Uzbekistan and the Southern Caucasus republics of Armenia, Azerbaijan, and Georgia.

Mr. Speaker, I urge my colleagues to support the Henry M. Jackson Program Improvements Act of 1999.

Mr. Speaker, H.R. 1152 authorizes and amends the legislation to include language that (a) in subsection (a), by striking 'On a pilot program basis, the' and inserting 'The'; (2) by redesignating sections (d) through (j) as subsections (e) through (h); (3) in subsection (f) as redesignated by paragraph (2), by striking 'subsection (f)' and inserting 'subsection (g)'; (4) in subsection (b) as redesignated by paragraph (2), by striking 'subsection (f)' and inserting 'subsection (g)'; and (5) by inserting after subsection (c) the following:

SEC. 510. SALE OF CERTAIN DEFAULTED LOANS.—

The Administration shall not sell any loan described in paragraph (1) as part of a bulk sale unless it—

(1) provides prospective purchasers with the opportunity to examine the Administration's records with respect to such loan; and

(2) provides the notice required by paragraph (1).

SEC. 7. LOAN LIQUIDATION.

(a) LIQUIDATION AND FORECLOSURE.—Title V of the Small Business Investment Act of 1958 (15 U.S.C. 665 et seq.) is amended by adding at the end the following:

SEC. 510. FORECLOSURE AND LIQUIDATION OF LOANS.

SEC. 5. PREMIER CERTIFIED LENDERS PROGRAM.

Section 211(b) of the Small Business Reauthorization and Amendments Act of 1994 (relating to section 508 of the Small Business Investment Act) is amended—

(1) in subsection (a), by striking "On a pilot program basis, the" and inserting "The";

(2) by redesignating subsections (d) through (j) as subsections (e) through (h); and

(3) in subsection (f) as redesignated by paragraph (2), by striking "subsection (f)" and inserting "subsection (g)".

SEC. 6. SALE OF CERTAIN DEFAULTED LOANS.

Section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697(e)) is amended—

(1) in subsection (a), by striking "On a pilot program basis, the" and inserting "The";

(2) by redesignating subsections (d) through (j) as subsections (e) through (h); and

(3) in subsection (f) as redesignated by paragraph (2), by striking "subsection (f)" and inserting "subsection (g)".

SEC. 4. FEES.

Section 503(f) of the Small Business Investment Act of 1958 (15 U.S.C. 697(f)) is amended to read as follows:

(f) EFFECTIVE DATE.—The fees authorized by subsections (b) and (d) shall apply to financings approved by the Administration on or after October 1, 1996, but shall not apply to financings approved by the Administration on or after October 1, 2003.

Mr. Speaker, because without it the Silk Road Strategy Act could lead countries in this region to conclude that they have a green light to renege on commitments to foreign investors, jeopardizing hundreds of millions of dollars of foreign investments. The inclusion of this amendment should send a strong signal that countries cannot expect to receive American assistance if they mistreat the companies that provide critical investment capital and employment opportunities for their own citizens.

Mr. Speaker, I urge my colleagues to support H.R. 1152, the Silk Road Act of 1999.

Mr. HOFFEL. Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. BERETUER. Mr. Speaker, I urge again support of the legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question was taken; and (two-thirds of the members present voting) the amendment agreed to, and the bill, H.R. 1152, as amended, was passed.
(B) the company—
(1) in carrying out functions described in paragraph (1)(A), a qualified State or local development company to which authority is delegated under this section, shall provide the company with the information regarding the reasons for the ineligibility.
(2) in carrying out functions described in paragraph (1)(A), a qualified State or local development company may undertake routine actions not addressed in a liquidation plan without obtaining additional approval from the Administration.

(3) ADMINISTRATION ACTION ON REQUEST.
(1) TIMING.—Not later than 15 business days after receiving a request under clause (i), the Administration shall approve or deny the request.
(II) NOTICE OF NO DECISION.—With respect to any request that cannot be approved or denied within the 15-day period required by clause (i), the Administration shall submit to the Administration a request for written approval before committing the Administration to the purchase of any other indebtedness secured by the property securing a defaulted loan.

(4) COMPROMISE OF INDEBTEDNESS.
(1) In carrying out functions described in paragraph (1)(A), a qualified State or local development company may undertake routine actions not addressed in a liquidation plan without obtaining additional approval from the Administration.
(2) PURCHASE OF INDEBTEDNESS.
(1) In carrying out functions described in paragraph (1)(A), a qualified State or local development company shall submit to the Administration a request for written approval before committing the Administration to the purchase of any other indebtedness secured by the property securing a defaulted loan.

