

Senate Bill 11

By: Senator Thompson of the 33<sup>rd</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 6 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated,  
2 relating to business development corporations, so as to change the powers of business  
3 development corporations; to delete a prohibition against incurring secondary liability; to  
4 clarify that powers relate to commercial, residential, and historical real property; to clarify  
5 that business development corporations are authorized to acquire real estate for the purpose  
6 of constructing residential buildings, industrial plants, industrial parks, or business  
7 establishments, to dispose of real estate to others for such purpose, and to acquire, construct,  
8 reconstruct, alter, repair, maintain, operate, sell, convey, transfer, lease, or otherwise dispose  
9 of residential buildings, industrial plants, industrial parks, or business establishments; to  
10 provide that such corporations are authorized to acquire, subscribe for, own, sell, hold,  
11 assign, transfer, mortgage, pledge, or otherwise dispose of a partnership interest in any  
12 partnership or other entity for certain purposes; to increase the limitation on the sum of the  
13 amount outstanding of member loans to the corporation made by any member at any one  
14 time and the amount of the investment in the capital of the corporation then held by such  
15 member; to provide for related matters; to repeal conflicting laws; and for other purposes.

16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

17 Article 6 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to  
18 business development corporations, is amended in Code Section 7-1-745, relating to powers  
19 of business development corporations, by striking in their entirety paragraphs (2), (5), (6),  
20 and (7) and inserting in lieu thereof the following:  
21

22 "(2) To make contracts and incur liabilities for any of the purposes of the corporation;  
23 ~~provided that the corporation shall not incur any secondary liability by way of the~~  
24 ~~guaranty or endorsement of the obligations of any person or corporation or in any other~~  
25 ~~manner;"~~



1 (2) The following limit, to be determined each calendar year of membership on the basis  
2 of the audited balance sheet of such member at the close of its fiscal year immediately  
3 preceding or, in the case of an insurance company, its last annual statement to the  
4 Commissioner of Insurance:

5 (A) Five percent of the statutory capital base of a bank or trust company;

6 (B) One-half of 1 percent of the total outstanding loans made by building and loan or  
7 savings and loan associations;

8 (C) Two and one-half percent of the capital and unassigned surplus of stock insurance  
9 companies, except fire insurance companies;

10 (D) Two and one-half percent of the unassigned surplus of mutual insurance  
11 companies, except fire insurance companies;

12 (E) One-tenth of 1 percent of the assets of fire insurance companies; and

13 (F) Such limits as may be approved by the board of directors of the corporation for  
14 other lending institutions; or

15 (3) Three million ~~One million five hundred thousand~~ dollars."

16 **SECTION 3.**

17 All laws and parts of laws in conflict with this Act are repealed.