

103D CONGRESS  
1ST SESSION

**S. 1274**

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**AMENDMENT**

***In the House of Representatives, U. S.,***

*August 4, 1993.*

*Resolved*, That the bill from the Senate (S. 1274) entitled “An Act to reduce the subsidy cost for the Guaranteed Business Loan Program of the Small Business Administration, and for other purposes”, do pass with the following

**AMENDMENT:**

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE; TABLE OF CONTENTS.***

2 (a) *SHORT TITLE.*—*This Act may be cited as the*  
3 *“Small Business Guaranteed Credit Enhancement Act of*  
4 *1993”.*

5 (b) *TABLE OF CONTENTS.*—*The table of contents for*  
6 *this Act is as follows:*

*Sec. 1. Short title; table of contents.*

*Sec. 2. General authorizations.*

*Sec. 3. Authority to impose secondary market fees.*

*Sec. 4. Penalties.*

*Sec. 5. Authority to reduce loan guarantee percentages.*

*Sec. 6. Study and report.*

*Sec. 7. Repealer.*

*Sec. 8. Microloan program amendments.*

*Sec. 9. Small Business Development Center Program.*

*Sec. 10. White House Conference on Small Business.*

*Sec. 11. National Women’s Business Council.*

7 ***SEC. 2. GENERAL AUTHORIZATIONS.***

8 *Section 20 of the Small Business Act (15 U.S.C. 631*  
9 *note) is amended—*

1           (1) in subsection (g)(2) by striking  
2           “\$7,030,000,000” and by inserting in lieu thereof  
3           “\$7,155,000,000”;

4           (2) in subsection (g)(2) by striking  
5           “\$775,000,000” and by inserting in lieu thereof  
6           “\$900,000,000”;

7           (3) in subsection (i)(2) by striking  
8           “\$8,083,000,000” and by inserting in lieu thereof  
9           “\$8,458,000,000”; and

10          (4) in subsection (i)(2) by striking  
11          “\$825,000,000” and by inserting in lieu thereof  
12          “\$1,200,000,000”.

13 **SEC. 3. AUTHORITY TO IMPOSE SECONDARY MARKET FEES.**

14          (a) *ADDITIONAL GUARANTEE FEES.*—Section 5(g) of  
15          the Small Business Act (15 U.S.C. 634) is amended by  
16          striking paragraph (4) and by inserting in lieu thereof the  
17          following:

18                 “(4)(A) The Administration may collect the fol-  
19                 lowing fees for loan guarantees sold into the second-  
20                 ary market pursuant to the provisions of subsection  
21                 (f): an amount equal to (A) not more than  $\frac{4}{10}$  of one  
22                 percent per year of the outstanding principal amount  
23                 of the portion of such loan guaranteed by the Admin-  
24                 istration, and (B) not more than 50 percent of the  
25                 portion of the sale price which is in excess of 110 per-

1        *cent of the outstanding principal amount of the por-*  
2        *tion of such loan guaranteed by the Administration.*  
3        *Any such fees imposed by the Administration shall be*  
4        *collected by the Administration or by the agent which*  
5        *carries out on behalf of the Administration the central*  
6        *registration functions required by subsection (h) of*  
7        *this section and shall be paid to the Administration*  
8        *and used solely to reduce the subsidy on loans guar-*  
9        *anteed under section 7(a) of this Act: Provided, That*  
10       *such fees shall not be charged to the borrower whose*  
11       *loan is guaranteed: and, Provided further, That noth-*  
12       *ing herein shall preclude any agent of the Adminis-*  
13       *tration from collecting a fee approved by the Admin-*  
14       *istration for the functions described in subsection*  
15       *(h)(2).*

16            *“(B) The Administration is authorized to impose*  
17        *and collect, either directly or through a fiscal and*  
18        *transfer agent, a reasonable penalty on late payments*  
19        *of the fee authorized under subparagraph (A) in an*  
20        *amount not to exceed 5 percent of such fee per month*  
21        *plus interest.”.*

22        *(b) Any new fees imposed by the Administration pur-*  
23        *suant to the authority conferred by subsection (a) shall be*  
24        *applicable only to loans initially sold in the secondary mar-*

1 ket pursuant to the provisions of section 5(f) of the Small  
2 Business Act after August 31, 1993.

