

Stat. 367; amended Pub. L. 100-590, title I, § 111(d)(1), (2), Nov. 3, 1988, 102 Stat. 2995; Pub. L. 104-208, div. D, title II, § 205(c), Sept. 30, 1996, 110 Stat. 3009-738.)

REFERENCES IN TEXT

For definition of “this chapter”, referred to in subsec. (a), see References in Text note set out under section 661 of this title.

AMENDMENTS

1996—Subsec. (f). Pub. L. 104-208 designated existing provisions as par. (1), redesignated former pars. (1) to (4) as subpars. (A) to (D), respectively, of par. (1), in subpar. (A) substituted “provide for a central registration of all trust certificates sold pursuant to this section;” for “provide for a central registration of all trust certificates sold pursuant to this section; such central registration shall include with respect to each sale, identification of each development company; the interest rate paid by the development company; commissions, fees, or discounts paid to brokers and dealers in trust certificates; identification of each purchaser of the trust certificate; the price paid by the purchaser for the trust certificate; the interest rate paid on the trust certificate; the fees of any agent for carrying out the functions described in paragraph (2); and such other information as the Administration deems appropriate;”, and added par. (2).

1988—Pub. L. 100-590, § 111(d)(2), inserted “Pooling of debentures” as section catchline.

Subsec. (a). Pub. L. 100-590, § 111(d)(1), substituted “all or a” for “all of a”.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-208 effective Oct. 1, 1996, see section 3 of Pub. L. 104-208, set out as a note under section 633 of this title.

RULES AND REGULATIONS FOR IMPLEMENTATION OF CENTRAL REGISTRATION, PILOT PROGRAM AND TRUST CERTIFICATE PROVISIONS; CONSULTATION

Pub. L. 99-272, title XVIII, § 18008(d), Apr. 7, 1986, 100 Stat. 368, provided that:

“(1) Notwithstanding any law, rule, or regulation, within 60 days after the date of enactment of this Act [Apr. 7, 1986], the Small Business Administration shall develop and promulgate final rules and regulations to implement the central registration provisions provided for in section 505(f)(1) of the Small Business Investment Act [15 U.S.C. 697b(f)(1)], and shall contract with an agent for an initial period of not to exceed two years to carry out the functions provided for in section 505(f)(2) of such Act.

“(2) Notwithstanding any law, rule or regulation, within 60 days after the date of enactment of this Act [Apr. 7, 1986], the Small Business Administration also shall consult with representatives of appropriate Federal and State agencies and officials, the securities industry, financial institutions and lenders, and small business persons, and shall develop and promulgate final rules and regulations to implement sections 504 and 505 of the Small Business Investment Act [15 U.S.C. 697a, 697b].”

§ 697c. Restrictions on development company assistance

NOTWITHSTANDING ANY OTHER PROVISION OF LAW: (1) on or after May 1, 1991, no development company may accept funding from any source, including but not limited to any department or agency of the United States Government, if such funding includes any conditions, priorities or restrictions upon the types of small businesses to which they may provide financial assistance under this subchapter or if it includes any con-

ditions or imposes any requirements, directly or indirectly, upon any recipient of assistance under this subchapter; and (2) before such date, no department or agency of the United States Government which provides funding to any development company shall impose any condition, priority or restriction upon the type of small business which receives financing under this subchapter nor shall it include any condition or impose any requirement, directly or indirectly, upon any recipient of assistance under this subchapter: *Provided*, That the foregoing shall not affect any such conditions, priorities or restrictions if the department or agency also provides all of the financial assistance to be delivered by the development company to the small business and such conditions, priorities or restrictions are limited solely to the financial assistance so provided.

(Pub. L. 85-699, title V, § 506, as added Pub. L. 100-590, title I, § 117(b), Nov. 3, 1988, 102 Stat. 2998.)

§ 697d. Accredited Lenders Program

(a) Establishment

The Administration is authorized to establish an Accredited Lenders Program for qualified State and local development companies that meet the requirements of subsection (b).

(b) Requirements

The Administration may designate a qualified State or local development company as an accredited lender if such company—

(1) has been an active participant in the Development Company Program authorized by sections 696, 697, and 697a of this title for not less than the preceding 12 months;

(2) has well-trained, qualified personnel who are knowledgeable in the Administration's lending policies and procedures for such Development Company Program;

(3) has the ability to process, close, and service financing for plant and equipment under such Development Company Program;

(4) has a loss rate on the company's debentures that is reasonable and acceptable to the Administration;

(5) has a history of submitting to the Administration complete and accurate debenture guaranty application packages; and

(6) has demonstrated the ability to serve small business credit needs for financing plant and equipment through the Development Company Program.

(c) Expedited processing of loan applications

The Administration shall develop an expedited procedure for processing a loan application or servicing action submitted by a qualified State or local development company that has been designated as an accredited lender in accordance with subsection (b).

