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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 830 Session of  
2021

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INTRODUCED BY YUDICHAK, SCAVELLO, COSTA, TARTAGLIONE, J. WARD,  
FONTANA AND SANTARSIERO, JULY 26, 2021

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REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,  
JULY 26, 2021

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AN ACT

1 Amending Title 64 (Public Authorities and Quasi-Public  
2 Corporations) of the Pennsylvania Consolidated Statutes, in  
3 Commonwealth Financing Authority, establishing the Veteran-  
4 owned Business Loan Guarantee Program.

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

7 Section 1. Title 64 of the Pennsylvania Consolidated  
8 Statutes is amended by adding a section to read:

9 § 1559. Veteran-owned Business Loan Guarantee Program.

10 (a) Establishment.--The Veteran-owned Business Loan  
11 Guarantee Program is established. The program shall provide loan  
12 guarantees to commercial lending institutions that make loans to  
13 veteran-owned businesses.

14 (b) Application for enrollment.--A commercial lending  
15 institution may apply for enrollment in the program authorized  
16 under this section. The application shall be on the form  
17 prescribed by the board and shall include or demonstrate all of  
18 the following:

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

5           (2) A statement defining the service area of the  
6 commercial lending institution.

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

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

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

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

27           (2) A requirement that a percentage of any money  
28 recovered by the commercial lending institution subsequent to  
29 any payment made under the master guarantee agreement by the  
30 authority be remitted to the authority.

1           (3) Periodic reporting requirements by the commercial  
2 lending institution regarding itself and regarding the loans  
3 for which guarantee certificates have been issued under this  
4 section.

5           (d) Application for guarantee.--A commercial lending  
6 institution enrolled in the program authorized under this  
7 section may submit an application to the authority for the  
8 guarantee of a proposed loan. The application shall be on the  
9 form prescribed by the board and shall include or demonstrate  
10 all of the following:

11           (1) The name and address of the borrower, the type of  
12 business the borrower conducts, the location and age of the  
13 business and the names and addresses of the principals of the  
14 borrower.

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

17           (3) A copy of the borrower's last two years of financial  
18 statements prepared or reported on by an independent  
19 certified public accountant, if available.

20           (4) A statement describing the purpose of the loan, the  
21 requested amount of the loan, a copy of the commercial  
22 lending institution's commitment letter and applicable credit  
23 underwriting that supports the repayment of the loan,  
24 including the collateral and other guarantees offered by the  
25 borrower to support the loan.

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

27           (e) Application review.--

28           (1) The board shall review the application to determine  
29 all of the following:

30           (i) That the borrower owns and operates a veteran-

1 owned business.

2 (ii) That the borrower is financially responsible  
3 and has the ability to repay the loan.

4 (iii) That the use of loan proceeds by the borrower  
5 will result in jobs being created or retained within this  
6 Commonwealth.

7 (iv) That the borrower's business is located within  
8 the commercial lending institution's service area and  
9 within this Commonwealth.

10 (v) That the borrower and the commercial lending  
11 institution have met all other requirements established  
12 by the board.

13 (2) Upon being satisfied that all requirements have been  
14 met, the board may approve the guarantee and, if approved,  
15 the authority shall issue a guarantee certificate for the  
16 loan to the commercial lending institution stating the terms  
17 and amount of the guarantee.

18 (3) The board may establish a subcommittee composed of  
19 one or more members of the board and staff of the department  
20 to review and approve applications for guarantees under this  
21 section.

22 (f) Limitations.--

23 (1) A guarantee may not exceed 50% of the outstanding  
24 principal amount of a loan during the term of a loan for  
25 which a guarantee certificate has been issued.

26 (2) A guarantee may not exceed \$250,000 for any one  
27 loan.

28 (g) Account.--The sum of \$5,000,000 shall be transferred  
29 from the account for the Second Stage Loan Program into a trust  
30 account established by the board for purposes of providing loan

1 guarantees under this section.

2 Section 2. This act shall take effect in 60 days.