

poverty standards set by the Secretary of Health, Education, and Welfare, and to assist in the establishment, or expansion of small business concerns which, by the nature of their business, hold substantial and continuing promise of employing substantial numbers of individuals with inadequate backgrounds of educational experience or skills.

SEC. 902. (a) The Administrator of the Small Business Administration is authorized to make, participate (on an immediate basis) in, or guarantee loans, repayable in not more than fifteen years, to any small business concern (as defined in section 3 of the Small Business Act (15 U.S.C. 632) and regulations issued thereunder), or to any qualified person seeking to establish such a concern, when he determines that such loans will assist in carrying out the purposes of this title, with particular emphasis on employment of the long-term unemployed: *Provided, however,* That no such loans shall be made, participated in, or guaranteed if the total of such Federal assistance to a single borrower outstanding at any one time would exceed \$25,000. The Administrator of the Small Business Administration may defer payments on the principal of such loans for a grace period and use such other methods as he deems necessary and appropriate to assure the successful establishment and operation of such concern. The Administrator of the Small Business Administration may, in his discretion, as a condition of such financial assistance, require that the borrower take steps to improve his management skills by participating in a management training program approved by the Administrator of the Small Business Administration. The Administrator of the Small Business Administration shall encourage, as far as possible, the participation of the private business community in the program of assistance to such concerns.

(b) The Administrator is authorized to make grants to, or contract with, public or private nonprofit agencies, or combinations thereof, to pay all or part of the costs necessary to enable such agencies to provide screening, counseling, management guidance, or similar assistance with respect to persons or small business concerns which receive or may be eligible for assistance under subsection (a). Financial assistance under this subsection shall be subject to the provisions of section 536 of this Act.

LOAN TERMS AND CONDITIONS

SEC. 903. Loans made pursuant to section 902 (including immediate participation in and guaranties of such loans) shall have such terms and conditions as the Administrator of the Small Business Administration shall determine, subject to the following limitations—

- (a) there is reasonable assurance of repayment of the loan;
- (b) the financial assistance is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;
- (c) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;
- (d) the loan bears interest at a rate not less than (1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (2) such additional charge, if any, toward covering other costs of the program as the Administrator of the Small Business Administration may determine to be consistent with its purposes: *Provided, however,* That the rate of interest charged on loans made in redevelopment areas designated under the Area Redevelopment Act (42 U.S.C. 2501 et seq.) shall not exceed the rate currently applicable to new loans made under section 6 of that Act (42 U.S.C. 2505); and
- (e) fees not in excess of amounts necessary to cover administrative expenses and probable losses may be required on loan guaranties.

LIMITATION ON FINANCIAL ASSISTANCE

SEC. 904. No financial assistance shall be extended pursuant to this title where the Administrator of the Small Business Administration determines that the assistance will be used in relocating establishments from one area to another or in financing subcontractors to enable them to undertake work theretofore performed in another area by other subcontractors or contractors.