

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL

No. 768 Session of  
2007INTRODUCED BY ORIE, FERLO, CORMAN, BOSCOLA, PUNT, FOLMER, EARLL,  
LOGAN, MADIGAN AND BROWNE, MAY 3, 2007SENATOR D. WHITE, BANKING AND INSURANCE, AS AMENDED,  
JUNE 4, 2008

## AN ACT

1 Amending Title 64 (Public Authorities and Quasi-Public  
2 Corporations) of the Pennsylvania Consolidated Statutes,  
3 further providing for the definitions of "commercial lending  
4 activities" and "commercial lending ~~institutions.~~" <—  
5 INSTITUTIONS" AND FOR THE FIRST INDUSTRIES PROGRAM. <—

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. The definitions of "commercial lending  
9 activities" and "commercial lending institutions" in section  
10 1504 of Title 64 of the Pennsylvania Consolidated Statutes are  
11 amended to read:

12 § 1504. Definitions.

13 The following words and phrases when used in this chapter  
14 shall have the meaning given to them in this section unless the  
15 context clearly indicates otherwise:

16 \* \* \*

17 "Commercial lending activities." The making of loans and the  
18 provision of deposit services to business entities, except that

1 a farm credit system institution UNDER THE FARM CREDIT ACT OF <—  
2 1971 (PUBLIC LAW 92-181, 85 STAT. 583) need not offer deposit  
3 services to qualify as a provider of commercial lending  
4 activities under this chapter.

5 "Commercial lending institutions." A federally chartered or  
6 state-chartered bank, savings bank [or], savings and loan  
7 association or farm credit system institution UNDER THE FARM <—  
8 CREDIT ACT OF 1971 (PUBLIC LAW 92-181, 85 STAT. 583) which has a  
9 satisfactory rating from its primary regulator and which is  
10 engaged in commercial lending activities. The institution must  
11 operate at least one full-service branch for deposit gathering  
12 and lending located within this Commonwealth or be a farm credit  
13 system institution UNDER THE FARM CREDIT ACT OF 1971. <—

14 \* \* \*

15 SECTION 2. SECTION 1552(E)(2) AND (3) OF TITLE 64 ARE <—  
16 AMENDED, SUBSECTION (E) IS AMENDED BY ADDING A PARAGRAPH AND THE  
17 SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ:

18 § 1552. FIRST INDUSTRIES PROGRAM.

19 \* \* \*

20 (E) LOAN GUARANTEES.--

21 \* \* \*

22 (2) THE BOARD SHALL REVIEW THE APPLICATION TO DETERMINE  
23 ALL OF THE FOLLOWING:

24 (I) THAT THE PROJECT HAS BEEN AWARDED A PLANNING  
25 GRANT UNDER THIS SECTION OR THAT AT LEAST [\$1,000,000]  
26 \$100,000 OF PRIVATE FUNDS ARE BEING INVESTED IN THE  
27 PROJECT.

28 (II) THAT THE VALUE OF THE PROPOSED COLLATERAL IS  
29 SUFFICIENT TO COVER THE FULL AMOUNT OF THE LOAN.

30 (III) THAT THE APPLICANT COMPLIED WITH ALL OTHER

1 CRITERIA ESTABLISHED BY THE BOARD.

2 (3) UPON BEING SATISFIED THAT ALL REQUIREMENTS HAVE BEEN  
3 MET, THE BOARD MAY APPROVE THE GUARANTEE, AND, IF APPROVED,  
4 THE AUTHORITY SHALL EXECUTE A GUARANTEE AGREEMENT IN FAVOR OF  
5 THE COMMERCIAL LENDING INSTITUTION OR COMMUNITY DEVELOPMENT  
6 FINANCIAL INSTITUTION STATING THE TERMS AND AMOUNTS OF THE  
7 GUARANTEE. [THE] EXCEPT AS PROVIDED IN SUBSECTION (E)(3.1),  
8 THE GUARANTEE MAY NOT EXCEED 50% OF THE OUTSTANDING PRINCIPAL  
9 AMOUNT OF THE LOAN OR \$2,500,000 AT ANY POINT IN TIME,  
10 WHICHEVER IS LESS. IN ADDITION TO ANY OTHER TERMS AND  
11 CONDITIONS REQUIRED BY THE BOARD, THE GUARANTEE AGREEMENT  
12 SHALL PROVIDE FOR ALL OF THE FOLLOWING:

