

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

*September 12, 1995.*

*Resolved*, That the bill from the Senate (S. 895) entitled “An Act 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”, do pass with the following

### **AMENDMENTS:**

Strike out all after the enacting clause, and insert:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “Small Business Credit*  
3 *Efficiency Act of 1995”.*

4 ***SEC. 2. FEE FOR LOAN GUARANTEES SOLD ON SECONDARY***  
5 ***MARKET.***

6 *Section 5(g)(4)(A) of the Small Business Act (15*  
7 *U.S.C. 634(g)(4)(A)) is amended by striking “<sup>4</sup>/<sub>10</sub> of one*  
8 *percent” and inserting “one-half of 1 percent”.*

9 ***SEC. 3. GENERAL BUSINESS LOANS.***

10 *(a) REDUCED LEVEL OF PARTICIPATION IN GUARAN-*  
11 *TEED LOANS.—Section 7(a)(2) of the Small Business Act*  
12 *(15 U.S.C. 636(a)(2)) is amended to read as follows:*

1           “(2) *LEVEL OF PARTICIPATION IN GUARANTEED*  
2       *LOANS.*—

3           “(A) *IN GENERAL.*—*In agreements to par-*  
4       *ticipate in loans on a deferred basis under this*  
5       *subsection, such participation by the Adminis-*  
6       *tration shall be—*

7                   “(i) *equal to 80 percent of the balance*  
8                   *of the financing outstanding at the time of*  
9                   *disbursement if such financing is less than*  
10                  *or equal to \$100,000; and*

11                  “(ii) *equal to 75 percent of the balance*  
12                  *of the financing outstanding at the time of*  
13                  *disbursement if such financing is greater*  
14                  *than \$100,000.*

15           “(B) *REDUCED PARTICIPATION.*—*The guar-*  
16       *antee percentage specified by subparagraph (A)*  
17       *for any loan may be reduced upon the request of*  
18       *the participating lender. The Administration*  
19       *shall not use the percent of guarantee requested*  
20       *as a criterion for establishing priorities in ap-*  
21       *proving guarantee requests.*

22           “(C) *INTEREST RATE UNDER PREFERRED*  
23       *LENDERS PROGRAM.*—*The maximum interest*  
24       *rate for a loan guaranteed under the Preferred*  
25       *Lenders Program shall not exceed the maximum*

1       *interest rate, as determined by the Administra-*  
 2       *tion, which is made applicable to other loan*  
 3       *guarantees under this subsection.*

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

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

14               “(ii) *authority to service and liquidate*  
 15       *such loans.”.*

16       (b) *GUARANTEE FEES.—Section 7(a)(18) of the Small*  
 17       *Business Act (15 U.S.C. 636(a)(18)) is amended to read*  
 18       *as follows:*

19               “(18) *GUARANTEE FEES.—*

20               “(A) *GENERAL FEE.—For any loan or fi-*  
 21       *nancing made under this subsection other than a*  
 22       *loan repayable in a period of one year or less,*  
 23       *the Administration shall collect a guarantee fee*  
 24       *equal to—*

1           “(i) 2 percent of the gross amount of  
2           any loan guaranteed under this subsection  
3           of an amount less than \$250,000;

4           “(ii) 2.5 percent of the gross amount of  
5           any loan guaranteed under this subsection  
6           of an amount equal to or greater than  
7           \$250,000 and less than \$500,000; or

8           “(iii) 3 percent of the gross amount of  
9           any loan guaranteed under this subsection  
10          of an amount equal to or greater than  
11          \$500,000.

12          *Such fee shall be payable by the participating*  
13          *lending institution and may be charged to the*  
14          *borrower.*

15          “(B) *ADDITIONAL FEE TO OFFSET COST.—*

16          “(i) *IN GENERAL.—In addition to the*  
17          *guarantee fee to be collected under subpara-*  
18          *graph (A), the Administration shall collect*  
19          *a fee for loans guaranteed under this sub-*  
20          *section (other than loans for which a guar-*  
21          *antee fee may be collected under section*  
22          *5(g)(4)(A)) in an amount equal to not more*  
23          *than four-tenths of 1 percent per year of the*  
24          *outstanding principal portion of such loan*  
25          *guaranteed by the Administration.*

1                   “(ii) *USE.*—Fees collected under clause  
 2                   (i) shall be used solely to offset the cost (as  
 3                   defined by section 502(5) of the Congres-  
 4                   sional Budget Act of 1974) of guaranteeing  
 5                   loans under this subsection.

6                   “(iii) *PAYMENT.*—Fees collected under  
 7                   clause (i) shall be payable by the partici-  
 8                   pating lending institution and shall not be  
 9                   charged to the borrower.”.

10           (c) *REPEAL OF PROVISIONS ALLOWING RETENTION OF*  
 11 *GUARANTEE FEES BY LENDERS.*—Section 7(a)(19) of the  
 12 *Small Business Act (15 U.S.C. 636(a)(19)) is amended—*

13                   (1) *in subparagraph (B)—*

14                           (A) *by striking “shall (i) develop” and in-*  
 15                           *serting “shall develop”; and*

16                           (B) *by striking “, and (ii)” and all that fol-*  
 17                           *lows before the period at the end; and*

18                   (2) *by striking subparagraph (C).*

19   ***SEC. 4. MODIFICATIONS TO DEVELOPMENT COMPANY DE-***  
 20                   ***BENTURE PROGRAM.***

21           (a) *MAXIMUM LOAN AMOUNT.*—Section 502(2) of the  
 22 *Small Business Investment Act of 1958 (15 U.S.C. 696(2))*  
 23 *is amended to read as follows:*

1           “(2) Loans made by the Administration under  
 2           this section shall be limited to \$1,250,000 for each  
 3           such identifiable small business concern.”.

4           (b) FEE TO OFFSET COST.—Section 503(b)(3) of the  
 5           Small Business Investment Act of 1958 (15 U.S.C.  
 6           697(b)(3)) is amended by inserting before the semicolon the  
 7           following: “and includes a one-eighth of 1 percent fee which  
 8           shall be paid to the Administration and which shall be used  
 9           solely to offset the cost (as defined by section 502(5) of the  
 10          Congressional Budget Act of 1974) of guaranteeing the de-  
 11          benture.”.

Amend the title so as to read: “An Act to amend the  
 Small Business Act and the Small Business Investment Act  
 of 1958 to reduce the cost to the Federal Government of  
 guaranteeing certain loans and debentures, and for other pur-  
 poses.”.

Attest:

Clerk.

104TH CONGRESS  
1ST SESSION

**S. 895**

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## **AMENDMENTS**