

104TH CONGRESS
1ST SESSION

H. R. 1570

To amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the Administration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 3, 1995

Mrs. MEYERS of Kansas introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the Administration, 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. SHORT TITLE.**

4 This Act may be cited as the “Small Business Loan
5 Amendments Act of 1995”.

1 **SEC. 2. REDUCED LEVEL OF PARTICIPATION IN GUARAN-**
2 **TEED LOANS.**

3 Section 7(a)(2) of the Small Business Act (15 U.S.C.
4 636(a)(2)) is amended to read as follows:

5 “(2) LEVEL OF PARTICIPATION IN GUARAN-
6 TEED LOANS.—

7 “(A) IN GENERAL.—In agreements to par-
8 ticipate in loans on a deferred basis under this
9 subsection, such participation by the Adminis-
10 tration shall be equal to—

11 “(i) with respect to loans made under
12 the Preferred Lenders Program, 70 per-
13 cent of the balance of the financing out-
14 standing at the time of disbursement; and

15 “(ii) with respect to all other loans,
16 75 percent of the balance of the financing
17 outstanding at the time of disbursement.

18 “(B) REDUCED PARTICIPATION.—The
19 guarantee percentage specified by subparagraph
20 (A) for any loan may be reduced upon the re-
21 quest of the participating lender. The Adminis-
22 tration shall not use the percent of guarantee
23 requested as a criterion for establishing prior-
24 ities in approving guarantee requests.

25 “(C) INTEREST RATE UNDER PREFERRED
26 LENDERS PROGRAM.—The maximum interest

1 rate for a loan guaranteed under the Preferred
2 Lenders Program shall not exceed the maxi-
3 mum interest rate, as determined by the Ad-
4 ministration, which is made applicable to other
5 loan guarantees under this subsection.

6 “(D) PREFERRED LENDERS PROGRAM DE-
7 FINED.—In this paragraph, the term ‘Preferred
8 Lenders Program’ means a program under
9 which a written agreement between the lender
10 and the Administration delegates to the lend-
11 er—

12 “(i) complete authority to make and
13 close loans with a guarantee from the Ad-
14 ministration without obtaining the prior
15 specific approval of the Administration;
16 and

17 “(ii) authority to service and liquidate
18 such loans.”.

19 **SEC. 3. GUARANTEE FEES.**

20 (a) AMOUNT OF FEES.—Section 7(a)(18) of the
21 Small Business Act (15 U.S.C. 636(a)(18)) is amended
22 by striking “the amount of the deferred participation
23 share” and inserting “the gross amount”.

1 (b) REPEAL OF PROVISIONS ALLOWING RETENTION
2 OF FEES BY LENDERS.—Section 7(a)(19) of such Act (15
3 U.S.C. 636(a)(19)) is amended—

4 (1) in subparagraph (B)—

5 (A) by striking “shall (i) develop” and in-
6 serting “shall develop”; and

7 (B) by striking “, and (ii)” and all that
8 follows through the end of the subparagraph
9 and inserting a period; and

10 (2) by striking subparagraph (C).

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