13 (I) THE PROCEDURE FOR THE SUBMISSION BY THE  
14 COMMERCIAL LENDING INSTITUTION OR COMMUNITY DEVELOPMENT  
15 FINANCIAL INSTITUTION OF A CLAIM FOR PAYMENT. THIS  
16 PROCEDURE SHALL REQUIRE THAT THE COMMERCIAL LENDING  
17 INSTITUTION OR COMMUNITY DEVELOPMENT FINANCIAL  
18 INSTITUTION DEMONSTRATE THAT IT HAS EXHAUSTED ALL  
19 AVAILABLE REMEDIES AGAINST THE BORROWER, OTHER GUARANTORS  
20 AND COLLATERAL BEFORE SEEKING PAYMENT UNDER THE  
21 AGREEMENT.

22 (II) A REQUIREMENT THAT A PERCENTAGE OF ANY MONEYS  
23 RECOVERED SUBSEQUENT TO THE PAYMENT OF A CLAIM BY THE  
24 AUTHORITY BE REMITTED TO THE AUTHORITY.

25 (III) PERIODIC REPORTING REQUIREMENTS BY THE  
26 COMMERCIAL LENDING INSTITUTION OR COMMUNITY DEVELOPMENT  
27 FINANCIAL INSTITUTION REGARDING ITSELF AND REGARDING THE  
28 LOANS WHICH HAVE BEEN AWARDED GUARANTEES UNDER THIS  
29 SECTION.

30 (3.1) THE GUARANTEE MAY NOT EXCEED 90% OF THE

1     OUTSTANDING PRINCIPAL AMOUNT OF THE LOAN TO ASSIST WITH THE  
2     FINANCING OF A PROJECT RELATED TO AGRICULTURE.

3             \* \* \*

4     (E.1) LIMITATION.--A FARM CREDIT INSTITUTION UNDER THE FARM  
5     CREDIT ACT OF 1971 (PUBLIC LAW 92-181, 85 STAT. 583) SHALL ONLY  
6     BE PERMITTED TO PARTICIPATE IN THE FIRST INDUSTRIES PROGRAM  
7     ESTABLISHED UNDER THIS SECTION AND MAY NOT PARTICIPATE IN ANY  
8     OTHER PROGRAM ESTABLISHED UNDER THIS TITLE.

9     (E.2) SUNSET.--AFTER JUNE 30, 2011, NO FARM CREDIT  
10    INSTITUTION UNDER THE FARM CREDIT ACT OF 1971 SHALL BE ELIGIBLE  
11    FOR ANY LOAN GUARANTEES UNDER THIS TITLE.

12    SECTION 3. THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
13    DEVELOPMENT SHALL PROVIDE ANNUALLY, AS DETERMINED BEGINNING ONE  
14    YEAR FROM THE EFFECTIVE DATE OF THIS ACT, TO THE MAJORITY LEADER  
15    OF THE SENATE, THE MINORITY LEADER OF THE SENATE, THE MAJORITY  
16    LEADER OF THE HOUSE OF REPRESENTATIVES AND THE MINORITY LEADER  
17    OF THE HOUSE OF REPRESENTATIVES, A WRITTEN REPORT STATING THE  
18    IMPACT AND NUMBER OF LOANS ORIGINATED, PURCHASED, HELD AND  
19    ASSIGNED BY THE FARM CREDIT LENDER DURING THE CORRESPONDING MOST  
20    RECENT ONE-YEAR PERIOD. ALL LOAN AND LOAN GUARANTEE INFORMATION  
21    SHOULD BE REQUIRED OF COMMERCIAL LENDERS AS WELL AS FARM CREDIT  
22    INSTITUTIONS. MEMBERS OF THE GENERAL PUBLIC, INCLUDING ANY  
23    INTERESTED PARTIES SUCH AS TRADE ASSOCIATIONS OR BANKING  
24    INSTITUTIONS, SHALL BE PROVIDED A COPY OF THE REPORT IN A TIMELY  
25    MANNER UPON REQUEST TO THE DEPARTMENT.

26    Section ~~2~~ 4. This act shall take effect in 60 days.

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