

**AMENDMENT TO H.R. 5297**

**OFFERED BY MR. PETERS OF MICHIGAN**

Page 1, after line 2, insert the following:

1           **TITLE I—SMALL BUSINESS**  
2                           **LENDING FUND**

Page 1, line 4, strike “This Act” and insert “This title”.

Strike “this Act” each place it appears and insert “this title”.

Page 8, line 2, strike “, and a program for the allocation of Federal funds to participating States to expand the availability of credit to small businesses”.

Add at the end the following:

3           **TITLE II—STATE SMALL**  
4           **BUSINESS CREDIT INITIATIVE**

5   **SEC. 201. SHORT TITLE.**

6           This title may be cited as the “State Small Business  
7   Credit Initiative Act of 2010”.

8   **SEC. 202. DEFINITIONS.**

9           For purposes of this title, the following definitions  
10 shall apply:

1           (1) APPROPRIATE FEDERAL BANKING AGEN-  
2           CY.—The term “appropriate Federal banking agen-  
3           cy”—

4                   (A) has the same meaning as in section 3  
5                   of the Federal Deposit Insurance Act; and

6                   (B) includes the National Credit Union  
7                   Administration Board in the case of any credit  
8                   union the deposits of which are insured in ac-  
9                   cordance with the Federal Credit Union Act.

10           (2) ENROLLED LOAN.—The term “enrolled  
11           loan” means a loan made by a financial institution  
12           lender that is enrolled by a participating State in an  
13           approved State capital access program in accordance  
14           with this title.

15           (3) FEDERAL CONTRIBUTION.—The term “Fed-  
16           eral contribution” means the portion of the contribu-  
17           tion made by a participating State to, or for the ac-  
18           count of, an approved State program that is made  
19           with Federal funds allocated to the State by the Sec-  
20           retary under section 203.

21           (4) FINANCIAL INSTITUTION.—The term “fi-  
22           nancial institution” means any insured depository  
23           institution, insured credit union, or community de-  
24           velopment financial institution, as those terms are  
25           each defined in section 103 of the Riegle Community

1       Development and Regulatory Improvement Act of  
2       1994.

3           (5) PARTICIPATING STATE.—The term “partici-  
4       pating State” means any State that has been ap-  
5       proved for participation in the Program under sec-  
6       tion 204.

7           (6) PROGRAM.—The term “Program” means  
8       the State Small Business Credit Initiative estab-  
9       lished under this title.

10          (7) QUALIFYING LOAN OR SWAP FUNDING FA-  
11       CILITY.—The term “qualifying loan or swap funding  
12       facility” means a contractual arrangement between a  
13       participating State and a private financial entity  
14       under which—

15           (A) the participating State delivers funds  
16       to the entity as collateral;

17           (B) the entity provides funding from the  
18       arrangement back to the participating State;  
19       and

20           (C) the full amount of resulting funding  
21       from the arrangement, less any fees and other  
22       costs of the arrangement, is contributed to, or  
23       for the account of, an approved State program.

24          (8) RESERVE FUND.—The term “reserve fund”  
25       means a fund, established by a participating State,

1 dedicated to a particular financial institution lender,  
2 for the purposes of—

3 (A) depositing all required premium  
4 charges paid by the financial institution lender  
5 and by each borrower receiving a loan under an  
6 approved State program from that financial in-  
7 stitution lender;

8 (B) depositing contributions made by the  
9 participating State, including State contribu-  
10 tions made with Federal contributions; and

11 (C) covering losses on enrolled loans by  
12 disbursing accumulated funds.

13 (9) STATE.—The term “State” means—

14 (A) a State of the United States;

15 (B) the District of Columbia, the Common-  
16 wealth of Puerto Rico, the Commonwealth of  
17 Northern Mariana Islands, Guam, American  
18 Samoa, and the United States Virgin Islands;

19 (C) when designated by a State of the  
20 United States, a political subdivision of that  
21 State that the Secretary determines has the ca-  
22 pacity to participate in the Program; and

23 (D) under the circumstances described in  
24 section 204(d), a municipality of a State of the

1 United States to which the Secretary has given  
2 a special permission under section 204(d).

3 (10) STATE CAPITAL ACCESS PROGRAM.—The  
4 term “State capital access program” means a pro-  
5 gram of a State that—

6 (A) uses public resources to promote pri-  
7 vate access to credit; and

8 (B) meets the eligibility criteria in section  
9 205(c).

