxes or appropriations
44 shall not be pledged for the payment of the bonds.
45 Bonds are not an obligation of this state or any
46 political subdivision of this state other than the
47 superintendent within the meaning of any
48 constitutional or statutory debt limitations, but are
49 special obligations of the superintendent payable
50 solely and only from the sources provided in this

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1 division, and the superintendent shall not pledge the
2 general credit or taxing power of this state or any
3 political subdivision of this state or make its debts
4 payable out of any moneys except those of the small
5 business guaranty fund.

6 3. Bonds must be authorized by the superintendent.
7 However, the superintendent may delegate to an officer
8 of the division of banking the power to negotiate and
9 fix the details of an issue of bonds or notes by an
10 appropriate certificate of the authorized officer.

11 4. The bond proceedings shall provide for the
12 purpose of the bonds, principal amount and principal
13 maturity or maturities, the interest rate or rates or
14 the maximum interest rate, the date of the bonds and
15 the dates of payment of interest on the bonds, their
16 denomination, the terms and conditions upon which
17 parity bonds may be issued, and the establishment
18 within or without the state of a place or places of
19 payment of principal of and interest on the bonds.
20 The purpose of the bonds may be stated in the bond
21 proceedings in terms describing the general purpose or
22 purposes to be served. The superintendent may cause
23 to be issued a prospectus or official statement in
24 connection with the offering of the bonds. Bonds may
25 be issued in coupon or in registered form, or both.
26 Provision may be made for the registration of bonds
27 with coupons attached as to principal alone, or as to
28 both principal and interest, their exchange for bonds
29 so registered, and for the conversion or reconversion
30 into bonds with coupons attached of any bonds
31 registered as to both principal and interest, and for
32 reasonable charges for registration, exchange,
33 conversion, and reconversion. Bonds shall be sold in
34 the manner and at the time determined by the
35 superintendent. Chapter 75 and sections 23.12 through
36 23.16 do not apply to these bonds. The bonds are
37 negotiable instruments. The bond proceedings may
38 contain additional provisions as to:

39 a. The redemption of bonds prior to maturity at
40 the option of the superintendent at the price and on
41 the terms and conditions provided in the bond
42 proceedings.

43 b. Other terms of the bonds and concerning
44 execution and delivery of the bonds.

45 c. The delegation of responsibility for any act
46 relating to the issuance, execution, sale, redemption,
47 or other matter pertaining to the bonds to any other
48 officer, agency of the state, or other person or body.

49 d. Additional agreements with the bondholders
50 relating to the bonds.

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1 e. Payment from the proceeds of the sale of the
2 bonds of all legal and financial expenses incurred by
3 the superintendent in the issuance, sale, delivery,
4 and payment of the bonds.

5 f. Other matters, alike or different, which may in
6 any way affect the security of the bonds and the
7 protection of the bondholders.

8 5. The power to issue bonds includes the power to
9 issue obligations in the form of bond anticipation
10 notes or other forms of short-term indebtedness and to
11 renew these notes by the issuance of new notes. The
12 holders of notes or interest coupons of notes have a
13 right to be paid solely from those revenues credited
14 to the small business guaranty fund which were pledged
15 to the payment of the bonds anticipated, or from the
16 proceeds of those bonds or renewal notes, or both, as
17 the superintendent provides in the bond proceedings
18 authorizing the notes. The notes may be additionally
19 secured by covenants of the superintendent to the
20 effect that the superintendent will do those acts
21 authorized by this division and necessary for the
22 issuance of the bonds or renewal notes in appropriate
23 amount, and either exchange the bonds or renewal notes
24 for the notes, or apply the proceeds of the notes, to
25 the extent necessary, to make full payment of the
26 principal of and interest on the notes at the time
27 contemplated, as provided in the bond proceedings.
28 For this purpose, the superintendent may issue bonds
29 or renewal notes in a principal amount and upon terms
30 as authorized by this division and as necessary to
31 provide funds to pay when required the principal of
32 and interest on the outstanding notes. All provisions
33 for and references to bonds in this division are
34 applicable to notes authorized under this subsection
35 to the extent not inconsistent with this subsection.