(5) ADMINISTRATION ACTION ON REQUEST.
(1) TIMING.—Not later than 15 business days after receiving a request under clause (i), the Administration shall approve or reject the plan.
(II) NOTICE OF NO DECISION.—With respect to any request that cannot be approved or denied within the 15-day period required by subparagraph (A), the Administration shall notify the company that submitted the request.

(6) C OMPROMISE OF INDEBTEDNESS.
(1) In carrying out functions described in paragraph (1)(A), a qualified State or local development company shall submit to the Administration a proposed workout plan.
(2) ADMINISTRATION ACTION ON PLAN.
(1) TIMING.—Not later than 15 business days after receiving a request under clause (i), the Administration shall approve or reject the plan.
(II) NOTICE OF NO DECISION.—With respect to any request that cannot be approved or denied within the 15-day period required by subparagraph (A), the Administration shall notify the company that submitted the plan.

(8) D A comparison between—
(1) the information provided under subparagraph (C) with respect to the 12-month period preceding the date on which the report is submitted; and
(2) the same information with respect to loans foreclosed and liquidated, or otherwise treated, by the Administration during the same period.

(9) E The number of times that the Administration has failed to approve or reject a liquidation plan in accordance with subparagraph (A)(i), a workout plan in accordance with subparagraph (C)(i), or to approve or deny a request for purchase of indebtedness under any other applicable law; or

(10) the total dollar losses resulting from the liquidation, foreclosure, or mitigation of loss; and

(11) the total dollar losses caused by a noncompliance with subparagraph (A) during the 12-month period preceding the date on which the report is submitted; and

(12) the amount guaranteed and the total cost of the project financed.
Administrator shall issue such regulations as may be necessary to carry out section 510 of the Small Business Investment Act of 1958, as added by subsection (a) of this section.

(2) TERMINATION OF PILOT PROGRAM.—Beginning on the date which the final regulations are issued under paragraph (1), section 204 of the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note) shall cease to have effect.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Mrs. KELLY) and the gentlewoman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2614, which amends the Small Business Investment Act to make changes in the Section 504 loan program administered by the Small Business Administration. The 504 loan program guarantees small business loans for construction and renovation and provides nearly $3 billion of financial assistance every year. Mr. Speaker, let me briefly describe the provisions of H.R. 2614.

H.R. 2614 will increase the maximum debenture size for Section 504 loans from $750,000 to $1 million, and the size of public policy debenture backed loans from $1 million to $1.3 million. It has been 10 years since the committee acted to increase the maximum guarantee amount in the 504 program. To keep pace with inflation, the maximum guarantee amount should be increased to approximately $1.25 million; however, the committee believes that a simple increase to $1 million is probably sufficient.

This increase is especially needed in the 504 program because it is primarily a real estate-based program and the cost of commercial real estate has increased markedly in the last several years.

H.R. 2614 also adds women-owned businesses to the current list of businesses eligible for the larger public policy loans of up to $1.3 million. This continues our efforts to increase assistance to women-owned businesses.

The fees in the 504 program cover all these costs, resulting in a program that operates with no cost to the taxpayer. The fees sunset on October 1, 2000 and H.R. 2614 will continue them through October 1, 2003.

Additionally, 2004 will grant permanent status to the Preferred Certified Lender Program before it sunsets at the end of fiscal year 2000. This program enables experienced CDCs to use streamlined procedures for loan making and liquidation, resulting in improved service to the small business borrower and reduced losses and liquidation costs.

Finally, to address the problem of low recovery rates on defaulting 504 loans, H.R. 2614 makes the Loan Liquidation Pilot Program a permanent program. This gives qualified and experienced CDCs the ability to handle the liquidation of loans with only minimal involvement of the SBA, resulting in savings to the program, and a corresponding reduction in the fees charged to the borrowers and the lenders.

Mr. Speaker, I again want to urge my colleagues to support H.R. 2614. It will mean a significant improvement in services to their small business constituents, and a reduction in the cost of providing those services.

Mr. Speaker, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2614, legislation that will update and improve the Certified Development Company, also known as the 504 program. The proposed changes to this program are thoughtful changes that will help more businesses gain access to the capital they need.

This business will use the 504 loan to this legislation.

Mr. Speaker, I yield myself such time as I may consume.

Mrs. KELLY. Mr. Speaker, I yield myself such time as I may consume and strongly urge passage of H.R. 2614.

Ms. MILLER-MCDONALD. Mr. Speaker, I would like to rise in support of H.R. 2614, the Certified Development Company Loan Program.