10 (11) STATE OTHER CREDIT SUPPORT PRO-  
11 GRAM.—The term “State other credit support pro-  
12 gram”—

13 (A) means a program of a State that—

14 (i) uses public resources to promote  
15 private access to credit;

16 (ii) is not a State capital access pro-  
17 gram; and

18 (iii) meets the eligibility criteria in  
19 section 206(c); and

20 (B) includes, collateral support programs,  
21 loan participation programs, and credit guar-  
22 antee programs.

23 (13) STATE PROGRAM.—The term “State pro-  
24 gram” means a State capital access program or a  
25 State other credit support program.

1           (14) SECRETARY.—The term “Secretary”  
2           means the Secretary of the Treasury.

3 **SEC. 203. FEDERAL FUNDS ALLOCATED TO STATES.**

4           (a) PROGRAM ESTABLISHED; PURPOSE.—There is  
5           established the State Small Business Credit Initiative  
6           (hereinafter in this title referred to as the “Program”),  
7           to be administered by the Secretary. Under the Program,  
8           the Secretary shall allocate Federal funds to participating  
9           States and make the allocated funds available to the par-  
10          ticipating States as provided in this section for the uses  
11          described in this section.

12          (b) ALLOCATION FORMULA.—

13           (1) IN GENERAL.—Not later than 30 days after  
14          the date of enactment of this title, the Secretary  
15          shall allocate Federal funds to participating States  
16          so that each State is eligible to receive an amount  
17          equal to the average of the respective amounts that  
18          the State—

19           (A) would receive under the 2009 alloca-  
20          tion, as determined under paragraph (2); and

21           (B) would receive under the 2010 alloca-  
22          tion, as determined under paragraph (3).

23          (2) 2009 ALLOCATION FORMULA.—

24           (A) IN GENERAL.—The Secretary shall de-  
25          termine the 2009 allocation by allocating Fed-

1           eral funds among the States in the proportion  
2           that each such State's 2008 State employment  
3           decline bears to the aggregate of the 2008  
4           State employment declines for all States.

5           (B) MINIMUM ALLOCATION.—The Sec-  
6           retary shall adjust the allocations under sub-  
7           paragraph (A) for each State to the extent nec-  
8           essary to ensure that no State receives less than  
9           0.9 percent of the Federal funds.

10          (C) 2008 STATE EMPLOYMENT DECLINE  
11          DEFINED.—For purposes of this paragraph and  
12          with respect to a State, the term “2008 State  
13          employment decline” means the excess (if any)  
14          of—

15               (i) the number of individuals em-  
16               ployed in such State determined for De-  
17               cember 2007; over

18               (ii) the number of individuals em-  
19               ployed in such State determined for De-  
20               cember 2008.

21          (3) 2010 ALLOCATION FORMULA.—

22               (A) IN GENERAL.—The Secretary shall de-  
23               termine the 2010 allocation by allocating Fed-  
24               eral funds among the States in the proportion  
25               that each such State's 2009 unemployment

1 number bears to the aggregate of the 2009 un-  
2 employment numbers for all of the States.

3 (B) MINIMUM ALLOCATION.—The Sec-  
4 retary shall adjust the allocations under sub-  
5 paragraph (A) for each State to the extent nec-  
6 essary to ensure that no State receives less than  
7 0.9 percent of the Federal funds.

8 (C) 2009 UNEMPLOYMENT NUMBER DE-  
9 FINED.—For purposes of this paragraph and  
10 with respect to a State, the term “2009 unem-  
11 ployment number” means the number of indi-  
12 viduals within such State who were determined  
13 to be unemployed by the Bureau of Labor Sta-  
14 tistics for December 2009.

15 (c) AVAILABILITY OF ALLOCATED AMOUNT.—The  
16 amount allocated by the Secretary to each participating  
17 State under subsection (b) shall be made available to the  
18 State as follows:

19 (1) ALLOCATED AMOUNT GENERALLY TO BE  
20 AVAILABLE TO STATE IN ONE-THIRDS.—

21 (A) IN GENERAL.—Except as provided in  
22 paragraph (2)—

23 (i) the Secretary shall apportion the  
24 participating State’s allocated amount into  
25 one-thirds;

1 (ii) the Secretary shall transfer to the  
2 participating State the first one-third when  
3 the Secretary approves the State for par-  
4 ticipation under section 204; and

5 (iii) the Secretary shall transfer to the  
6 participating State each successive one-  
7 third when the State has certified to the  
8 Secretary that it has expended, trans-  
9 ferred, or obligated 80 percent of the last  
10 transferred one-third for Federal contribu-  
11 tions to, or for the account of, State pro-  
12 grams.

