

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1788

To amend the Small Business Act to promote lending to small business concerns in States in which there are a declining number of federally insured financial institutions.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 1993

Mr. MACHTLEY (for himself and Mr. NEAL of Massachusetts) 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 promote lending to small business concerns in States in which there are a declining number of federally insured financial institutions.

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 Lend-  
5 ing and Credit Availability Act of 1993”.

1 **SEC. 2. LOAN GUARANTEES IN QUALIFIED STATES.**

2 (a) PARTICIPATION AUTHORITY.—Section 7(a) of the  
3 Small Business Act (15 U.S.C. 636(a)) is amended by  
4 adding at the end the following new paragraph:

5 “(22) LOAN GUARANTEES IN QUALIFIED  
6 STATES.—

7 “(A) IN GENERAL.—The Administration  
8 shall, in accordance with the requirements of  
9 this paragraph, participate on a guaranteed  
10 basis in loans under this subsection to small  
11 business concerns in qualified States.

12 “(B) GUARANTEE AMOUNTS.—In agree-  
13 ments to participate on a guaranteed basis in  
14 loans described in subparagraph (A), such par-  
15 ticipation by the Administration shall be—

16 “(i) not less than 90 percent of the  
17 balance of the loan outstanding at the time  
18 of disbursement, if the loan is not less  
19 than \$200,000, nor more than \$500,000;  
20 and

21 “(ii) not less than 95 percent of the  
22 balance of the loan outstanding at the time  
23 of disbursement, if the loan is less than  
24 \$200,000.

25 “(C) TEMPORARY WAIVER OF GUARANTEE  
26 FEES.—

1           “(i) FIRST 2 FISCAL YEARS.—In each  
2           of the first 2 fiscal years beginning after  
3           the date of the enactment of this para-  
4           graph, the Administration shall waive any  
5           guarantee fee in connection with a loan de-  
6           scribed in subparagraph (A).

7           “(ii) REMAINING FISCAL YEARS.—In  
8           the 3rd, 4th, and 5th fiscal years begin-  
9           ning after the date of the enactment of  
10          this paragraph, the Administration may  
11          collect a guarantee fee in connection with  
12          a loan described in subparagraph (A) in an  
13          amount equal to not more than 1 percent  
14          of the outstanding balance of the guaran-  
15          teed amount of the loan. Any such fee  
16          shall be payable by the participating lend-  
17          ing institution and may be charged to the  
18          borrower.

19          “(D) RETENTION OF FEE PERCENTAGE BY  
20          LENDERS.—In order to encourage lending insti-  
21          tutions to make loans to small business con-  
22          cerns in qualified States, the Administration  
23          shall permit lending institutions to retain, on  
24          loans described in subparagraph (A) of

1           \$200,000 or less, 1/2 of any fee to be paid to  
2           the Administration under subparagraph (C)(ii).

3           “(E) PRESUMPTION.—For a loan de-  
4           scribed in subparagraph (A), any reasonable  
5           doubt as to the ability of an applicant to repay  
6           the loan shall be resolved in favor of the appli-  
7           cant.

8           “(F) APPLICABILITY.—The provisions of  
9           this paragraph shall be in effect in each of the  
10          first 5 fiscal years beginning after the date of  
11          the enactment of this paragraph. For such pe-  
12          riod, provisions of this section which are incon-  
13          sistent with this paragraph shall not apply.

14          “(G) DEFINITIONS.—For purposes of this  
15          paragraph, the following definitions apply:

16                  “(i) INSURED DEPOSITORY INSTITU-  
17                  TION.—The term ‘insured depository insti-  
18                  tution’—

19                          “(I) has the same meaning as in  
20                          section 3 of the Federal Deposit In-  
21                          surance Act; and

22                          “(II) includes an insured credit  
23                          union, as defined in section 101 of the  
24                          Federal Credit Union Act.

1           “(ii) STATE.—The term ‘State’ means  
2 each of the several States and the District  
3 of Columbia.

4           “(iii) QUALIFIED STATE.—The term  
5 ‘qualified State’ means any State in  
6 which—

7                   “(I) during the 12-month period  
8 ending on the date of enactment of  
9 this paragraph, 1 or more insured de-  
10 pository institutions having combined  
11 total assets of not less than  
12 \$100,000,000 closed due to an inabil-  
13 ity to meet the demands of depositors;  
14 or

15                   “(II) during the 12-month period  
16 ending on the date of enactment of  
17 this paragraph, 2 or more insured de-  
18 pository institutions having combined  
19 total assets of not less than  
20 \$150,000,000 closed due to an inabil-  
21 ity to meet the demands of deposi-  
22 tors.”.

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