

## AMENDMENTS TO HOUSE BILL NO. 922

Sponsor: REPRESENTATIVE KEPHART

Printer's No. 1138

1 Amend Bill, page 1, line 3, by striking out "further  
2 providing for" and inserting

3 repealing provisions relating to

4 Amend Bill, page 1, line 4, by inserting after "Program"  
5 ; and making editorial changes

6 Amend Bill, page 3, lines 7 through 30; pages 4 through 6,  
7 lines 1 through 30; page 7, lines 1 through 7; by striking out  
8 all of said lines on said pages and inserting

9 Section 1. Section 1543(b)(8) and (d)(1) of Title 64 of the  
10 Pennsylvania Consolidated Statutes are amended to read:

11 § 1543. Indebtedness.

12 \* \* \*

13 (b) Program limitations.--Indebtedness incurred by the  
14 authority under subsection (a) shall not, in aggregate, exceed  
15 any of the following:

16 \* \* \*

17 [(8) \$50,000,000 for the program established in section  
18 1553 (relating to Second Stage Loan Program).]

19 \* \* \*

20 (d) Exception.--Subsection (c) shall not apply to the  
21 aggregate amount of indebtedness incurred by the authority,  
22 including through the issuance of bonds, for the following  
23 programs:

24 [(1) The program established in section 1553.]

25 \* \* \*

26 Section 2. Section 1553 of Title 64 is repealed:

27 [§ 1553. Second Stage Loan Program.

28 (a) Establishment.--There is established a program to be  
29 known as the Second Stage Loan Program. The program shall  
30 provide loan guarantees to commercial lending institutions that  
31 make loans to life sciences, advanced technology or  
32 manufacturing businesses.

33 (b) Application for enrollment.--A commercial lending  
34 institution may apply for enrollment in the program authorized

1 by this section. The application shall be on the form prescribed  
2 by the board and shall include or demonstrate all of the  
3 following:

4 (1) The name and address of the commercial lending  
5 institution and the name and title of the individual who will  
6 serve as the point of contact for the commercial lending  
7 institution.

8 (2) A statement defining the service area of the  
9 commercial lending institution.

10 (3) A statement describing the commercial lending  
11 activities engaged in by the commercial lending institution  
12 and how the institution intends to expand those activities as  
13 a result of its participation in the program authorized by  
14 this section.

15 (4) Any other information required by the board.

16 (c) Enrollment approval.--Upon being satisfied that all  
17 requirements have been met, the board may enroll the commercial  
18 lending institution in the program authorized by this section,  
19 and, if enrolled, the authority shall execute a master guarantee  
20 agreement in favor of the commercial lending institution. In  
21 addition to any other terms and conditions required by the  
22 board, the master guarantee agreement shall provide for the  
23 following:

24 (1) The procedure for the submission of a claim for  
25 payment by the commercial lending institution. This procedure  
26 shall require that the commercial lending institution  
27 demonstrate that it has exhausted all available remedies  
28 against the borrower, other guarantors and collateral for the  
29 loan before seeking payment under the agreement.

30 (2) A requirement that a percentage of any moneys  
31 recovered by the commercial lending institution subsequent to  
32 any payment made under the master guarantee agreement by the  
33 authority be remitted to the authority.

34 (3) Periodic reporting requirements by the commercial  
35 lending institution regarding itself and regarding the loans  
36 for which guarantee certificates have been issued under this  
37 section.

38 (d) Application for guarantee.--A commercial lending  
39 institution enrolled in the program authorized by this section  
40 may submit an application to the authority for the guarantee of  
41 a proposed loan. The application shall be on the form prescribed  
42 by the board and shall include or demonstrate all of the  
43 following:

44 (1) The name and address of the borrower, the type of  
45 business the borrower conducts, the location and age of the  
46 business and the names and addresses of the principals of the  
47 borrower.

48 (2) The number of projected new or retained employees of  
49 the borrower as a result of the loan.

50 (3) A copy of the borrower's last two years of financial  
51 statements prepared or reported on by an independent

1 certified public accountant.

2 (4) A statement describing the purpose of the loan, the  
3 requested amount of the loan, a copy of the commercial  
4 lending institution's commitment letter and applicable credit  
5 underwriting that supports the repayment of the loan, as well  
6 as the collateral and other guarantees offered by the  
7 borrower to support the loan.

8 (5) Any other information required by the board.

9 (e) Application review.--

10 (1) The board shall review the application to determine  
11 all of the following:

12 (i) That the borrower owns and operates a life  
13 sciences, advanced technology or manufacturing business.

14 (ii) That the borrower's business has been in  
15 existence for at least two years but no more than seven  
16 years at the time of application.

17 (iii) That the borrower is financially responsible  
18 and has the ability to repay the loan.

19 (iv) That the use of loan proceeds by the borrower  
20 will result in jobs being created or retained within this  
21 Commonwealth.

22 (v) That the borrower's business is located within  
23 the commercial lending institution's service area and  
24 within this Commonwealth.

25 (vi) That the borrower and the commercial lending  
26 institution have met all other requirements established  
27 by the board.

28 (2) Upon being satisfied that all requirements have been  
29 met, the board may approve the guarantee, and, if approved,  
30 the authority shall issue a guarantee certificate for the  
31 loan to the commercial lending institution stating the terms  
32 and amount of the guarantee.

33 (3) The board may establish a subcommittee composed of  
34 one or more members of the board and staff of the department  
35 to review and approve applications for guarantees under this  
36 section.

37 (f) Limitations.--

38 (1) During the first two years of the term of a loan for  
39 which a guarantee certificate has been issued, the guarantee  
40 may not exceed 50% of the outstanding principal amount of the  
41 loan. From the end of year two through either the end of year  
42 seven or the end of the term of the loan, whichever occurs  
43 first, the guarantee may not exceed 25% of the outstanding  
44 principal amount of the loan. The guarantee will terminate at  
45 the end of seven years.

46 (2) At no time may a guarantee exceed \$1,000,000 for any  
47 one loan.]

48 Section 3. This act shall take effect in 60 days.