13 (B) AUTHORITY TO WITHHOLD PENDING  
14 AUDIT.—The Secretary may withhold the trans-  
15 fer of any successive one-third pending results  
16 of a financial audit.

17 (2) EXCEPTION.—The Secretary may, in the  
18 Secretary's discretion, transfer the full amount of  
19 the participating State's allocated amount to the  
20 State in a single transfer if the participating State  
21 applies to the Secretary for approval to use the full  
22 amount of the allocation as collateral for a quali-  
23 fying loan or swap funding facility.

24 (3) TRANSFERRED AMOUNTS.—Each amount  
25 transferred to a participating State under this sec-

1       tion shall remain available to the State until used by  
2       the State as permitted under paragraph (4).

3           (4) USE OF TRANSFERRED FUNDS.—Each par-  
4       ticipating State may use funds transferred to it  
5       under this section only—

6           (A) for making Federal contributions to, or  
7       for the account of, an approved State program;

8           (B) as collateral for a qualifying loan or  
9       swap funding facility;

10          (C) in the case of the first one-third trans-  
11       ferred, for paying administrative costs incurred  
12       by the State in implementing an approved State  
13       program in an amount not to exceed 5 percent  
14       of that first one-third; or

15          (D) in the case of each successive one-third  
16       transferred, for paying administrative costs in-  
17       curred by the State in implementing an ap-  
18       proved State program in an amount not to ex-  
19       ceed 3 percent of that successive one-third.

20          (5) TERMINATION OF AVAILABILITY OF  
21       AMOUNTS NOT TRANSFERRED WITHIN 2 YEARS OF  
22       PARTICIPATION.—Any portion of a participating  
23       State's allocated amount that has not been trans-  
24       ferred to the State under this section by the end of  
25       the 2-year period beginning on the date that the

1 Secretary approves the State for participation may  
2 be deemed by the Secretary to be no longer allocated  
3 to the State and no longer available to the State and  
4 shall be returned to the General Fund of the Treas-  
5 ury.

6 (6) DEFINITIONS.—For purposes of this sec-  
7 tion—

8 (A) the term “allocated amount” means  
9 the total amount of Federal funds allocated by  
10 the Secretary under subsection (b) to the par-  
11 ticipating State; and

12 (B) the term “one-third” means—

13 (i) in the case of the first and second  
14 one-thirds, an amount equal to 33 percent  
15 of a participating State’s allocated amount;  
16 and

17 (ii) in the case of the last one-third,  
18 an amount equal to 34 percent of a partici-  
19 pating State’s allocated amount.

20 **SEC. 204. APPROVING STATES FOR PARTICIPATION.**

21 (a) APPLICATION.—Any State may apply to the Sec-  
22 retary for approval to be a participating State under the  
23 Program and to be eligible for an allocation of Federal  
24 funds under the Program.

1 (b) GENERAL APPROVAL CRITERIA.—The Secretary  
2 shall approve a State to be a participating State, if—

3 (1) a specific department, agency, or political  
4 subdivision of the State has been designated to im-  
5 plement a State program and participate in the Pro-  
6 gram;

7 (2) all legal actions necessary to enable such  
8 designated department, agency, or political subdivi-  
9 sion to implement a State program and participate  
10 in the Program have been accomplished;

11 (3) the State has filed an application with the  
12 Secretary for approval of a State capital access pro-  
13 gram under section 205 or approval as a State other  
14 credit support program under section 206, in each  
15 case within the time period provided in the respec-  
16 tive section; and

17 (4) the State and the Secretary have executed  
18 an allocation agreement that—

19 (A) conforms to the requirements of this  
20 title;

21 (B) ensures that the State program com-  
22 plies with such national standards as are estab-  
23 lished by the Secretary under section 209(a)(2);

24 (C) sets forth internal control, compliance,  
25 and reporting requirements as established by

1 the Secretary, and such other terms and condi-  
2 tions necessary to carry out the purposes of this  
3 title, including an agreement by the State to  
4 allow the Secretary to audit State programs;

5 (D) requires that the State program be  
6 fully positioned, within 90 days of the State's  
7 execution of the allocation agreement with the  
8 Secretary, to act on providing the kind of credit  
9 support that the State program was established  
10 to provide; and

11 (E) includes an agreement by the State to  
12 deliver to the Secretary, and update annually, a  
13 schedule describing how the State intends to  
14 apportion among its State programs the Fed-  
15 eral funds allocated to the State.

