

# Union Calendar No. 167

106TH CONGRESS  
1ST SESSION

# H. R. 2615

[Report No. 106-279]

To amend the Small Business Act to make improvements to the general business loan program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 27, 1999

Mr. TALENT (for himself, Ms. VELÁZQUEZ, Mrs. KELLY, Ms. MILLENDER-McDONALD, Mr. DAVIS of Illinois, Mrs. JONES of Ohio, Mrs. BONO, Ms. BERKLEY, Mrs. NAPOLITANO, Mr. HILL of Montana, Mr. PASCRELL, Mrs. MCCARTHY of New York, Mr. SWEENEY, Mr. COMBEST, and Mr. DEMINT) introduced the following bill; which was referred to the Committee on Small Business

AUGUST 2, 1999

Additional sponsors: Mr. LOBIONDO, Mr. BAIRD, and Mr. UDALL of Mexico

AUGUST 2, 1999

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## A BILL

To amend the Small Business Act to make improvements to the general business 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,*

1 **SECTION 1. LEVELS OF PARTICIPATION.**

2 Section 7(a)(2)(A) of the Small Business Act (15  
3 U.S.C. 636(a)(2)(A)) is amended—

4 (1) in paragraph (i) by striking “\$100,000”  
5 and inserting “\$150,000”; and

6 (2) in paragraph (ii) by striking “\$100,000”  
7 and inserting “\$150,000”.

8 **SEC. 2. LOAN AMOUNTS.**

9 Section 7(a)(3)(A) of the Small Business Act (15  
10 U.S.C. 636(a)(3)(A)) is amended by striking “\$750,000,”  
11 and inserting, “\$1,000,000 (or if the gross loan amount  
12 would exceed \$2,000,000),”.

13 **SEC. 3. INTEREST ON DEFAULTED LOANS.**

14 Subparagraph (B) of section 7(a)(4) of the Small  
15 Business Act (15 U.S.C. 636(a)(4)) is amended by adding  
16 at the end the following:

17 “(iii) APPLICABILITY.—Clauses (i)  
18 and (ii) shall not apply to loans made on  
19 or after October 1, 1999.”.

20 **SEC. 4. PREPAYMENT OF LOANS.**

21 (a) IN GENERAL.—Section 7(a)(4) of the Small Busi-  
22 ness Act (15 U.S.C. 636(a)(4)) is amended—

23 (1) by striking “(4) INTEREST RATES AND  
24 FEES.—” and inserting “(4) INTEREST RATES AND  
25 PREPAYMENT CHARGES.—”; and

26 (2) by adding at the end the following:

1 “(C) PREPAYMENT CHARGES.—

2 “(i) IN GENERAL.—A borrower who  
3 prepays any loan guaranteed under this  
4 subsection shall remit to the Administra-  
5 tion a subsidy recoupment fee calculated in  
6 accordance with clause (ii) if—

7 “(I) the loan is for a term of not  
8 less than 15 years;

9 “(II) the prepayment is vol-  
10 untary;

11 “(III) the amount of prepayment  
12 in any calendar year is more than 25  
13 percent of the outstanding balance of  
14 the loan; and

15 “(IV) the prepayment is made  
16 within the first 3 years after disburse-  
17 ment of the loan proceeds.

18 “(ii) SUBSIDY RECOUPMENT FEE.—  
19 The subsidy recoupment fee charged under  
20 clause (i) shall be—

21 “(I) 5% of the amount of prepay-  
22 ment, if the borrower prepays during  
23 the first year after disbursement;

24 “(II) 3% of the amount of pre-  
25 payment, if the borrower prepays dur-

1                   ing the 2nd year after disbursement;  
 2                   and  
 3                   “(III) 1% of the amount of pre-  
 4                   payment, if the borrower prepays dur-  
 5                   ing the 3rd year after disbursement.”.

6 **SEC. 5. GUARANTEE FEES.**

7       Section 7(a)(18)(B) of the Small Business Act (15  
 8 U.S.C. 636(a)(18)(B)) is amended to read as follows:

9                   “(B) EXCEPTION FOR CERTAIN LOANS.—

10                   “(i) IN GENERAL.—Notwithstanding  
 11                   subparagraph (A), if the total deferred  
 12                   participation share of a loan guaranteed  
 13                   under this subsection is less than or equal  
 14                   to \$120,000, the guarantee fee collected  
 15                   under subparagraph (A) shall be in an  
 16                   amount equal to 2 percent of the total de-  
 17                   ferred participation share of the loan.

18                   “(ii) RETENTION OF FEES.—Lenders  
 19                   participating in the programs established  
 20                   under this subsection may retain not more  
 21                   than 25 percent of the fee collected in ac-  
 22                   cordance with this subparagraph with re-  
 23                   spect to any loan not exceeding \$150,000  
 24                   in gross loan amount.”.

1 **SEC. 6. LEASE TERMS.**

2 Section 7(a) of the Small Business Act (15 U.S.C.  
3 636(a)) is further amended by adding at the end the fol-  
4 lowing:

5 “(28) LEASING.—In addition to such other  
6 lease arrangements as may be authorized by the Ad-  
7 ministration, a borrower may permanently lease to 1  
8 or more tenants not more than 20 percent of any  
9 property constructed with the proceeds of a loan  
10 guaranteed under this subsection, if the borrower  
11 permanently occupies and uses not less than 60 per-  
12 cent of the total business space in the property.”.

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