36 6. The superintendent may authorize and issue
37 bonds for the refunding, including funding and
38 retirement, and advance refunding with or without
39 payment or redemption prior to maturity, of bonds
40 previously issued by the superintendent. These bonds
41 may be issued in amounts sufficient for payment of the
42 principal amount of the prior bonds, any redemption
43 premiums on the prior bonds, principal maturities of
44 bonds maturing prior to the redemption of the
45 remaining bonds on a parity with them, interest
46 accrued or to accrue to the maturity date or dates of
47 redemption of the bonds, and project costs including
48 expenses incurred or to be incurred in connection with
49 this issuance, refunding, funding, and retirement.
50 Subject to the bond proceedings, the portion of

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1 proceeds of the sale of bonds issued under this
2 subsection to be applied to principal of and interest
3 on the prior bonds shall be credited to the
4 appropriate account for the prior bonds. Bonds
5 authorized under this subsection shall be deemed to be
6 issued for those purposes for which the prior bonds
7 were issued and are subject to the provisions of this
8 division pertaining to other bonds. Refunding bonds
9 may be issued without regard to whether or not the
10 bonds to be refunded are payable on the same date or
11 different dates or due serially or otherwise.

12 Sec. ____ . NEW SECTION. 524.331 ADDITIONAL POWERS
13 OF SUPERINTENDENT.

14 In connection with the issuance of the bonds or in
15 order to secure the payment of the bonds and interest
16 on the bonds, the superintendent may:

17 1. Provide that the bonds be secured by a first
18 lien on the revenues and receipts received or to be
19 received into the small business guaranty fund from
20 income from the investment of the small business
21 guaranty fund, from moneys received from the sale of
22 bonds, and from any other moneys which are available
23 for the payment of bond service charges.

24 2. Pledge for the benefit of the bondholders any
25 part of the receipts in the small business guaranty
26 fund. The pledge shall be effective without physical
27 delivery or further act and moneys in the fund may be
28 applied for the purposes as pledged without the
29 necessity of an Act of appropriation.

30 3. Establish, authorize, set aside, regulate, and
31 dispose of reserves and sinking funds.

32 4. Provide that sufficient amounts of the proceeds
33 of the sale of the bonds may be used to fully or
34 partially fund any and all reserves or sinking funds
35 set out by the bond resolution.

36 5. Prescribe the procedure, if any, by which the
37 terms of any contract with bondholders may be amended
38 or abrogated, the amount of the bonds whose holders
39 must consent thereto, and the manner in which the
40 consent may be given.

41 6. Purchase bonds, out of funds available for that
42 purpose, which shall be canceled, at a price not
43 exceeding either of the following:

44 a. If the bonds are then redeemable, the
45 redemption price then applicable plus accrued interest
46 to the next interest payment date.

47 b. If the bonds are not then redeemable, the
48 redemption price applicable on the first date after
49 the purchase upon which the bonds become subject to
50 redemption plus accrued interest to that date.

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Sec. ____ . NEW SECTION. 524.332 PAYMENT OF BONDS.

A small business guaranty fund is created in the state treasury. At the direction of the superintendent as provided in the bond proceedings or pursuant to section 524.331, subsection 1 or 2, and as certified by the superintendent, the treasurer of state shall credit to the small business guaranty fund from the revenues received from the fees imposed on loans guaranteed by the fund a sum at least sufficient to pay interest on the bonds in each fiscal year and principal on the bonds that mature during each fiscal year. In each fiscal year after July 1, 1987 and after bonds are issued, and until all the bonds issued have been retired, in order to provide for the payment of principal of the bonds issued and sold and the interest on them as the same become due and mature, there is pledged and annually appropriated out of the revenues to be credited to the small business guaranty fund an amount sufficient to pay principal and interest on the bonds issued for each of the years the bonds are outstanding. The superintendent shall annually certify to the treasurer the amount of funds required to pay interest on the bonds in the ensuing fiscal year and the principal on the bonds that mature during the ensuing fiscal year.

Sec. ____ . NEW SECTION. 524.333 NONLIABILITY OF THE STATE AND ITS OFFICIALS.

Bonds issued are special limited obligations of the superintendent and are not a debt or liability of the state or any other political subdivision within the meaning of any constitutional or statutory debt limitation and are not a pledge of the state's credit or taxing power within the meaning of any constitutional or statutory limitation or provision and, except as provided in this division, an appropriation shall not be made, directly or indirectly, by the state or any political subdivision of the state for the payment of bonds. The bonds are special obligations of the superintendent payable solely from the small business guaranty fund. Funds from the general fund of the state shall not be used to pay interest or principal on the bonds if revenues deposited in the small business guaranty fund are insufficient.

