

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

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**H. R. 440**

**AN ACT**

To make technical corrections to the Microloan  
Program.

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To make technical corrections to the Microloan Program.

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. SHORT TITLE.**

2 This Act may be cited as the“Microloan Program  
3 Technical Corrections Act of 1999”.

4 **SEC. 2. TECHNICAL CORRECTIONS.**

5 Section 7(m) of the Small Business Act (15 U.S.C.  
6 636(m)) is amended—

7 (1) by amending paragraph (7)(B) to read as  
8 follows:

9 “(B) AVAILABILITY OF FUNDS.—Subject  
10 to appropriations, the Administration shall en-  
11 sure that at least \$800,000 of new loan funds  
12 are available for each State in any fiscal year.  
13 All funds are to be made available subject to  
14 approval of the Administration. If, at the begin-  
15 ning of the third quarter of a fiscal year, the  
16 Administration determines that the funds nec-  
17 essary to comply with this provision are unlikely  
18 to be awarded that year, the Administration  
19 may make those funds available to any State or  
20 intermediary.”; and

21 (2) in paragraph (8)—

22 (A) by inserting “and providing funding to  
23 intermediaries” after “program applicants”;  
24 and

25 (B) by inserting “and provide funding to”  
26 after “shall select”.

1 **SEC. 3. LOAN LOSS RESERVE.**

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

4 “(D)(i) IN GENERAL.—The Administrator  
5 shall, by regulation, require each intermediary  
6 to establish a loan loss reserve fund, and to  
7 maintain such reserve fund until all obligations  
8 owed to the Administration under this sub-  
9 section are repaid.

10 “(ii) LEVEL OF LOAN LOSS RESERVE  
11 FUND.—

12 “(I) IN GENERAL.—Subject to sub-  
13 clause (III), the Administrator shall re-  
14 quire the loan loss reserve fund of an  
15 intermediary to be maintained at a level  
16 equal to 15 percent of the outstanding bal-  
17 ance of the notes receivable owed to the  
18 intermediary.

19 “(II) REVIEW OF LOAN LOSS RE-  
20 SERVE.—After the initial 5 years of an  
21 intermediary’s participation in the program  
22 authorized by this subsection, the Adminis-  
23 trator shall, at the request of the inter-  
24 mediary, conduct a review of the annual  
25 loss rate of the intermediary. Any inter-  
26 mediary in operation under this subsection

1 prior to October 1, 1994, that requests a  
2 reduction in its loan loss reserve shall be  
3 reviewed based on the most recent 5-year  
4 period preceding the request.

5 “(III) REDUCTION OF LOAN LOSS RE-  
6 SERVE.—Subject to the requirements of  
7 clause IV, the Administrator may reduce  
8 the annual loan loss reserve requirement of  
9 an intermediary to reflect the actual aver-  
10 age loan loss rate for the intermediary dur-  
11 ing the preceding 5-year period, except  
12 that in no case shall the loan loss reserve  
13 be reduced to less than 10 percent of the  
14 outstanding balance of the notes receivable  
15 owed to the intermediary.

16 “(IV) REQUIREMENTS.—The Admin-  
17 istrator may reduce the annual loan loss  
18 reserve requirement of an intermediary  
19 only if the intermediary demonstrates to  
20 the satisfaction of the Administrator  
21 that—

22 “(aa) the average annual loss  
23 rate for the intermediary during the  
24 preceding 5-year period is less than  
25 15 percent; and

1                   “(bb) that no other factors exist  
2                   that may impair the ability of the  
3                   intermediary to repay all obligations  
4                   owed to the Administration under this  
5                   subsection.”.

Passed the House of Representatives February 9,  
1999.

Attest:

*Clerk.*