



**AMENDMENT TO THE AMENDMENT TO H.R. 5297,
AS REPORTED
OFFERED BY MR. WELCH OF VERMONT**

Add at the end of the bill the following:

1 **TITLE IV—CAPITAL BACKSTOP**
2 **PROGRAM**

3 **SEC. 401. CAPITAL BACKSTOP PROGRAM.**

4 Section 7(a) of the Small Business Act (15 U.S.C.
5 636(a)) is amended—

6 (1) by redesignating the second paragraph (32),
7 as added by section 208 of the Military Reservist
8 and Veteran Small Business Reauthorization and
9 Opportunity Act of 2008 (Public Law 110-186; 122
10 Stat. 361), as paragraph (33); and

11 (2) by adding at the end the following:

12 “(34) CAPITAL BACKSTOP PROGRAM.—

13 “(A) IN GENERAL.—The Administrator
14 shall establish a process under which a small
15 business concern may submit an application to
16 the Administrator for the purpose of securing a
17 loan under this subsection. With respect to such
18 application, the Administrator shall collect all
19 information necessary to determine the credit-

1 worthiness and repayment ability of an appli-
2 cant and shall determine if such application
3 meets the eligibility and credit standards that a
4 lender would be required to apply to approve a
5 loan under this subsection.

6 “(B) PARTICIPATION OF LENDERS.—

7 “(i) IN GENERAL.—The Administrator
8 shall establish a process under which the
9 Administrator makes available to lenders
10 each loan application submitted and deter-
11 mined to meet basic eligibility and credit
12 standards under subparagraph (A) for the
13 purpose of such lenders originating, under-
14 writing, closing, and servicing the loan for
15 which the applicant applied.

16 “(ii) ELIGIBILITY.—Lenders are eligi-
17 ble to receive a loan application described
18 in clause (i) if they participate in the pro-
19 grams established under this subsection.

20 “(iii) LOCAL LENDERS.—The Admini-
21 strator shall first make available a loan
22 application described in clause (i) to lend-
23 ers within 100 miles of the principal office
24 of the loan applicant.

1 “(iv) PREFERRED LENDERS.—If a
2 lender described in clause (iii) does not
3 agree to originate, underwrite, close, and
4 service the loan applied for within 5 busi-
5 ness days of receiving a loan application
6 described in clause (i), the Administrator
7 shall subsequently make available such
8 loan application to lenders in the Preferred
9 Lenders Program under paragraph
10 (2)(C)(ii) of this subsection.

11 “(v) AUTHORITY OF ADMINISTRATION
12 TO LEND.—If a lender described in clauses
13 (iii) or (iv) does not agree to originate, un-
14 derwrite, close, and service the loan applied
15 for within 10 business days of receiving a
16 loan application described in clause (i), the
17 Administrator shall originate, underwrite,
18 close, and service such loan.

19 “(C) ASSET SALES.—The Administrator
20 shall offer to sell loans made by the Adminis-
21 trator under this paragraph. Such sales shall be
22 made through the semi-annual public solicita-
23 tion (in the Federal Register and in other
24 media) of offers to purchase. The Administrator
25 may contract with vendors for due diligence,

1 asset valuation, and other services related to
2 such sales. The Administrator may not sell any
3 loan under this subparagraph for less than 90
4 percent of the net present value of the loan, as
5 determined and certified by a qualified third
6 party.

7 “(D) LOANS NOT SOLD.—The Adminis-
8 trator shall maintain and service loans made by
9 the Administrator under this paragraph that
10 are not sold through the asset sales under this
11 paragraph.

12 “(E) EFFECTIVE DATES.—This paragraph
13 shall have effect on each date during the period
14 beginning on the date of enactment of this
15 paragraph and ending on September 30, 2011,
16 and on any other date after such period if—

17 “(i) such date occurs during a period
18 that—

19 “(I) begins on the date the Bu-
20 reau of Economic Analysis, or any
21 successor organization, makes a deter-
22 mination that the gross domestic
23 product of the United States has de-
24 creased for three consecutive quarters;
25 and

1 “(II) ends on the date the Bu-
2 reau of Economic Analysis, or any
3 successor organization, makes a deter-
4 mination that the gross domestic
5 product of the United States has in-
6 creased for two consecutive quarters;
7 and

8 “(ii) the number of loans provided
9 under this subsection prior to such date in
10 the fiscal year including such date is at
11 least 30 percent less than the number of
12 such loans provided prior to the same point
13 in the previous fiscal year.

14 “(F) IMPLEMENTATION.—The Adminis-
15 trator shall establish a group of at least 250 in-
16 dividuals available to carry out activities under
17 this paragraph on any date on which this para-
18 graph has effect under subparagraph (E). The
19 Administrator shall provide to such group the
20 training necessary to carry out activities under
21 this paragraph. The Administrator shall ensure
22 that each individual in such group with loan ap-
23 plication evaluation and underwriting respon-
24 sibilities has at least 2 years experience with re-
25 spect to such responsibilities.

1 “(G) APPLICATION OF OTHER LAW.—

2 Nothing in this paragraph shall be construed to
3 exempt any activity of the Administrator under
4 this paragraph from the Federal Credit Reform
5 Act of 1990 (2 U.S.C. 661 et seq.).

6 “(H) AUTHORIZATION OF APPROPRIA-
7 TIONS.—

8 “(i) PROGRAM LEVELS.—The Admin-
9 istrator is authorized to make loans under
10 this paragraph in an amount that is equal
11 to half the amount authorized for loans
12 under this subsection other than loans
13 under this paragraph.

14 “(ii) AUTHORIZATION OF APPROPRIA-
15 TIONS.—In addition to amounts made
16 available to carry out this subsection, there
17 are authorized to be appropriated such
18 sums as may be necessary to carry out this
19 paragraph.”.