The superintendent or other person executing the bonds is not personally liable for the payment of the bonds. The bonds are valid and binding obligations of the superintendent notwithstanding the fact that before the delivery of the bonds any of the officers whose signatures appear on the bonds cease to be

1 officers of the state. From and after the sale and
2 delivery of the bonds, they shall be incontestable by
the superintendent.

3 Sec. ____ . NEW SECTION. 524.334 BONDS AS LEGAL
4 INVESTMENTS.

5 Bonds are securities in which all public officers
6 and bodies of the state and all municipalities and
7 political subdivisions of this state, all insurance
8 companies and associations and other persons carrying
9 on an insurance business, all banks, bankers, trust
10 companies, savings banks, and savings associations,
11 including savings and loan associations, building loan
12 associations, investment companies, and other persons
13 carrying on a banking business, all administrators,
14 guardians, executors, trustees, and other fiduciaries
15 and all other persons who are now or may be authorized
16 to invest in bonds or other obligations of this state
17 may properly and legally invest funds including
18 capital in their control or belonging to them. The
19 bonds are also securities which may be deposited with
20 and may be received by all public officers and bodies
21 of the state and all municipalities and legal
22 subdivisions of this state for any purpose for which
23 the deposit of bonds or other obligations of the state
24 is now or may be authorized.

25
26 Sec. ____ . NEW SECTION. 524.335 RIGHTS OF
27 BONDHOLDERS.

28 The bond proceedings may provide that a holder of
29 bonds or a trustee under the bond proceedings, except
30 to the extent that the holder's rights are restricted
31 by the bond proceedings, may by legal proceedings,
32 protect and enforce any rights under the laws of this
33 state or granted by the bond proceedings. These
34 rights include the right to compel the performance of
35 all duties of the superintendent required by this
36 division or the bond proceedings; to enjoin unlawful
37 activities; and in the event of default with respect
38 to the payment of any principal of or interest on
39 bonds or in the performance of a covenant or agreement
40 on the part of the superintendent in bond proceedings,
41 to apply to a court to appoint a receiver to receive
42 and administer the funds which are pledged to the
43 payment of bonds or which are the subject of the
44 covenant or agreement, with full power to pay and to
45 provide for payment of any principal of or interest on
46 bonds and with powers accorded receivers in general
47 equity cases, excluding power to pledge additional
48 funds or other income or moneys of the superintendent,
49 the state, or governmental agencies of the state to
50 the payment of the bonds."

1 4. Page 1, by inserting before line 27 the
2 following:

3 "Sec. ____ . Sections 524.228 through 524.335 are
4 created as a new division within chapter 524."

5 5. By renumbering as necessary.

SENATE FILE 432
BY PALMER and RIFE

(AS AMENDED AND PASSED BY THE SENATE APRIL 6, 1987)

~~_____~~ - New Language by the Senate

* - Language Stricken by the Senate

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the creation of an Iowa small business
2 guaranty fund.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 524.228 SMALL BUSINESS GUARANTY
2 FUND.

3 1. An Iowa small business guaranty fund program is created
4 within the division of banking to be administered by the
5 division.

6 2. The fund may guaranty up to eighty percent of a
7 commercial loan. A fee of one percent of the money loaned
8 shall be paid to the fund to cover fund administrative costs
9 and to form a reserve for loan losses.

10 3. The superintendent is authorized to issue up to three
11 hundred million dollars in bonds to provide initial funding
12 for the loan guarantee fund as provided in sections 524.229
13 through 524.335.

14 4. The superintendent shall adopt rules to implement and
15 administer the fund. The rules shall give priority to new
16 businesses or expanding existing businesses. The rules shall
17 also give priority to loans for emerging industries and value-
18 added industries, and loans with greater job creation
*19 potential. The superintendent has rule-making authority to
20 factor these priorities and develop other standards for the
21 fund in order to maximize the leverage of public funds for
22 economic development and net job creation within the state.
23 The rules shall limit the size or percentage of a loan
24 otherwise eligible proportionate to the accumulated size of
25 the fund's reserve. The rules shall limit the percentage of
26 the fund's reserve at risk for any one loan or any one
27 business to a prudent level proportionate to the size of the
28 fund's reserve.

