

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1868

To amend the Small Business Act to provide for increased access to capital for small businesses under the section 7(a) loan program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2005

Ms. VELÁZQUEZ (for herself, Ms. BEAN, Mr. GRIJALVA, Mr. CASE, Mrs. CHRISTENSEN, and Mr. COOPER) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Act to provide for increased access to capital for small businesses under the section 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. SHORT TITLE.**

4 This Act may be cited as the “Small Business Access  
5 to Capital Act of 2005”.

6 **SEC. 2. REDUCTION OF GUARANTEE FEES FOR SMALL**  
7 **BUSINESS BORROWERS.**

8 Section 7(a)(18)(A) of the Small Business Act (15  
9 U.S.C. 636(a)(18)(A)) is amended—

1 (1) in clause (i), by striking “2 percent” and  
2 inserting “1 percent”;

3 (2) in clause (ii), by striking “3 percent” and  
4 inserting “2.5 percent”; and

5 (3) by striking clause (iv).

6 **SEC. 3. REDUCTION OF GUARANTEE FEES FOR SMALL**  
7 **BUSINESS LENDERS.**

8 (a) REDUCTION OF LENDER GUARANTEE FEES.—  
9 Section 7(a)(23)(A) of the Small Business Act (15 U.S.C.  
10 636(a)(23)(A)) is amended to read as follows:

11 “(A) IN GENERAL.—With respect to each  
12 loan guaranteed under this subsection, the Ad-  
13 ministrator shall assess, collect, and retain a  
14 fee, not to exceed 0.36 percent per year of the  
15 outstanding balance of the deferred participa-  
16 tion share of the loan.”.

17 (b) ELIMINATION OF FEE ADJUSTMENT BY ADMINIS-  
18 TRATION.—Section 7(a)(23) of such Act (15 U.S.C.  
19 636(a)(23)) is amended by striking subparagraph (C).

20 **SEC. 4. COMBINATION FINANCING.**

21 Section 7(a) of the Small Business Act (15 U.S.C.  
22 636(a)) is amended by adding at the end the following  
23 new paragraph:

24 “(32) COMBINATION FINANCING.—

1           “(A) IN GENERAL.—A loan guaranteed  
2 under this subsection may be combined with a  
3 non-guaranteed loan.

4           “(B) DEFERRED PARTICIPATION LOAN SE-  
5 CURITY.—A loan guaranteed under this sub-  
6 section that is part of combination financing  
7 may be secured by a subordinated lien.

8           “(C) NON-GUARANTEED LOAN AMOUNT.—  
9 In the case of any combination financing, the  
10 amount of the non-guaranteed loan shall not ex-  
11 ceed the gross amount of the guaranteed loan.

12           “(D) NON-GUARANTEED LOAN PROVI-  
13 SIONS.—A non-guaranteed loan that is part of  
14 a combination financing—

15                   “(i) may be made by the participating  
16 lender that provides the guaranteed loan or  
17 may be made by a different lender;

18                   “(ii) may be secured by a senior lien;  
19 and

20                   “(iii) may be made by a lender in the  
21 Preferred Lenders Program, as defined in  
22 paragraph (2)(C)(ii), if applicable.

23           “(E) BUSINESS LOAN ELIGIBILITY.—The  
24 Administrator shall not prescribe any standard  
25 relating to the eligibility of small business con-

1           cerns to obtain combination financing under  
2           this paragraph that unreasonably restricts the  
3           availability of combination financing to small  
4           business concerns.

5                   “(F) DEFINITIONS.—In this paragraph—  
6                           “(i) the term ‘combination financing’  
7                           means financing comprised of a loan guar-  
8                           anteed under this subsection and a non-  
9                           guaranteed loan; and  
10                           “(ii) the term ‘non-guaranteed loan’  
11                           means a loan, no portion of which is guar-  
12                           anteed by the Federal Government.”.

13 **SEC. 5. INCREASE IN MAXIMUM GUARANTEED AMOUNT**  
14 **AND GROSS LOAN AMOUNT UNDER SECTION**  
15 **7(a) OF SMALL BUSINESS ACT.**

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

18                   (1) by striking “1,500,000” and inserting  
19                   “2,000,000”; and

20                   (2) by striking “2,000,000” and inserting  
21                   “\$3,000,000”.

22 **SEC. 6. EFFECTIVE DATE.**

23           The amendments made by this Act shall take effect  
24 on October 1, 2005.

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