

Public Law 106-22
106th Congress

An Act

Apr. 27, 1999
[H.R. 440]

Microloan
Program
Technical
Corrections Act
of 1999.
Small business.
15 USC 631 note.

To make technical corrections to the Microloan Program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Microloan Program Technical Corrections Act of 1999”.

SEC. 2. TECHNICAL CORRECTIONS.

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (7), by striking subparagraph (B) and inserting the following:

“(B) ALLOCATION.—

“(i) MINIMUM ALLOCATION.—Subject to the availability of appropriations, of the total amount of new loan funds made available for award under this subsection in each fiscal year, the Administration shall make available for award in each State (including the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa) an amount equal to the sum of—

“(I) the lesser of—

“(aa) \$800,000; or

“(bb) $\frac{1}{55}$ of the total amount of new loan funds made available for award under this subsection for that fiscal year; and

“(II) any additional amount, as determined by the Administration.

“(ii) REDISTRIBUTION.—If, at the beginning of the third quarter of a fiscal year, the Administration determines that any portion of the amount made available to carry out this subsection is unlikely to be made available under clause (i) during that fiscal year, the Administration may make that portion available for award in any one or more States (including the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa) without regard to clause (i).”; and

(2) in paragraph (8)—

(A) by inserting “and providing funding to intermediaries” after “program applicants”; and

(B) by inserting “and provide funding to” after “shall select”.

SEC. 3. LOAN LOSS RESERVE.

Section 7(m)(3)(D) of the Small Business Act (15 U.S.C. 636(m)(3)(D)) is amended to read as follows:

“(D)(i) IN GENERAL.—The Administrator shall, by regulation, require each intermediary to establish a loan loss reserve fund, and to maintain such reserve fund until all obligations owed to the Administration under this subsection are repaid. Regulations.

“(ii) LEVEL OF LOAN LOSS RESERVE FUND.—

“(I) IN GENERAL.—Subject to subclause (III), the Administrator shall require the loan loss reserve fund of an intermediary to be maintained at a level equal to 15 percent of the outstanding balance of the notes receivable owed to the intermediary.

“(II) REVIEW OF LOAN LOSS RESERVE.—After the initial 5 years of an intermediary’s participation in the program authorized by this subsection, the Administrator shall, at the request of the intermediary, conduct a review of the annual loss rate of the intermediary. Any intermediary in operation under this subsection prior to October 1, 1994, that requests a reduction in its loan loss reserve shall be reviewed based on the most recent 5-year period preceding the request.

“(III) REDUCTION OF LOAN LOSS RESERVE.—Subject to the requirements of clause IV, the Administrator may reduce the annual loan loss reserve requirement of an intermediary to reflect the actual average loan loss rate for the intermediary during the preceding 5-year period, except that in no case shall the loan loss reserve be reduced to less than 10 percent of the outstanding balance of the notes receivable owed to the intermediary.

“(IV) REQUIREMENTS.—The Administrator may reduce the annual loan loss reserve requirement of an intermediary only if the intermediary demonstrates to the satisfaction of the Administrator that—

“(aa) the average annual loss rate for the intermediary during the preceding 5-year period is less than 15 percent; and

“(bb) that no other factors exist that may impair the ability of the intermediary to repay all obligations owed to the Administration under this subsection.”.

Approved April 27, 1999.

LEGISLATIVE HISTORY—H.R. 440:

HOUSE REPORTS: No. 106-12 (Comm. on Small Business).

CONGRESSIONAL RECORD, Vol. 145 (1999):

Feb. 9, considered and passed House.

Mar. 25, considered and passed Senate, amended.

Apr. 12, House concurred in Senate amendment.