29 Sec. 2. NEW SECTION. 524.229 DEFINITIONS.

30 When used in this division, unless the context otherwise
31 requires:

32 1. "Bonds" means negotiable small business guarantee bonds
33 of the superintendent issued pursuant to this division and
34 section 524.228 and includes all bonds, notes, and other
35 obligations issued in anticipation of these bonds or as

1 refunding bonds pursuant to this division.

2 2. "Treasurer" means the treasurer of state of the state
3 of Iowa.

4 3. "Small business guaranty fund" means the fund created
5 by section 524.332.

6 Sec. 3. NEW SECTION. 524.230 BONDS ISSUED BY THE
7 SUPERINTENDENT.

8 1. The superintendent may issue its negotiable bonds in
9 principal amounts of up to three hundred million dollars as,
10 in the opinion of the commission, are necessary to provide
11 funds for the small business guaranty fund, the payment of
12 interest on its bonds and all other expenditures of the
13 superintendent incident to and necessary or convenient to
14 implement the small business guaranty fund. However, the
15 superintendent shall not have a total principal amount of
16 bonds outstanding at any time in excess of three hundred
17 million dollars. The bonds shall be deemed to be investment
18 securities and negotiable instruments within the meaning of
19 and for all purposes of chapter 554, the uniform commercial
20 code.

21 2. Bonds issued by the superintendent are payable solely
22 and only from the revenues credited to the small business
23 guaranty fund. Taxes or appropriations shall not be pledged
24 for the payment of the bonds. Bonds are not an obligation of
25 this state or any political subdivision of this state other
26 than the superintendent within the meaning of any
27 constitutional or statutory debt limitations, but are special
28 obligations of the superintendent payable solely and only from
29 the sources provided in this division, and the superintendent
30 shall not pledge the general credit or taxing power of this
31 state or any political subdivision of this state or make its
32 debts payable out of any moneys except those of the small
33 business guaranty fund.

34 3. Bonds must be authorized by the superintendent.

35 However, the superintendent may delegate to an officer of the

1 division of banking the power to negotiate and fix the details
2 of an issue of bonds or notes by an appropriate certificate of
3 the authorized officer.

4 4. The bond proceedings shall provide for the purpose of
5 the bonds, principal amount and principal maturity or
6 maturities, the interest rate or rates or the maximum interest
7 rate, the date of the bonds and the dates of payment of
8 interest on the bonds, their denomination, the terms and
9 conditions upon which parity bonds may be issued, and the
10 establishment within or without the state of a place or places
11 of payment of principal of and interest on the bonds. The
12 purpose of the bonds may be stated in the bond proceedings in
13 terms describing the general purpose or purposes to be served.
14 The superintendent may cause to be issued a prospectus or
15 official statement in connection with the offering of the
16 bonds. Bonds may be issued in coupon or in registered form,
17 or both. Provision may be made for the registration of bonds
18 with coupons attached as to principal alone, or as to both
19 principal and interest, their exchange for bonds so
20 registered, and for the conversion or reconversion into bonds
21 with coupons attached of any bonds registered as to both
22 principal and interest, and for reasonable charges for
23 registration, exchange, conversion, and reconversion. Bonds
24 shall be sold in the manner and at the time determined by the
25 superintendent. Chapter 75 and sections 23.12 through 23.16
26 do not apply to these bonds. The bonds are negotiable
27 instruments. The bond proceedings may contain additional
28 provisions as to:

29 a. The redemption of bonds prior to maturity at the option
30 of the superintendent at the price and on the terms and
31 conditions provided in the bond proceedings.

32 b. Other terms of the bonds and concerning execution and
33 delivery of the bonds.

34 c. The delegation of responsibility for any act relating
35 to the issuance, execution, sale, redemption, or other matter

1 pertaining to the bonds to any other officer, agency of the
2 state, or other person or body.

3 d. Additional agreements with the bondholders relating to
4 the bonds.

5 e. Payment from the proceeds of the sale of the bonds of
6 all legal and financial expenses incurred by the
7 superintendent in the issuance, sale, delivery, and payment of
8 the bonds.

9 f. Other matters, alike or different, which may in any way
10 affect the security of the bonds and the protection of the
11 bondholders.

