

VIRGINIA ACTS OF ASSEMBLY -- 1997 RECONVENED SESSION

CHAPTER 870

An Act to amend the Code of Virginia by adding sections numbered 9-228.1 through 9-228.4, relating to the creation of the Virginia Small Business Growth Fund; Virginia Small Business Financing Authority.

[H 2424]

Approved April 2, 1997

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding sections numbered 9-228.1 through 9-228.4 as follows:

§ 9-228.1. Creation, administration, and management of Virginia Small Business Growth Fund.

In addition to any other fund or account the Authority may create pursuant to § 9-228, there shall be a permanent fund known as the Virginia Small Business Growth Fund (the "Fund"). The Fund shall be comprised of (i) sums appropriated to it by the General Assembly, (ii) all income from the investment of moneys held by the Fund, and (iii) any other sums designated for deposit to the Fund from any source, public or private. The Fund shall be administered and managed by the Authority, and all moneys in the Fund shall be used to create special reserve funds to cover potential future losses from the loan portfolios of participating banks and lending institutions as provided in § 9-228.4. Any remaining balances in the Fund shall not revert to the general fund but shall be retained in order to create additional special reserve funds.

§ 9-228.2. Deposit of moneys.

All moneys belonging to the Fund shall be deposited to the credit of the State Treasurer and recorded on the books of the State Comptroller. Earnings from investments and interest shall be returned to the Fund.

§ 9-228.3. Collection of moneys due to the Fund.

The Authority, or its designated agent, is empowered to collect moneys owed to the Fund. Proceedings to recover moneys owed to the Fund may be instituted by the Authority in the name of the Fund in any appropriate court.

§ 9-228.4. Operation of the Fund.

A. The Fund shall be used as a special reserve fund to cover potential future losses from the loan portfolios of participating banks and lending institutions. The Authority shall (i) work with banks and lending institutions to establish a separate account for the Virginia Small Business Growth Fund in each participating bank or lending institution and (ii) deposit into such accounts, moneys from the Fund in an amount equal to the total of the sum of the bank or lending institution's and the individual borrower's deposits into such account. Such matching sum by the Authority shall not exceed seven percent of the principal amount of the loan.

B. The Authority shall determine the qualifications, terms, and conditions for the use of the Fund and the accounts thereof. In connection with applications for claims made against the Fund, the Authority is authorized to require the production of any document, instrument, certificate, legal opinion, or any other information it deems necessary or convenient. All claims made against the Fund shall be approved by the Board or an authorized committee or subcommittee thereof. All claims made against each account shall be reported to the Board or an authorized committee thereof.