16 (c) CONTRACTUAL ARRANGEMENTS FOR IMPLEMEN-  
17 TATION OF STATE PROGRAMS.—A State may be approved  
18 to be a participating State, and be eligible for an allocation  
19 of Federal funds under the Program, if the State has con-  
20 tractual arrangements for the implementation and admin-  
21 istration of its State program with—

22 (1) an existing, approved State program admin-  
23 istered by another State; or

1           (2) an authorized agent of, or entity supervised  
2           by, the State, including for-profit and not-for-profit  
3           entities.

4           (d) SPECIAL PERMISSION.—

5           (1) CIRCUMSTANCES WHEN A MUNICIPALITY  
6           MAY APPLY DIRECTLY.—If a State does not, within  
7           60 days after the date of enactment of this title, file  
8           with the Secretary a notice of its intent to apply for  
9           approval by the Secretary of a State program or  
10          within 9 months after the date of enactment of this  
11          title, file with the Secretary a complete application  
12          for approval of a State program, the Secretary may  
13          grant to municipalities of that State a special per-  
14          mission that will allow them to apply directly to the  
15          Secretary without the State for approval to be par-  
16          ticipating municipalities.

17          (2) TIMING REQUIREMENTS APPLICABLE TO  
18          MUNICIPALITIES APPLYING DIRECTLY.—To qualify  
19          for the special permission, a municipality of a State  
20          must, within 12 months after the date of enactment  
21          of this title, file with the Secretary a complete appli-  
22          cation for approval by the Secretary of a State pro-  
23          gram.

24          (3) NOTICES OF INTENT AND APPLICATIONS  
25          FROM MORE THAN 1 MUNICIPALITY.—A municipality

1 of a State may combine with 1 or more other mu-  
2 nicipalities of that State to file a joint notice of in-  
3 tent to file and a joint application.

4 (4) APPROVAL CRITERIA.—The general ap-  
5 proval criteria in paragraphs (2) and (4) shall apply.

6 (5) ALLOCATION TO MUNICIPALITIES.—

7 (A) IF MORE THAN 3.—If more than 3 mu-  
8 nicipalities, or combination of municipalities as  
9 provided in paragraph (3), of a State apply for  
10 approval by the Secretary to be participating  
11 municipalities under this subsection, and the  
12 applications meet the approval criteria in para-  
13 graph (4), the Secretary shall allocate Federal  
14 funds to the 3 municipalities with the largest  
15 populations.

16 (B) IF 3 OR FEWER.—If 3 or fewer mu-  
17 nicipalities, or combination of municipalities as  
18 provided in paragraph (3), of a State apply for  
19 approval by the Secretary to be participating  
20 municipalities under this subsection, and the  
21 applications meet the approval criteria in para-  
22 graph (4), the Secretary shall allocate Federal  
23 funds to each applicant municipality or com-  
24 bination of municipalities.

1           (6) APPORTIONMENT OF ALLOCATED AMOUNT  
2           AMONG PARTICIPATING MUNICIPALITIES.—If the  
3           Secretary approves municipalities to be participating  
4           municipalities under this subsection, the Secretary  
5           shall apportion the full amount of the Federal funds  
6           that are allocated to that State to municipalities  
7           that are approved under this subsection in amounts  
8           proportionate to the population of those municipali-  
9           ties, based on the most recent available decennial  
10          census.

11          (7) APPROVING STATE PROGRAMS FOR MUNICI-  
12          PALITIES.—If the Secretary approves municipalities  
13          to be participating municipalities under this sub-  
14          section, the Secretary shall take into account the ad-  
15          ditional considerations in section 206(d) in making  
16          the determination under section 205 or 206 that the  
17          State program or programs to be implemented by  
18          the participating municipalities, including a State  
19          capital access program, is eligible for Federal con-  
20          tributions to, or for the account of, the State pro-  
21          gram.

22 **SEC. 205. APPROVING STATE CAPITAL ACCESS PROGRAMS.**

23          (a) APPLICATION.—A participating State that estab-  
24          lishes a new, or has an existing, State capital access pro-  
25          gram that meets the eligibility criteria in subsection (c)

1 may apply to Secretary to have the State capital access  
2 program approved as eligible for Federal contributions to  
3 the reserve fund.

4 (b) APPROVAL.—The Secretary shall approve such  
5 State capital access program as eligible for Federal con-  
6 tributions to the reserve fund if—

7 (1) within 60 days after the date of enactment  
8 of this title, the State has filed with the Secretary  
9 a notice of intent to apply for approval by the Sec-  
10 retary of a State capital access program;

11 (2) within 9 months after the date of enactment  
12 of this title, the State has filed with the Secretary  
13 a complete application for approval by the Secretary  
14 of a capital access program;

15 (3) the State satisfies the requirements of sub-  
16 sections (a) and (b) of section 204; and

17 (4) the State capital access program meets the  
18 eligibility criteria in subsection (c).

