

103D CONGRESS
1ST SESSION

H. R. 2766

AN ACT

To amend the 7(a) Loan Program, and for other purposes.

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To amend the 7(a) Loan Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AUTHORITY TO IMPOSE SECONDARY MARKET**
4 **FEES.**

5 (a) Section 5(g) of the Small Business Act (15 U.S.C.
6 634) is amended by striking paragraph (4) and by insert-
7 ing in lieu thereof the following:

1 “(4) The Administration may collect the following
2 fees for loan guarantees sold into the secondary market
3 pursuant to the provisions of subsection (f): an amount
4 equal to (A) not more than .4 percent per year on the
5 outstanding balance of such loan guaranteed by the Ad-
6 ministration, and (B) not more than 50 percent of that
7 portion of the sale price which is in excess of 110 percent
8 of the outstanding principal amount of such loan guaran-
9 teed by the Administration. Any such fees imposed by the
10 Administration shall be collected by the agent which car-
11 ries out on behalf of the Administration the central reg-
12 istration functions required by subsection (h) of this sec-
13 tion and shall be paid to the Administration and used sole-
14 ly to reduce the subsidy on loans guaranteed under section
15 7(a) of this Act: *Provided*, That such fees shall not be
16 charged to the borrower whose loan is guaranteed: and,
17 *Provided further*, That nothing herein shall preclude any
18 agent of the Administration from collecting a fee approved
19 by the Administration for the functions described in sub-
20 section (h)(2).”.

21 (b) Any new fees imposed by the Administration pur-
22 suant to the authority conferred by subsection (a) shall
23 be applicable only to loans initially sold in the secondary
24 market pursuant to the provisions of section 5(f) of the
25 Small Business Act after August 31, 1993.

1 **SEC. 2. AUTHORITY TO REDUCE LOAN GUARANTEE PER-**
2 **CENTAGES.**

3 (a) Section 7(a)(2) of the Small Business Act (15
4 U.S.C. 636) is amended—

5 (1) by striking from the end of clause (B)(i) the
6 word “and” and by redesignating clause (B)(ii) as
7 (B)(iv) and by inserting the following after clause
8 (B)(i):

9 “(ii) not less than 75 percent of the
10 financing outstanding at the time of dis-
11 bursement, if such financing is more than
12 \$155,000 and the period of maturity of
13 such financing is more than 10 years, ex-
14 cept that the participation by the Adminis-
15 tration may be reduced below 75 percent
16 upon request of the participating lender;

17 “(iii) not less than 85 percent of the
18 financing outstanding at the time of dis-
19 bursement, if such financing is more than
20 \$155,000 and the period of maturity of
21 such financing is 10 years or less, except
22 that the participation by the Administra-
23 tion may be reduced below 85 percent
24 upon request of the participating lender;
25 and”;

1 (2) by striking the words “85 percent under
2 subparagraph (B)” and by inserting in lieu thereof
3 the following: “the above specified percentums”;

4 (3) by striking from paragraph (B) the words
5 “not less than 80 percent, except upon” and by in-
6 serting in lieu thereof the following: “not less than
7 70 percent, unless a lesser percent is required by
8 clause (B)(ii) or upon the”; and

9 (4) by inserting after the third sentence the fol-
10 lowing: “The maximum interest rate for a loan guar-
11 anteed under the Preferred Lenders Program shall
12 not exceed the maximum interest rate, as deter-
13 mined by the Administration, which is made applica-
14 ble to other loan guarantees under section 7(a).”.

15 (b) The amendments made by subsection (a) shall be
16 effective September 1, 1993, but shall not be applicable
17 to loan guarantee applications received by the Administra-
18 tion prior to August 21, 1993.

19 **SEC. 3. STUDY AND REPORT.**

20 The Administration shall study, monitor and evaluate
21 the impact of the amendments made by sections 1 and
22 2 of this Act on the ability of small business concerns and
23 small business concerns owned and controlled by minori-
24 ties and women, to obtain financing and the impact of
25 such sections on the effectiveness, viability and growth of

1 the secondary market authorized by section 5(f) of the
2 Small Business Act. Not later than 16 months after the
3 date of enactment, and annually thereafter, the Adminis-
4 tration shall submit to the Committees on Small Business
5 of the Senate and the House of Representatives a report
6 containing the Administration's findings and rec-
7 ommendations on such impact, specifically including
8 changes in the interest rates on financings provided to
9 small business concerns and small business concerns
10 owned and controlled by minorities and women, through
11 the use of the secondary market. The Administration shall
12 segregate such findings and recommendations in the study
13 according to the ethnic and gender components in these
14 categories. Solely for the purposes of the study authorized
15 herein, the term "small business concerns owned and con-
16 trolled by minorities", includes businesses owned and con-
17 trolled by individuals belonging to one of the designated
18 groups listed in section 8(d)(3)(C) of the Small Business
19 Act.

1 **SEC. 4. REPEALER.**

2 Sections 1 and 2 of this Act are hereby repealed on
3 September 30, 1996.

Passed the House of Representatives August 2,
1993.

Attest:

Clerk.