12 5. The power to issue bonds includes the power to issue
13 obligations in the form of bond anticipation notes or other
14 forms of short-term indebtedness and to renew these notes by
15 the issuance of new notes. The holders of notes or interest
16 coupons of notes have a right to be paid solely from those
17 revenues credited to the small business guaranty fund which
18 were pledged to the payment of the bonds anticipated, or from
19 the proceeds of those bonds or renewal notes, or both, as the
20 superintendent provides in the bond proceedings authorizing
21 the notes. The notes may be additionally secured by covenants
22 of the superintendent to the effect that the superintendent
23 will do those acts authorized by this division and necessary
24 for the issuance of the bonds or renewal notes in appropriate
25 amount, and either exchange the bonds or renewal notes for the
26 notes, or apply the proceeds of the notes, to the extent
27 necessary, to make full payment of the principal of and
28 interest on the notes at the time contemplated, as provided in
29 the bond proceedings. For this purpose, the superintendent
30 may issue bonds or renewal notes in a principal amount and
31 upon terms as authorized by this division and as necessary to
32 provide funds to pay when required the principal of and
33 interest on the outstanding notes. All provisions for and
34 references to bonds in this division are applicable to notes
35 authorized under this subsection to the extent not

1 inconsistent with this subsection.

2 6. The superintendent may authorize and issue bonds for
3 the refunding, including funding and retirement, and advance
4 refunding with or without payment or redemption prior to
5 maturity, of bonds previously issued by the superintendent.
6 These bonds may be issued in amounts sufficient for payment of
7 the principal amount of the prior bonds, any redemption
8 premiums on the prior bonds, principal maturities of bonds
9 maturing prior to the redemption of the remaining bonds on a
10 parity with them, interest accrued or to accrue to the
11 maturity date or dates of redemption of the bonds, and project
12 costs including expenses incurred or to be incurred in
13 connection with this issuance, refunding, funding, and
14 retirement. Subject to the bond proceedings, the portion of
15 proceeds of the sale of bonds issued under this subsection to
16 be applied to principal of and interest on the prior bonds
17 shall be credited to the appropriate account for the prior
18 bonds. Bonds authorized under this subsection shall be deemed
19 to be issued for those purposes for which the prior bonds were
20 issued and are subject to the provisions of this division
21 pertaining to other bonds. Refunding bonds may be issued
22 without regard to whether or not the bonds to be refunded are
23 payable on the same date or different dates or due serially or
24 otherwise.

25 Sec. 4. NEW SECTION. 524.331 ADDITIONAL POWERS OF
26 SUPERINTENDENT.

27 In connection with the issuance of the bonds or in order to
28 secure the payment of the bonds and interest on the bonds, the
29 superintendent may:

30 1. Provide that the bonds be secured by a first lien on
31 the revenues and receipts received or to be received into the
32 small business guaranty fund from income from the investment
33 of the small business guaranty fund, from moneys received from
34 the sale of bonds, and from any other moneys which are
35 available for the payment of bond service charges.

- 1 2. Pledge for the benefit of the bondholders any part of
2 the receipts in the small business guaranty fund. The pledge
3 shall be effective without physical delivery or further act
4 and moneys in the fund may be applied for the purposes as
5 pledged without the necessity of an Act of appropriation.
- 6 3. Establish, authorize, set aside, regulate, and dispose
7 of reserves and sinking funds.
- 8 4. Provide that sufficient amounts of the proceeds of the
9 sale of the bonds may be used to fully or partially fund any
10 and all reserves or sinking funds set out by the bond
11 resolution.
- 12 5. Prescribe the procedure, if any, by which the terms of
13 any contract with bondholders may be amended or abrogated, the
14 amount of the bonds whose holders must consent thereto, and
15 the manner in which the consent may be given.
- 16 6. Purchase bonds, out of funds available for that
17 purpose, which shall be canceled, at a price not exceeding
18 either of the following:
- 19 a. If the bonds are then redeemable, the redemption price
20 then applicable plus accrued interest to the next interest
21 payment date.
- 22 b. If the bonds are not then redeemable, the redemption
23 price applicable on the first date after the purchase upon
24 which the bonds become subject to redemption plus accrued
25 interest to that date.
- 26 Sec. 5. NEW SECTION. 524.332 PAYMENT OF BONDS.
- 27 A small business guaranty fund is created in the state
28 treasury. At the direction of the superintendent as provided
29 in the bond proceedings or pursuant to section 524.331,
30 subsection 1 or 2, and as certified by the superintendent, the
31 treasurer of state shall credit to the small business guaranty
32 fund from the revenues received from the fees imposed on loans
33 guaranteed by the fund a sum at least sufficient to pay
34 interest on the bonds in each fiscal year and principal on the
35 bonds that mature during each fiscal year. In each fiscal

