

SMALL BUSINESS LENDING
ENHANCEMENT ACT OF 1995

Mr. BOND. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 895.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

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:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Credit Efficiency Act of 1995".

SEC. 2. FEE FOR LOAN GUARANTEES SOLD ON SECONDARY MARKET.

Section 5(g)(4)(A) of the Small Business Act (15 U.S.C. 634(g)(4)(A)) is amended by striking " $\frac{4}{10}$ of one percent" and inserting "one-half of 1 percent".

SEC. 3. GENERAL BUSINESS LOANS.

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

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

"(A) **IN GENERAL.**—In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall be—

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

"(ii) equal to 75 percent of the balance of the financing outstanding at the time of disbursement if such financing is greater than \$100,000.

"(B) **REDUCED PARTICIPATION.**—The guarantee percentage specified by subparagraph (A) for any loan may be reduced upon the request of the participating lender. The Administration shall not use the percent of guarantee requested as a criterion for establishing priorities in approving guarantee requests.

"(C) **INTEREST RATE UNDER PREFERRED LENDERS PROGRAM.**—The maximum interest rate for a loan guaranteed under the Preferred Lenders Program shall not exceed the maximum interest rate, as determined by the Administration, which is made applicable to other loan guarantees under this subsection.

"(D) **PREFERRED LENDERS PROGRAM DEFINED.**—In this paragraph, the term 'Preferred Lenders Program' means a program under which a written agreement between the lender and the Administration delegates to the lender—

"(i) complete authority to make and close loans with a guarantee from the Administration without obtaining the prior specific approval of the Administration; and

"(ii) authority to service and liquidate such loans."

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

"(18) **GUARANTEE FEES.**—

"(A) **GENERAL FEE.**—For any loan or financing made under this subsection other than a loan repayable in a period of one year or less, the Administration shall collect a guarantee fee equal to—

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

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

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

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

"(B) **ADDITIONAL FEE TO OFFSET COST.**—

"(i) **IN GENERAL.**—In addition to the guarantee fee to be collected under subparagraph (A), the Administration shall collect a fee for loans guaranteed under this subsection (other than loans for which a guarantee fee may be collected under section 5(g)(4)(A)) in an amount equal to not more than four-tenths of 1 percent per year of the outstanding principal portion of such loan guaranteed by the Administration.

"(ii) **USE.**—Fees collected under clause (i) shall be used solely to offset the cost (as defined by section 502(5) of the Congressional Budget Act of 1974) of guaranteeing loans under this subsection.

"(iii) **PAYMENT.**—Fees collected under clause (i) shall be payable by the participating lending institution and shall not be charged to the borrower."

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

(1) in subparagraph (B)—

(A) by striking "shall (i) develop" and inserting "shall develop"; and

(B) by striking "and (ii)" and all that follows before the period at the end; and

(2) by striking subparagraph (C).

SEC. 4. MODIFICATIONS TO DEVELOPMENT COMPANY DEBENTURE PROGRAM.

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

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

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

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 purposes."

Mr. BOND. Mr. President, I ask unanimous consent that the Senate disagree to the House amendments, agree to a request for a conference with the House, and that the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Thereupon, the Presiding Officer (Mr. GRAMS) appointed Mr. BOND, Mr. BURNS, Mr. COVERDELL, Mr. BUMPER, and Mr. NUNN conferees on the part of the Senate.

ORDERS FOR WEDNESDAY,
SEPTEMBER 27, 1995

Mr. BOND. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m. on Wednesday, September 27, 1995; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be

reserved for their use later in the day; that the Senate immediately proceed to a 10-minute period for morning business under the control of Senator HEFLIN; and that the Senate then resume consideration of H.R. 2099, the VA-HUD appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2784

Mr. BOND. Mr. President, I further ask unanimous consent that when the Senate resumes the HUD-VA bill at approximately 9:15 a.m., that there be 4 minutes for debate on the Rockefeller amendment No. 2784, to be equally divided in the usual form, to be followed by a vote on a motion to waive the Budget Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2785

Mr. BOND. Mr. President, I further ask unanimous consent that following disposition of the Rockefeller amendment, there then be 4 minutes for debate, to be equally divided in the usual form, on the second Rockefeller amendment, to be followed by a vote on the motion to waive the Budget Act for consideration of the Rockefeller amendment No. 2785.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2786

Mr. BOND. Mr. President, I further ask unanimous consent that following the disposition of the second Rockefeller amendment, there be 4 minutes for debate, to be equally divided in the usual form, on the Baucus amendment No. 2786, to be followed by a vote on or in relation to the Baucus amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2782

Mr. BOND. Mr. President, finally, I ask unanimous consent that following the disposition of the Baucus amendment, there be 10 minutes for debate, to be equally divided in the usual form, on the Sarbanes amendment No. 2782, to be followed by a vote on or in relation to the Sarbanes amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BOND. Mr. President, on behalf of the leader, it is my pleasure to announce for the information of all Senators that the Senate will resume consideration of the VA-HUD appropriations bill tomorrow morning at 9:15. Under the previous order, there will be four rollcall votes at approximately 9:20 a.m., with a brief period of time between each vote. The leader has indicated the Senate will complete action on this appropriations bill hopefully by early afternoon. Therefore, additional rollcall votes can be expected throughout Wednesday's session in order to finish action on the VA-HUD appropriations bill and to make progress on the Labor-HHS appropriations bill.