3 **SEC. 4. PENALTIES.**

4 Section 7(a) of the Small Business Act (15 U.S.C.  
5 636(a)) is amended by adding at the end the following new  
6 paragraph:

7 “(22) The Administration is authorized to per-  
8 mit participating lenders to impose and collect a rea-  
9 sonable penalty fee on late payments of loans guaran-  
10 teed under this subsection in an amount not to exceed  
11 5 percent of the monthly loan payment per month  
12 plus interest.”

13 **SEC. 5. AUTHORITY TO REDUCE LOAN GUARANTEE PER-**  
14 **CENTAGES.**

15 (a) **GUARANTEE PERCENTAGES.**—Section 7(a)(2) of  
16 the Small Business Act (15 U.S.C. 636) is amended—

17 (1) by striking from the end of clause (B)(i) the  
18 word “and” and by redesignating clause (B)(ii) as  
19 (B)(iv) and by inserting the following after clause  
20 (B)(i):

21 “(ii) not less than 75 percent of the financ-  
22 ing outstanding at the time of disbursement, if  
23 such financing is more than \$155,000 and the  
24 period of maturity of such financing is more  
25 than 10 years, except that the participation by

1           *the Administration may be reduced below 75*  
2           *percent upon request of the participating lender;*

3           “(iii) *not less than 85 percent of the financ-*  
4           *ing outstanding at the time of disbursement, if*  
5           *such financing is more than \$155,000 and the*  
6           *period of maturity of such financing is 10 years*  
7           *or less, except that the participation by the Ad-*  
8           *ministration may be reduced below 85 percent*  
9           *upon request of the participating lender; and”;*

10          (2) *by striking the words “85 percent under sub-*  
11          *paragraph (B)” and by inserting in lieu thereof the*  
12          *following: “the above specified percentums”;*

13          (3) *by striking from paragraph (B) the words*  
14          *“not less than 80 percent, except upon” and by insert-*  
15          *ing in lieu thereof the following: “not less than 70*  
16          *percent, unless a lesser percent is required by clause*  
17          *(B)(ii) or upon the”;* and

18          (4) *by inserting after the third sentence the fol-*  
19          *lowing: “The maximum interest rate for a loan guar-*  
20          *anteed under the Preferred Lenders Program shall not*  
21          *exceed the maximum interest rate, as determined by*  
22          *the Administration, which is made applicable to other*  
23          *loan guarantees under section 7(a).”.*

24          (b) *APPLICATION.—Notwithstanding any other provi-*  
25          *sion of law, the amendments made by subsection (a) shall*

1 *be effective September 1, 1993, but shall not be applicable*  
2 *to loan guarantee applications received by the Administra-*  
3 *tion prior to August 21, 1993. In order to determine the*  
4 *percent of the loan to be guaranteed pursuant to the amend-*  
5 *ments made by subsection (a), the Administration shall ag-*  
6 *gregate the outstanding guaranteed principal of multiple*  
7 *loan guarantees issued on behalf of the same borrower.*

8 **SEC. 6. STUDY AND REPORT.**

9 *The Administration shall study, monitor and evaluate*  
10 *the impact of the amendments made by sections 3 and 5*  
11 *of this Act on the ability of small business concerns and*  
12 *small business concerns owned and controlled by minorities*  
13 *and women, to obtain financing and the impact of such*  
14 *sections on the effectiveness, viability and growth of the sec-*  
15 *ondary market authorized by section 5(f) of the Small Busi-*  
16 *ness Act. Not later than 16 months after the date of enact-*  
17 *ment, and annually thereafter, the Administration shall*  
18 *submit to the Committees on Small Business of the Senate*  
19 *and the House of Representatives a report containing the*  
20 *Administration's findings and recommendations on such*  
21 *impact, specifically including changes in the interest rates*  
22 *on financings provided to small business concerns and*  
23 *small business concerns owned and controlled by minorities*  
24 *and women, through the use of the secondary market. The*  
25 *Administration shall segregate such findings and rec-*

1 *ommendations in the study according to the ethnic and gen-*  
2 *der components in these categories. Solely for the purposes*  
3 *of the study authorized herein, the term “small business con-*  
4 *cerns owned and controlled by minorities”, includes busi-*  
5 *nesses owned and controlled by individuals belonging to one*  
6 *of the designated groups listed in section 8(d)(3)(C) of the*  
7 *Small Business Act.*

