

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2766

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IN THE SENATE OF THE UNITED STATES

AUGUST 4 (legislative day, JUNE 30), 1993

Received; read twice and referred to the Committee on Small Business

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## AN ACT

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.

20 **SEC. 4. REPEALER.**

21 Sections 1 and 2 of this Act are hereby repealed on  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

Passed the House of Representatives August 2,  
1993.

Attest: DONNALD K. ANDERSON,  
*Clerk.*