19 (c) ELIGIBILITY CRITERIA FOR STATE CAPITAL AC-  
20 CESS PROGRAMS.—For a State capital access program to  
21 be approved under this section, it must be a program of  
22 the State that—

23 (1) provides portfolio insurance for business  
24 loans based on a separate loan-loss reserve fund for  
25 each financial institution;

1           (2) requires insurance premiums to be paid by  
2           the financial institution lenders and by the business  
3           borrowers to the reserve fund to have their loans en-  
4           rolled in the reserve fund;

5           (3) provides for contributions to be made by the  
6           State to the reserve fund in amounts at least equal  
7           to the sum of the amount of the insurance premium  
8           charges paid by the borrower and the financial insti-  
9           tution to the reserve fund for any newly enrolled  
10          loan; and

11          (4) provides its portfolio insurance solely for  
12          loans that meet both the following requirements:

13                 (A) The borrower has 500 employees or  
14                 less at the time that the loan is enrolled in the  
15                 Program.

16                 (B) The loan amount does not exceed  
17                 \$5,000,000.

18          (d) FEDERAL CONTRIBUTIONS TO APPROVED STATE  
19          CAPITAL ACCESS PROGRAMS.—A State capital access pro-  
20          gram approved under this section will be eligible for receiv-  
21          ing Federal contributions to the reserve fund in an  
22          amount equal to the sum of the amount of the insurance  
23          premium charges paid by the borrowers and by the finan-  
24          cial institution to the reserve fund for loans that meet the  
25          requirements in subsection (c)(4). A participating State

1 may use the Federal contribution to make its contribution  
2 to the reserve fund of an approved State capital access  
3 program.

4 (e) MINIMUM PROGRAM REQUIREMENTS FOR STATE  
5 CAPITAL ACCESS PROGRAMS.—The Secretary shall, by  
6 regulation or other guidance, prescribe Program require-  
7 ments that meet the following minimum requirements:

8 (1) EXPERIENCE AND CAPACITY.—The partici-  
9 pating State shall determine for each financial insti-  
10 tution that participates in the State capital access  
11 program, after consultation with the appropriate  
12 Federal banking agency or, in the case of a financial  
13 institution that is a non depository community devel-  
14 opment financial institution, the Community Devel-  
15 opment Financial Institution Fund, that the finan-  
16 cial institution has sufficient commercial lending ex-  
17 perience and financial and managerial capacity to  
18 participate in the approved State capital access pro-  
19 gram. The determination by the State shall not be  
20 reviewable by the Secretary.

21 (2) INVESTMENT AUTHORITY.—Subject to ap-  
22 plicable State law, the participating State may in-  
23 vest, or cause to be invested, funds held in a reserve  
24 fund by establishing a deposit account at the finan-  
25 cial institution lender in the name of the partici-

1       participating State. In the event that funds in the reserve  
2       fund are not deposited in such an account, such  
3       funds shall be invested in a form that the partici-  
4       participating State determines is safe and liquid.

5               (3) LOAN TERMS AND CONDITIONS TO BE DE-  
6       TERMINED BY AGREEMENT.—A loan to be filed for  
7       enrollment in an approved State capital access pro-  
8       gram may be made with such interest rate, fees, and  
9       other terms and conditions, and the loan may be en-  
10      rolled in the approved State capital access program  
11      and claims may be filed and paid, as agreed upon  
12      by the financial institution lender and the borrower,  
13      consistent with applicable law.

14              (4) LENDER CAPITAL AT-RISK.—A loan to be  
15      filed for enrollment in the State capital access pro-  
16      gram must require the financial institution lender to  
17      have a meaningful amount of its own capital re-  
18      sources at risk in the loan.

19              (5) PREMIUM CHARGES MINIMUM AND MAX-  
20      IMUM AMOUNTS.—The insurance premium charges  
21      payable to the reserve fund by the borrower and the  
22      financial institution lender shall be prescribed by the  
23      financial institution lender, within minimum and  
24      maximum limits that require that the sum of the in-  
25      surance premium charges paid in connection with a

1 loan by the borrower and the financial institution  
2 lender may not be less than 2 percent nor more than  
3 7 percent of the amount of the loan enrolled in the  
4 approved State capital access program.

