

103^D CONGRESS
2^D SESSION

H. R. 4685

To authorize the establishment of a premier lending program for participants in the certified development company program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1994

Mr. LAFALCE introduced the following bill; which was referred to the Committee on Small Business

A BILL

To authorize the establishment of a premier lending program for participants in the certified development company 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,*

3 That this Act may be cited as the “Premier Lenders Pro-
4 gram Authorization Act of 1994”.

5 (a) Title V of the Small Business Investment Act of
6 1958 (15 U.S.C. 695 et seq.) is amended by inserting the
7 following new section:

1 **“SEC. 508. PREMIER LENDERS PROGRAM.**

2 “(a) The Administration is authorized to establish a
3 Premier Lenders Program for certified development com-
4 panies which meet the requirements of subsection (b).

5 “(b) The Administration may designate a participant
6 in accelerated lenders program as a premier lender if such
7 company—

8 “(1) has been an active participant in the accel-
9 erated lenders program for at least the last 12
10 months: *Provided*, That prior to January 1, 1996,
11 the Administration may waive this provision if the
12 applicant is qualified to participate in the accel-
13 erated lenders program;

14 “(2) has a history of submitting to the Admin-
15 istration adequately analyzed debenture guaranty
16 application packages; and

17 “(3) agrees to assume and to reimburse the Ad-
18 ministration for 5 percent of any loss sustained by
19 the Administration on account of default by the cer-
20 tified development company in the payment of prin-
21 cipal and interest on a debenture issued by such
22 company and guaranteed by the Administration
23 under this section.

24 “(c) Upon approval of an applicant as a premier lend-
25 er, the certified development company shall establish a loss
26 reserve in an amount equal to the anticipated losses to

1 the certified development company pursuant to subsection
2 (b)(3) based upon the historic loss rate on debentures is-
3 sued by such company, or 3 percent of the aggregate prin-
4 cipal amount of debentures issued by such company and
5 guaranteed by the Administration under this section,
6 whichever is greater. The loss reserve shall be comprised
7 of segregated assets of the development company which
8 shall be securitized in favor of the Administration or of
9 such unqualified letters of credit or indemnity agreements
10 from a third party as the Administration deems appro-
11 priate.

12 “(d) Upon designation and qualification of a com-
13 pany as a premier lender, and subject to such terms and
14 conditions as the Administration may determine and not-
15 withstanding the provisions of section 503(b)(6), the Ad-
16 ministration may permit a premier lender to approve loans
17 to be funded with the proceeds of and to authorize the
18 guaranty of a debenture issued by such company. The ap-
19 proval by the premier lender shall be subject to the final
20 approval as to eligibility of any such guaranty by the Ad-
21 ministration pursuant to subsection 503(a) of this Act,
22 but such final approval shall not include decisions by the
23 company involving creditworthiness, loan closing, or com-
24 pliance with legal requirements imposed by law or regula-
25 tion.

1 “(e) The designation of a qualified State or local de-
2 velopment company as a premier lender may be suspended
3 or revoked if the Administration determines that the com-
4 pany—

5 “(1) has not continued to meet the criteria for
6 eligibility under subsection (b);

7 “(2) has not established or maintained the loss
8 reserve required under subsection (c); or

9 “(3) is failing to adhere to the Administration’s
10 rules and regulations or is violating any other appli-
11 cable provision of law.

12 “(f) Suspension or revocation shall not affect any out-
13 standing debenture guarantee.”.

14 (b) The Administration shall promulgate such regula-
15 tions to carry out this section within one hundred and
16 eighty days of the date of enactment.

17 (c) The Administration shall report to the Small
18 Business Committee of the United States Senate and to
19 the Small Business Committee of the United States House
20 of Representatives within one year, and annually there-
21 after, on the implementation of this section, specifically
22 including data on the number of development companies
23 designated as premier lenders, their debenture guarantee
24 volume, and the loss rate under this program, along with

1 such other information as the Administration deems
2 appropriate.

3 (d) Section 508 of the Small Business Investment Act
4 is repealed on October 1, 1999.

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