
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 248 Session of
2023

INTRODUCED BY MASTRIANO, ROBINSON, STEFANO AND J. WARD,
JANUARY 31, 2023

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
JANUARY 31, 2023

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 § 1553.1. 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, as defined in 62 Pa.C.S. § 2201 (relating
2 to definitions).

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

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

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

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

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

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

23 (f) Limitations.--

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

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

29 (g) Allocation.--Subject to the limitation in section
30 1543(b)(8) (relating to indebtedness), the sum of \$5,000,000

1 shall be allocated from the Second Stage Loan Program under
2 section 1553 (relating to Second Stage Loan Program) for loan
3 guarantees under this section.

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