5 (6) STATE CONTRIBUTIONS.—In enrolling a  
6 loan in an approved State capital access program,  
7 the participating State may make a contribution to  
8 the reserve fund to supplement Federal contribu-  
9 tions made under this Program.

10 (7) LOAN PURPOSE.—

11 (A) PARTICULAR LOAN PURPOSE REQUIRE-  
12 MENTS AND PROHIBITIONS.—In connection  
13 with the filing of a loan for enrollment in an  
14 approved State capital access program, the fi-  
15 nancial institution lender—

16 (i) shall obtain an assurance from  
17 each borrower that—

18 (I) the proceeds of the loan will  
19 be used for a business purpose;

20 (II) the loan will not be used to  
21 finance such business activities as the  
22 Secretary, by regulation, may pro-  
23 scribe as prohibited loan purposes for  
24 enrollment in an approved State cap-  
25 ital access program; and

- 1 (III) the borrower is not—
- 2 (aa) an executive officer, di-
- 3 rector, or principal shareholder of
- 4 the financial institution lender;
- 5 (bb) a member of the imme-
- 6 diate family of an executive offi-
- 7 cer, director, or principal share-
- 8 holder of the financial institution
- 9 lender; or
- 10 (cc) a related interest of any
- 11 such executive officer, director,
- 12 principal shareholder, or member
- 13 of the immediate family;
- 14 (ii) shall provide assurances to the
- 15 participating State that the loan has not
- 16 been made in order to place under the pro-
- 17 tection of the approved State capital access
- 18 program prior debt that is not covered
- 19 under the approved State capital access
- 20 program and that is or was owed by the
- 21 borrower to the financial institution lender
- 22 or to an affiliate of the financial institution
- 23 lender;
- 24 (iii) shall not allow the enrollment of
- 25 a loan to a borrower that is a refinancing

1 of a loan previously made to that borrower  
2 by the financial institution lender or an af-  
3 filiate of the financial institution lender;  
4 and

5 (iv) may include additional restric-  
6 tions on the eligibility of loans or bor-  
7 rowers that are not inconsistent with the  
8 provisions and purposes of this title, in-  
9 cluding compliance with all applicable Fed-  
10 eral and State laws, regulations, ordi-  
11 nances, and Executive orders.

12 (B) DEFINITIONS.—For purposes of this  
13 subsection, the terms “executive officer”, “di-  
14 rector”, “principal shareholder”, “immediate  
15 family”, and “related interest” refer to the  
16 same relationship to a financial institution lend-  
17 er as the relationship described in part 215 of  
18 title 12 of the Code of Federal Regulations, or  
19 any successor to such part.

20 **SEC. 206. APPROVING COLLATERAL SUPPORT AND OTHER**  
21 **INNOVATIVE CREDIT ACCESS AND GUAR-**  
22 **ANTEE INITIATIVES FOR SMALL BUSINESSES**  
23 **AND MANUFACTURERS.**

24 (a) APPLICATION.—A participating State that estab-  
25 lishes a new, or has an existing, credit support program

1 that meets the eligibility criteria in subsection (c) may  
2 apply to the Secretary to have the State other credit sup-  
3 port program approved as eligible for Federal contribu-  
4 tions to, or for the account of, the State program.

5 (b) APPROVAL.—The Secretary shall approve such  
6 State other credit support program as eligible for Federal  
7 contributions to, or for the account of, the program if—

8 (1) the Secretary determines that the State sat-  
9 isfies the requirements of paragraphs (1) through  
10 (3) of section 205(b);

11 (2) the Secretary determines that the State  
12 other credit support program meets the eligibility  
13 criteria in subsection (c);

14 (3) the Secretary determines the State other  
15 credit support program to be eligible based on the  
16 additional considerations in subsection (d); and

17 (4) within 9 months after the date of enactment  
18 of this title, the State has filed with Treasury a  
19 complete application for Treasury approval.

20 (c) ELIGIBILITY CRITERIA FOR STATE OTHER CRED-  
21 IT SUPPORT PROGRAMS.—For a State other credit sup-  
22 port program to be approved under this section, it must  
23 be a program of the State that—

1           (1) can demonstrate that, at a minimum, 1 dol-  
2           lar of public investment by the State program will  
3           cause and result in 1 dollar of new private credit;

4           (2) can demonstrate a reasonable expectation  
5           that, when considered with all other State programs  
6           of the State, such State programs together have the  
7           ability to use amounts of new Federal contributions  
8           to, or for the account of, all such programs in the  
9           State to cause and result in amounts of new small  
10          business lending at least 10 times the new Federal  
11          contribution amount;

12          (3) for those State other credit support pro-  
13          grams that provide their credit support through 1 or  
14          more financial institution lenders, requires the finan-  
15          cial institution lenders to have a meaningful amount  
16          of their own capital resources at risk in their small  
17          business lending; and

18          (4) extends credit support that—

19                (A) targets an average borrower size of  
20                500 employees or less;

21                (B) does not extend credit support to bor-  
22                rowers that have more than 750 employees;

23                (C) targets support towards loans with an  
24                average principal amount of \$5,000,000 or less;  
25                and

1 (D) does not extend credit support to loans  
2 that exceed a principal amount of \$20,000,000.

