

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5332

To amend the Small Business Act to establish a small business intermediary lending pilot program.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2010

Ms. KILROY (for herself, Mr. RYAN of Ohio, and Mr. MILLER of North Carolina) 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 establish a small business intermediary lending pilot program.

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 Inter-  
5 mediary Lending Pilot Program Act of 2010”.

6 **SEC. 2. SMALL BUSINESS INTERMEDIARY LENDING PILOT**  
7 **PROGRAM.**

8 (a) IN GENERAL.—Section 7 of the Small Business  
9 Act is amended by striking subsection (l) and inserting  
10 the following:

1       “(1) SMALL BUSINESS INTERMEDIARY LENDING  
2 PILOT PROGRAM.—

3               “(1) DEFINITIONS.—In this subsection—

4                       “(A) the term ‘eligible intermediary’—

5                               “(i) means a private, nonprofit entity  
6 that—

7                                       “(I) seeks or has been awarded a  
8 loan from the Administrator to make  
9 loans to small business concerns  
10 under this subsection; and

11                                       “(II) has not less than 1 year of  
12 experience making loans to startup,  
13 newly established, or growing small  
14 business concerns; and

15                               “(ii) includes—

16                                       “(I) a private, nonprofit commu-  
17 nity development corporation;

18                                       “(II) a consortium of private,  
19 nonprofit organizations or nonprofit  
20 community development corporations;  
21 and

22                                       “(III) an agency of or nonprofit  
23 entity established by a Native Amer-  
24 ican Tribal Government; and

1           “(B) the term ‘Program’ means the small  
2           business intermediary lending pilot program es-  
3           tablished under paragraph (2).

4           “(2) ESTABLISHMENT.—There is established a  
5           3-year small business intermediary lending pilot pro-  
6           gram, under which the Administrator may make di-  
7           rect loans to eligible intermediaries, for the purpose  
8           of making loans to startup, newly established, and  
9           growing small business concerns.

10          “(3) PURPOSES.—The purposes of the Program  
11          are—

12               “(A) to assist small business concerns in  
13               areas suffering from a lack of credit due to  
14               poor economic conditions or changes in the fi-  
15               nancial market; and

16               “(B) to establish a loan program under  
17               which the Administrator may provide loans to  
18               eligible intermediaries to enable the eligible  
19               intermediaries to provide loans to startup,  
20               newly established, and growing small business  
21               concerns for working capital, real estate, or the  
22               acquisition of materials, supplies, or equipment.

23          “(4) LOANS TO ELIGIBLE INTERMEDIARIES.—

24               “(A) APPLICATION.—Each eligible inter-  
25               mediary desiring a loan under this subsection

1 shall submit an application to the Adminis-  
2 trator that describes—

3 “(i) the type of small business con-  
4 cerns to be assisted;

5 “(ii) the size and range of loans to be  
6 made;

7 “(iii) the interest rate and terms of  
8 loans to be made;

9 “(iv) the geographic area to be served  
10 and the economic, poverty, and unemploy-  
11 ment characteristics of the area;

12 “(v) the status of small business con-  
13 cerns in the area to be served and an anal-  
14 ysis of the availability of credit; and

15 “(vi) the qualifications of the appli-  
16 cant to carry out this subsection.

17 “(B) LOAN LIMITS.—No loan may be  
18 made to an eligible intermediary under this sub-  
19 section if the total amount outstanding and  
20 committed to the eligible intermediary by the  
21 Administrator would, as a result of such loan,  
22 exceed \$3,000,000 during the participation of  
23 the eligible intermediary in the Program.

1           “(C) LOAN DURATION.—Loans made by  
2 the Administrator under this subsection shall be  
3 for a term of 20 years.

4           “(D) APPLICABLE INTEREST RATES.—  
5 Loans made by the Administrator to an eligible  
6 intermediary under the Program shall bear an  
7 annual interest rate equal to 1.00 percent.

8           “(E) FEES; COLLATERAL.—The Adminis-  
9 trator may not charge any fees or require col-  
10 lateral with respect to any loan made to an eli-  
11 gible intermediary under this subsection.

12           “(F) DELAYED PAYMENTS.—The Adminis-  
13 trator shall not require the repayment of prin-  
14 cipal or interest on a loan made to an eligible  
15 intermediary under the Program during the 2-  
16 year period beginning on the date of the initial  
17 disbursement of funds under that loan.

18           “(G) MAXIMUM PARTICIPANTS AND  
19 AMOUNTS.—During each of fiscal years 2010,  
20 2011, and 2012 the Administrator may make  
21 loans under the Program—

22                   “(i) to not more than 20 eligible inter-  
23 mediaries; and

24                   “(ii) in a total amount of not more  
25 than \$60,000,000.

1           “(5) LOANS TO SMALL BUSINESS CONCERNS.—

2           “(A) IN GENERAL.—The Administrator,  
3           through an eligible intermediary, shall make  
4           loans to startup, newly established, and growing  
5           small business concerns for working capital,  
6           real estate, and the acquisition of materials,  
7           supplies, furniture, fixtures, and equipment.

8           “(B) MAXIMUM LOAN.—An eligible inter-  
9           mediary may not make a loan under this sub-  
10          section of more than \$200,000 to any 1 small  
11          business concern.

12          “(C) APPLICABLE INTEREST RATES.—A  
13          loan made by an eligible intermediary to a small  
14          business concern under this subsection, may  
15          have a fixed or a variable interest rate, and  
16          shall bear an interest rate specified by the eligi-  
17          ble intermediary in the application of the eligi-  
18          ble intermediary for a loan under this sub-  
19          section.

20          “(D) REVIEW RESTRICTIONS.—The Ad-  
21          ministrator may not review individual loans  
22          made by an eligible intermediary to a small  
23          business concern before approval of the loan by  
24          the eligible intermediary.

1           “(6) TERMINATION.—The authority of the Ad-  
2           ministrator to make loans under the Program shall  
3           terminate 3 years after the date of enactment of the  
4           Small Business Intermediary Lending Pilot Program  
5           Act of 2010.”.

6           (b) RULEMAKING AUTHORITY.—Not later than 180  
7           days after the date of enactment of this Act, the Adminis-  
8           trator shall issue regulations to carry out section 7(l) of  
9           the Small Business Act, as amended by subsection (a).

10          (c) AVAILABILITY OF FUNDS.—Any amounts pro-  
11          vided to the Administrator for the purposes of carrying  
12          out section 7(l) of the Small Business Act, as amended  
13          by subsection (a), shall remain available until expended.

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