8 **SEC. 7. REPEALER.**

9 *Sections 3 and 5 of this Act are hereby repealed on*  
10 *September 30, 1996.*

11 **SEC. 8. MICROLOAN PROGRAM AMENDMENTS.**

12 *Section 7(m) of the Small Business Act (15 U.S.C.*  
13 *636(m)) is amended—*

14 *(1) in paragraph (1)(B)(iii), by striking*  
15 *“\$15,000” and inserting “\$25,000”;*

16 *(2) in paragraph (5)(A), by striking “6 grants”*  
17 *and inserting “25 grants for terms of up to 5 years”;*  
18 *and*

19 *(3) in paragraph (9)(B) by striking “3 percent”*  
20 *and inserting “7 percent”.*

21 **SEC. 9. SMALL BUSINESS DEVELOPMENT CENTER PRO-**  
22 **GRAM.**

23 *(a) CLEARINGHOUSE.—Section 21(c)(7) of the Small*  
24 *Business Act (15 U.S.C. 648) is amended by striking “sys-*  
25 *tem which will” and by inserting in lieu thereof the follow-*



1 *ing: “system. Subject to amounts approved in advance in*  
2 *appropriations acts, the Administration may make grants*  
3 *or enter cooperative agreements with one or more centers*  
4 *to carry out the provisions of this paragraph. Said grants*  
5 *or cooperative agreements shall be awarded for periods of*  
6 *no more than five years duration. The matching funds pro-*  
7 *visions of subsection (a) shall not be applicable to grants*  
8 *or cooperative agreements under this paragraph. The sys-*  
9 *tem shall”.*

10 *(b) AUTHORIZATION.—Section 25(i) of the Small*  
11 *Business Act (15 U.S.C. 652) is amended by striking*  
12 *“\$8,000,000 for fiscal year 1993” and by inserting in lieu*  
13 *thereof “\$2,000,000 for each of fiscal years 1993 and 1994”.*

14 *(c) REGULATIONS.—Section 223 of the Small Business*  
15 *Credit and Business Opportunity Enhancement Act of 1992*  
16 *(15 U.S.C. 631 note) is amended by striking the last sen-*  
17 *tence of subsection (b).*

18 **SEC. 10. WHITE HOUSE CONFERENCE ON SMALL BUSINESS.**

19 *The White House Conference on Small Business Au-*  
20 *thorization Act (15 U.S.C. 631 note) is amended—*

21 *(1) in section 2 by striking from subsection (a)*  
22 *“not earlier than January 1, 1994, and not later*  
23 *than April 1, 1994” and by inserting in lieu thereof*  
24 *“not earlier than May 1, 1995, and not later than*  
25 *September 30, 1995”;*

1           (2) in section 2 by striking from subsection (a)  
2           “December 1, 1992” and by inserting in lieu thereof  
3           “March 1, 1994”; and

4           (3) in sections 5 by striking the second sentence  
5           of subsection (a) and by inserting in lieu thereof the  
6           following: “Subsequent to the date of enactment of  
7           this Act, but not later than 30 days after the date of  
8           enactment of this Act, the President shall select and  
9           appoint eleven individuals to the Commission.”.

10 **SEC. 11. NATIONAL WOMEN’S BUSINESS COUNCIL.**

11           Section 407 of the Women’s Business Ownership Act  
12 of 1988 (15 U.S.C. 631 note) is amended to read as follows:

13 **“SEC. 407. AUTHORIZATION.**

14           “(a) *IN GENERAL.*—There are authorized to be appro-  
15 priated to carry out this title—

16                   “(1) \$500,000 for fiscal year 1993; and

17                   “(2) \$500,000 for fiscal year 1994.

18           “(b) *LIMITATION ON AUTHORITY.*—New spending au-  
19 thority or authority to enter into contracts as authorized  
20 in this Act shall be effective only to such extent and in such  
21 amounts as are provided in advance in appropriation Acts.

1       “(c) *SUNSET.*—*This section shall cease to be effective*  
2 *on November 30, 1995.*”.

Attest:

*Clerk.*