This bill will ensure a greater access to capital for potential business owners. By providing this access, this will allow our economy to continue to grow and ensure future prosperity for the country. H.R. 2614 makes a number of necessary changes to the Small Business Administration's (SBA) 504 loan program. H.R. 2614 allows more businesses to have access to loans. It is clear that access to loans gives business owners access to opportunities. In addition, by increasing the debenture size, we will allow Certified Development Companies (CDCs) to make more loans.

H.R. 2614 increases opportunities for business owned by women. Based on statistics, women-owned businesses contribute more than $2.38 trillion annually in revenues to the economy, which is more than the gross domestic product of many countries. Women-owned businesses also employ one out of every five workers in the United States, which is a total of 18.5 million employees. Based on these facts, women must have adequate access to capital through loans.

Mr. Speaker, we must ensure that the 504 loan program remains solvent. The 504 program is a self-sufficient program which is driven by the market. Through the reauthorization...
of fees, we can ensure the solvency of the program. We also have a responsibility to make the 504 program more efficient. Under the Premier Certified Lender Program, specific experienced CDC’s are granted the authority to approve debentures without SBA involvement. In return, the lenders agree to reimburse the SBA 10% of any loss on a debenture guaranteed by the SBA. By making the Premier Certified Lender Program permanent, the 504 program will be more efficient.

The 504 loan program must properly serve the borrower. The current loan liquidation program has been successful in ensuring that the 504 program works for borrowers. Loan liquidation is the most expensive portion of the 504 program. Through the involvement of the CDC, which has resulted in a higher response rate, the overall costs are lowered for the program. By lowering the cost of the program, businesses will have access to reduced rates on loans, which will lower expenses to small businesses.

H.R. 2614 is good for borrowers and small businesses and is therefore good for our economy. We should vote in favor of H.R. 2614 and expand opportunities for small business ownership.

Mrs. KELLY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from New York (Mrs. KELLY) that the House suspend the rules and pass the bill, H.R. 2614.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

AMENDING SMALL BUSINESS ACT TO MAKE IMPROVEMENTS IN GENERAL BUSINESS LOAN PROGRAM

Mr. TALENT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2615) to amend the Small Business Act to make improvements to the general business loan program, and for other purposes.

The Clerk read as follows:

H.R. 2615

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. LEVELS OF PARTICIPATION.


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

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

SEC. 2. LOAN AMOUNTS.

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

SEC. 3. INTEREST ON DEFAULTED LOANS.

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

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

SEC. 4. PREPAYMENT OF LOANS.

(a) IN GENERAL.—Section 7(a)(4) of the Small Business Act (15 U.S.C. 636(a)(4)) is amended—

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

(2) by adding at the end the following:

“(C) PREPAYMENT CHARGES.—

“(i) IN GENERAL.—A borrower who prepays any loan guaranteed under this subsection shall remit to the Administration a subsidy recoupment fee calculated in accordance with clause (ii) if—

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

“(II) the prepayment is voluntary;

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

“(IV) the prepayment is made within the first 3 years after disbursement of the loan proceeds.

“(ii) SUBSIDY RECoupMENT FEE.—The subsidy recoupment fee charged under clause (i) shall be—

“(I) 5% of the amount of prepayment, if the borrower prepays during the first year after disbursement;

“(II) 3% of the amount of prepayment, if the borrower prepays during the 2nd year after disbursement; and

“(III) 1% of the amount of prepayment, if the borrower prepays during the 3rd year after disbursement.

SEC. 5. GUARANTEE FEES.

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

“(B) EXCEPTION FOR CERTAIN LOANS.—

“(1) IN GENERAL.—Notwithstanding subparagraph (A), if the total deferred participation share of a loan guaranteed under this subsection is less than or equal to $120,000, the guarantee fee collected under subparagraph (A) shall be in an amount equal to 2 percent of the total deferred participation share of the loan.

“(2) RETENTION OF FEES.—Lenders participating in the programs established under this subsection may retain not more than 25 percent of the fee collected in accordance with this subparagraph with respect to any loan not exceeding $150,000 in gross loan amount.

SEC. 6. LEASE TERMS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is further amended by adding at the end the following:

“(28) LEASING.—In addition to such other lease arrangements as may be authorized by the Administration, a borrower may permanently lease to 1 or more tenants not more than 20 percent of any property constructed with the proceeds of a loan guaranteed under this subsection, if the borrower permanently occupies and uses not less than 60 percent of the total business space in the property.”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. TALENT) and the gentleman from Illinois (Mr. MANZELLO), as a Member of the committee, each will control 20 minutes.

The Chair recognizes the gentleman from Missouri (Mr. TALENT).