3 (d) ADDITIONAL CONSIDERATIONS.—In making a de-  
4 termination that a State other credit support program is  
5 eligible for Federal contributions to, or for the account  
6 of, the State program, the Secretary shall take into ac-  
7 count the following additional considerations:

8 (1) The anticipated benefits to the State, its  
9 businesses, and its residents to be derived from the  
10 Federal contributions to, or for the account of, the  
11 approved State other credit support program, includ-  
12 ing the extent to which resulting small business  
13 lending will expand economic opportunities.

14 (2) The operational capacity, skills, and experi-  
15 ence of the management team of the State other  
16 credit support program.

17 (3) The capacity of the State other credit sup-  
18 port program to manage increases in the volume of  
19 its small business lending.

20 (4) The internal accounting and administrative  
21 controls systems of the State other credit support  
22 program, and the extent to which they can provide  
23 reasonable assurance that funds of the State pro-  
24 gram are safeguarded against waste, loss, unauthor-  
25 ized use, or misappropriation.

1           (5) The soundness of the program design and  
2           implementation plan of the State other credit sup-  
3           port program.

4           (e) FEDERAL CONTRIBUTIONS TO APPROVED STATE  
5 OTHER CREDIT SUPPORT PROGRAMS.—A State other  
6 credit support program approved under this section will  
7 be eligible for receiving Federal contributions to, or for  
8 the account of, the State program in an amount consistent  
9 with the schedule describing the apportionment of allo-  
10 cated Federal funds among State programs delivered by  
11 the State to the Secretary under the allocation agreement.

12          (f) MINIMUM PROGRAM REQUIREMENTS FOR STATE  
13 OTHER CREDIT SUPPORT PROGRAMS.—

14           (1) FUND TO PRESCRIBE.—The Secretary shall,  
15           by regulation or other guidance, prescribe Program  
16           requirements for approved State other credit support  
17           programs.

18           (2) CONSIDERATIONS FOR FUND.—In pre-  
19           scribing minimum Program requirements for ap-  
20           proved State other credit support programs, the Sec-  
21           retary shall take into consideration, to the extent the  
22           Secretary determines applicable and appropriate, the  
23           minimum Program requirements for approved State  
24           capital access programs in section 205(e).

1 **SEC. 207. REPORTS.**

2 (a) QUARTERLY USE-OF-FUNDS REPORT.—

3 (1) IN GENERAL.—Not later than 30 days after  
4 the beginning of each calendar quarter, beginning  
5 after the first full calendar quarter to occur after  
6 the date the Secretary approves a State for partici-  
7 pation, the participating State shall submit to the  
8 Secretary a report on the use of Federal funding by  
9 the participating State during the previous calendar  
10 quarter.

11 (2) REPORT CONTENTS.—The report shall—

12 (A) indicate the total amount of Federal  
13 funding used by the participating State;

14 (B) include a certification by the partici-  
15 pating State that—

16 (i) the information provided in accord-  
17 ance with subparagraph (A) is accurate;

18 (ii) funds continue to be available and  
19 legally committed to contributions by the  
20 State to, or for the account of, approved  
21 State programs, less any amount that has  
22 been contributed by the State to, or for the  
23 account of, approved State programs sub-  
24 sequent to the State being approved for  
25 participation in the Program; and

1 (iii) the participating State is imple-  
2 menting its approved State program or  
3 programs in accordance with this title and  
4 regulations issued pursuant to section 210.

5 (b) ANNUAL REPORT.—Not later than March 31 of  
6 each year, beginning March 31, 2011, each participating  
7 State shall submit to the Secretary an annual report that  
8 shall include the following information:

9 (1) The number of borrowers that received new  
10 loans originated under the approved State program  
11 or programs after the State program was approved  
12 as eligible for Federal contributions.

13 (2) The total amount of such new loans.