1 year after July 1, 1987 and after bonds are issued, and until
2 all the bonds issued have been retired, in order to provide
3 for the payment of principal of the bonds issued and sold and
4 the interest on them as the same become due and mature, there
5 is pledged and annually appropriated out of the revenues to be
6 credited to the small business guaranty fund an amount
7 sufficient to pay principal and interest on the bonds issued
8 for each of the years the bonds are outstanding. The
9 superintendent shall annually certify to the treasurer the
10 amount of funds required to pay interest on the bonds in the
11 ensuing fiscal year and the principal on the bonds that mature
12 during the ensuing fiscal year.

13 Sec. 6. NEW SECTION. 524.333 NONLIABILITY OF THE STATE
14 AND ITS OFFICIALS.

15 Bonds issued are special limited obligations of the
16 superintendent and are not a debt or liability of the state or
17 any other political subdivision within the meaning of any
18 constitutional or statutory debt limitation and are not a
19 pledge of the state's credit or taxing power within the
20 meaning of any constitutional or statutory limitation or
21 provision and, except as provided in this division, an
22 appropriation shall not be made, directly or indirectly, by
23 the state or any political subdivision of the state for the
24 payment of bonds. The bonds are special obligations of the
25 superintendent payable solely from the small business guaranty
26 fund. Funds from the general fund of the state shall not be
27 used to pay interest or principal on the bonds if revenues
28 deposited in the small business guaranty fund are
29 insufficient.

30 The superintendent or other person executing the bonds is
31 not personally liable for the payment of the bonds. The bonds
32 are valid and binding obligations of the superintendent
33 notwithstanding the fact that before the delivery of the bonds
34 any of the officers whose signatures appear on the bonds cease
35 to be officers of the state. From and after the sale and

1 delivery of the bonds, they shall be incontestable by the
2 superintendent.

3 Sec. 7. NEW SECTION. 524.334 BONDS AS LEGAL INVESTMENTS.

4 Bonds are securities in which all public officers and
5 bodies of the state and all municipalities and political
6 subdivisions of this state, all insurance companies and
7 associations and other persons carrying on an insurance
8 business, all banks, bankers, trust companies, savings banks,
9 and savings associations, including savings and loan
10 associations, building loan associations, investment
11 companies, and other persons carrying on a banking business,
12 all administrators, guardians, executors, trustees, and other
13 fiduciaries and all other persons who are now or may be
14 authorized to invest in bonds or other obligations of this
15 state may properly and legally invest funds including capital
16 in their control or belonging to them. The bonds are also
17 securities which may be deposited with and may be received by
18 all public officers and bodies of the state and all
19 municipalities and legal subdivisions of this state for any
20 purpose for which the deposit of bonds or other obligations of
21 the state is now or may be authorized.

22 Sec. 8. NEW SECTION. 524.335 RIGHTS OF BONDHOLDERS.

23 The bond proceedings may provide that a holder of bonds or
24 a trustee under the bond proceedings, except to the extent
25 that the holder's rights are restricted by the bond
26 proceedings, may by legal proceedings, protect and enforce any
27 rights under the laws of this state or granted by the bond
28 proceedings. These rights include the right to compel the
29 performance of all duties of the superintendent required by
30 this division or the bond proceedings; to enjoin unlawful
31 activities; and in the event of default with respect to the
32 payment of any principal of or interest on bonds or in the
33 performance of a covenant or agreement on the part of the
34 superintendent in bond proceedings, to apply to a court to
35 appoint a receiver to receive and administer the funds which

1 are pledged to the payment of bonds or which are the subject
2 of the covenant or agreement, with full power to pay and to
3 provide for payment of any principal of or interest on bonds
4 and with powers accorded receivers in general equity cases,
5 excluding power to pledge additional funds or other income or
6 moneys of the superintendent, the state, or governmental
7 agencies of the state to the payment of the bonds.

8 Sec. 9. Sections 524.228 through 524.335 are created as a
9 new division within chapter 524.

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