(d) Suspension or revocation of designation

(1) In general

The designation of a qualified State or local development company as an accredited lender may be suspended or revoked if the Administration determines that—

(A) the development company has not continued to meet the criteria for eligibility under subsection (b); or

(B) the development company has failed to adhere to the Administration's rules and regulations or is violating any other applicable provision of law.

(2) Effect

A suspension or revocation under paragraph (1) shall not affect any outstanding debenture guarantee.

(e) Express loan authority

A local development company designated as an accredited lender in accordance with subsection (b)—

(1) may—

(A) approve, authorize, close, and service covered loans that are funded with proceeds of a debenture issued by the company; and

(B) authorize the guarantee of a debenture described in subparagraph (A); and

(2) with respect to a covered loan, shall be subject to final approval as to eligibility of any guarantee by the Administration pursuant to section 697(a) of this title, but such final approval shall not include review of decisions by the lender involving creditworthiness, loan closing, or compliance with legal requirements imposed by law or regulation.

(f) Definitions

In this section—

(1) the term “accredited lender certified company” means a certified development company that meets the requirements under subsection (b), including a certified development company that the Administration has designated as an accredited lender under that subsection;

(2) the term “covered loan”—

(A) means a loan made under section 696 of this title in an amount that is not more than \$500,000; and

(B) does not include a loan made to a borrower that is in an industry that has a high rate of default, as annually determined by the Administrator and reported in rules of the Administration; and

(3) the term “qualified State or local development company” has the meaning given the term in section 697(e) of this title.

(Pub. L. 85-699, title V, §507, as added Pub. L. 103-403, title II, §212(a), Oct. 22, 1994, 108 Stat. 4183; amended Pub. L. 116-260, div. N, title III, §328(b), Dec. 27, 2020, 134 Stat. 2040.)

AMENDMENT OF SECTION

Pub. L. 116-260, div. N, title III, §328(b)(2), Dec. 27, 2020, 134 Stat. 2040, provided that, effective Sept. 30, 2023, this section is amended by striking subsections (e) and (f) and inserting the following:

(e) Definition

In this section, the term “qualified State or local development company” has the meaning given the term in section 697(e) of this title.

See 2020 Amendment note below.

AMENDMENTS

2020—Subsecs. (e), (f). Pub. L. 116-260, §328(b)(2), added subsec. (e) and struck out former subsec. (e), which re-

lated to express loan authority of a local development company designated as an accredited lender, and subsec. (f), which defined terms “accredited lender certified company”, “covered loan”, and “qualified State or local development company” in this section.

Pub. L. 116-260, §328(b)(1), added subsecs. (e) and (f) and struck out former subsec. (e) which defined “qualified State or local development company” for purposes of this section.

EFFECTIVE DATE OF 2020 AMENDMENT

Pub. L. 116-260, div. N, title III, §328(b)(2), Dec. 27, 2020, 134 Stat. 2040, provided in part that the amendment made by section 328(b)(2) is effective on Sept. 30, 2023.

Except as otherwise provided, amendment by Pub. L. 116-260 effective on Dec. 27, 2020, and applicable to loans and grants made on or after Dec. 27, 2020, see section 348 of Pub. L. 116-260, set out as a note under section 636 of this title.

REGULATIONS

Pub. L. 103-403, title II, §212(b), Oct. 22, 1994, 108 Stat. 4184, provided that: “Not later than 120 days after the date of enactment of this Act [Oct. 22, 1994], the Administration shall promulgate final regulations to carry out this section [enacting this section and provisions set out below].”

REPORT ON IMPLEMENTATION OF PROGRAM

Pub. L. 103-403, title II, §212(c), Oct. 22, 1994, 108 Stat. 4184, provided that: “Not later than 1 year after the effective date of regulations promulgated under subsection (b) [set out above], and biennially thereafter, the Administration shall report to the Committees on Small Business of the Senate and the House of Representatives [Committee on Small Business of Senate now Committee on Small Business and Entrepreneurship of Senate] on the implementation of this section [enacting this section and provisions set out above]. Such report shall include data on the number of development companies designated as accredited lenders, their debenture guarantee volume, their loss rates, the average processing time on their guarantee applications, and such other information as the Administration deems appropriate.”

§ 697e. Premier Certified Lenders Program

(a) Establishment

The Administration may establish a Premier Certified Lenders Program for certified development companies that meet the requirements of subsection (b).

(b) Requirements

(1) Application

To be eligible to participate in the Premier Certified Lenders Program established under subsection (a), a certified development company shall prepare and submit to the Administration an application at such time, in such manner, and containing such information as the Administration may require.

(2) Designation

The Administration may designate a certified development company as a premier certified lender—

(A) if the company is an active certified development company in good standing and has been an active participant in the accredited lenders program during the entire 12-month period preceding the date on which the company submits an application under paragraph (1), except that the Administra-