

ists a reasonable expectation that the small business concern in behalf of which the guarantee is issued will perform the covenants and conditions of the lease.

(2) The Administration shall, to the greatest extent practicable, exercise the powers conferred by this section in cooperation with qualified surety or other companies on a participation basis.

(b) Uniform annual fee; processing fees

The Administration shall fix a uniform annual fee for its share of any guarantee under this section which shall be payable in advance at such time as may be prescribed by the Administrator. The amount of any such fee shall be determined in accordance with sound actuarial practices and procedures, to the extent practicable, but in no case shall such amount exceed, on the Administration's share of any guarantee made under this part, 2½ per centum per annum of the minimum annual guaranteed rental payable under any guaranteed lease: *Provided*, That the Administration shall fix the lowest fee that experience under the program established hereby has shown to be justified. The Administration may also fix such uniform fees for the processing of applications for guarantees under this section as the Administrator determines are reasonable and necessary to pay the administrative expenses that are incurred in connection therewith.

(c) Escrow; default; additional discretionary provisions

In connection with the guarantee of rentals under any lease pursuant to authority conferred by this section, the Administrator may require, in order to minimize the financial risk assumed under such guarantee—

(1) that the lessee pay an amount, not to exceed one-fourth of the minimum guaranteed annual rental required under the lease, which shall be held in escrow and shall be available (A) to meet rental charges accruing in any month for which the lessee is in default, or (B) if no default occurs during the term of the lease, for application (with accrued interest) toward final payments of rental charges under the lease;

(2) that upon occurrence of a default under the lease, the lessor shall, as a condition precedent to enforcing any claim under the lease guarantee, utilize the entire period, for which there are funds available in escrow for payment of rentals, in reasonably diligent efforts to eliminate or minimize losses, by releasing the commercial or industrial property covered by the lease to another qualified tenant, and no claim shall be made or paid under the guarantee until such effort has been made and such escrow funds have been exhausted;

(3) that any guarantor of the lease will become a successor of the lessor for the purpose of collecting from a lessee in default rentals which are in arrears and with respect to which the lessor has received payment under a guarantee made pursuant to this section; and

(4) such other provisions, not inconsistent with the purposes of this part, as the Administrator may in his discretion require.

(Pub. L. 85-699, title IV, §401, as added Pub. L. 89-117, title III, §316(a), Aug. 10, 1965, 79 Stat. 482;

amended Pub. L. 90-104, title II, §209, Oct. 11, 1967, 81 Stat. 271; Pub. L. 91-609, title IX, §911(a)(2), Dec. 31, 1970, 84 Stat. 1812.)

PRIOR PROVISIONS

A prior section 401 of Pub. L. 85-699 was classified to section 691 of this title, prior to repeal by Pub. L. 87-341, §11(f), Oct. 3, 1961, 75 Stat. 756.

AMENDMENTS

1970—Subsecs. (b), (c)(4). Pub. L. 91-609 substituted "part" for "title".

1967—Subsec. (a). Pub. L. 90-104 struck out from introductory text "that are (1) eligible for loans under section 636(b)(3) of this title, or (2) eligible for loans under subchapter IV of chapter 34 of Title 42," after "small business concerns".

EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90-104 effective 90 days after Oct. 11, 1967, see section 211 of Pub. L. 90-104, set out as a note under section 681 of this title.

§ 693. Powers of Administration respecting loans; liquidation of obligations through creation of new leases, execution of subleases, and assignments of leases

Without limiting the authority conferred upon the Administrator and the Administration by section 671 of this title, the Administrator and the Administration shall have, in the performance of and with respect to the functions, powers, and duties conferred by this part, all the authority and be subject to the same conditions prescribed in section 634(b) of this title with respect to loans, including the authority to execute subleases, assignments of lease and new leases with any person, firm, organization, or other entity, in order to aid in the liquidation of obligations of the Administration hereunder.

(Pub. L. 85-699, title IV, §402, as added Pub. L. 89-117, title III, §316(a), Aug. 10, 1965, 79 Stat. 483; amended Pub. L. 91-609, title IX, §911(a)(2), Dec. 31, 1970, 84 Stat. 1812.)

AMENDMENTS

1970—Pub. L. 91-609 substituted "part" for "title".

§ 694. Repealed. Pub. L. 100-590, title I, §111(b), Nov. 3, 1988, 102 Stat. 2995

Section, Pub. L. 85-699, title IV, §403, as added Pub. L. 89-117, title III, §316(a), Aug. 10, 1965, 79 Stat. 484; amended Pub. L. 91-609, title IX, §911(a)(3), Dec. 31, 1970, 84 Stat. 1812; Pub. L. 93-386, §6(a)(2), Aug. 23, 1974, 88 Stat. 747; Pub. L. 94-305, title I, §103, June 4, 1976, 90 Stat. 665; Pub. L. 95-89, title I, §103, Aug. 4, 1977, 91 Stat. 556, provided for revolving fund for commercial or industrial lease guarantees.

TRANSFER OF REMAINING LEASE GUARANTEE FUND MONEYS

Pub. L. 100-590, title I, §111(b), Nov. 3, 1988, 102 Stat. 2995, provided in part that: "Any moneys remaining in the Lease Guarantee Fund on the date of enactment of this Act [Nov. 3, 1988] shall be transferred to the Small Business Administration's business loan and investment fund."

§ 694-1. Planning design or installation of pollution control facilities

(a) Definitions

For purposes of this section, the term—