14 (3) Breakdowns by industry type, loan size, an-  
15 nual sales, and number of employees of the bor-  
16 rowers that received such new loans.

17 (4) The zip code of each borrower that received  
18 such a new loan.

19 (5) Such other data as the Secretary, in the  
20 Secretary's sole discretion, may require to carry out  
21 the purposes of the Program.

22 (c) FORM.—The reports and data filed pursuant to  
23 subsections (a) and (b) shall be in such form as the Sec-  
24 retary, in the Secretary's sole discretion, may require.

1 (d) TERMINATION OF REPORTING REQUIRE-  
2 MENTS.—The requirement to submit reports under sub-  
3 sections (a) and (b) shall terminate for a participating  
4 State with the submission of the completed reports due  
5 on the first March 31 to occur after 5 complete 12-month  
6 periods after the State is approved by the Secretary to  
7 be a participating State.

8 **SEC. 208. REMEDIES FOR STATE PROGRAM TERMINATION**  
9 **OR FAILURES.**

10 (a) REMEDIES.—

11 (1) IN GENERAL.—If any of the events listed in  
12 paragraph (2) occur, the Secretary, in the Sec-  
13 retary's discretion, may—

14 (A) reduce the amount of Federal funds al-  
15 located to the State under the Program; or

16 (B) terminate any further transfers of allo-  
17 cated amounts that have not yet been trans-  
18 ferred to the State.

19 (2) CAUSAL EVENTS.—The events referred to in  
20 paragraph (1) are—

21 (A) termination by a participating State of  
22 its participation in the Program;

23 (B) failure on the part of a participating  
24 State to submit complete reports under section  
25 207 on a timely basis; or

1 (C) noncompliance by the State with the  
2 terms of the allocation agreement between the  
3 Secretary and the State.

4 (b) DEALLOCATED AMOUNTS TO BE REALLO-  
5 CATED.—If, after 13 months, any portion of the amount  
6 of Federal funds allocated to a participating State is  
7 deemed by the Secretary to be no longer allocated to the  
8 State after actions taken by the Secretary under sub-  
9 section (a)(1), the Secretary shall reallocate that portion  
10 among the participating States, excluding the State whose  
11 allocated funds were deemed to be no longer allocated, as  
12 provided in section 203(b).

13 **SEC. 209. IMPLEMENTATION AND ADMINISTRATION.**

14 (a) GENERAL AUTHORITIES AND DUTIES.—The Sec-  
15 retary shall—

16 (1) consult with the Administrator of the Small  
17 Business Administration and the appropriate Fed-  
18 eral banking agencies on the administration of the  
19 Program;

20 (2) establish minimum national standards for  
21 approved State programs;

22 (3) provide technical assistance to States for  
23 starting State programs and generally disseminate  
24 best practices;

1           (4) manage, administer, and perform necessary  
2           program integrity functions for the Program; and

3           (5) ensure adequate oversight of the approved  
4           State programs, including oversight of the cash  
5           flows, performance, and compliance of each approved  
6           State program.

7           (b) **AUTHORIZATION OF APPROPRIATIONS.**—There  
8           are authorized to be appropriated to the Secretary, out  
9           of funds in the Treasury not otherwise appropriated,  
10          \$2,000,000,000 to carry out the Program, including to  
11          pay reasonable costs of administering the Program.

12          (c) **TERMINATION OF SECRETARY'S PROGRAM AD-**  
13          **MINISTRATION FUNCTIONS.**—The authorities and duties  
14          of the Secretary to implement and administer the Program  
15          shall terminate at the end of the 7-year period beginning  
16          on the date of enactment of this title.

17          **SEC. 210. REGULATIONS.**

18          The Secretary, in consultation with the Administrator  
19          of the Small Business Administration, shall issue such  
20          regulations and other guidance as the Secretary deter-  
21          mines necessary or appropriate to implement this title in-  
22          cluding, but not limited to, to define terms, to establish  
23          compliance and reporting requirements, and such other  
24          terms and conditions necessary to carry out the purposes  
25          of this title.

1 **SEC. 211. OVERSIGHT AND AUDITS.**

2 (a) INSPECTOR GENERAL OVERSIGHT.—The Inspec-  
3 tor General of the Department of the Treasury shall con-  
4 duct, supervise, and coordinate audits and investigations  
5 of the use of funds made available under the Program.

6 (b) GAO AUDIT.—The Comptroller General of the  
7 United States shall perform an annual audit of the Pro-  
8 gram and issue a report to the appropriate committees  
9 of Congress, as such term is defined under section 3(1),  
10 containing the results of such audit.

