

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:** Public Law 103-403, enacted October 22, 1994, established a Premier Certified Lenders Program (PCLP) for Certified Development Companies (CDCs). The law provides that, on a three-year pilot program basis, SBA may establish the PCLP for not more than 15 CDCs. The PCLP is intended to emulate the successful Preferred Lender Program for the SBA's General Business Loan Program and to transfer that experience to the development company loan program. This recognizes the maturity of individual local certified development companies and the favorable track record of the overall development company loan program. In this way, it will enable SBA to increase responsiveness to small business borrowers by taking the partnership role it normally maintains with the certified development companies to a higher level with CDCs that are designated as PCLP/CDCs.

The concept of a PCLP/CDC is based on the PLP designation for lenders participating with the SBA 7(a) General Business Loan Program. In consideration for a PCLP/CDC agreeing to share in the risk of loan making, the SBA will delegate authority to the PCLP/CDC for the purpose of authorizing, closing and servicing development company loans. Similar to the work of the preferred participating lender in the General Business Loan Program, a PCLP/CDC will be required to obtain SBA's final approval of the eligibility of a debenture for guaranty, but will not be required to obtain SBA's approval for underlying decisions regarding creditworthiness of the borrower, loan closing, or legal requirements imposed by law or regulation. Both PCLP and PLP loans will be processed through the same centralized SBA processing center.

The Premier Certified Lender Program responds to the significant increase in development company loan program activity and recognizes the growing strength and capability of CDCs. A PCLP/CDC will be designated based on a high level of 504 loan activity, a history of submitting adequately analyzed debenture guarantee application packages to SBA, and a favorable recommendation from the SBA field office with which the CDC works. Also as a condition of designation, a PCLP/CDC will commit to establish and maintain a loss reserve equal to the greater of the company's historic loss rate on guaranteed debentures or 1% of the outstanding

amount of debentures issued by the company and guaranteed by SBA under the PLCP Program.

**Compliance With Executive Orders 12612, 12778, and 12866, the Regulatory Flexibility Act and the Paperwork Reduction Act**

For purposes of the Regulatory Flexibility Act, 5 U.S.C. 601 et seq., SBA certifies that this rule will not have a significant economic impact on a substantial number of small entities.

SBA certifies that this rule will not constitute a significant regulatory action for purposes of Executive Order 12866, since the change is not likely to result in an annual effect on the economy of \$100 million or more.

SBA certifies this rule will not impose additional reporting or recordkeeping requirements which would be subject to the Paperwork Reduction Act, 44 U.S.C. Ch. 35.

SBA certifies that this rule will not have Federalism implications warranting the preparation of a Federalism Assessment in accordance with Executive Order 12612.

SBA certifies that this rule is drafted, to the extent practicable, in accordance with the standards set forth in Section 2 of Executive Order 12778.

**List of Subjects in 13 CFR Part 108**

Loan programs—business, Small businesses.

For the reasons set forth above, SBA amends part 108 of title 13 of the Code of Federal Regulations as follows:

**PART 108—[AMENDED]**

1. The authority citation for part 108 continues to read as follows:

**Authority:** 15 U.S.C. 687(c), 695, 696, 697a, 697b, 697c.

2. Section 108.2 is amended by adding definitions of the following terms in the appropriate alphabetical order: "Premier Certified Lender" and "PCLP" to read as follows:

**§ 108.2 Definitions.**

\* \* \* \* \*

*PCLP* means the Premier Certified Lenders Program as provided for in § 108-509.

*Premier Certified Lender* means a 503 Company which has met the eligibility requirements of § 108.509-3 and which has executed with SBA the PCLP Agreement.

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3. A new undesignated center heading and §§ 108.509-1 through 108.509-5 are added to read as follows:

**Premier Certified Lenders Program**

**§ 108.509-1 Objectives and characteristics of premier certified lenders program.**

(a) *Purpose.* The purpose of this subpart is to implement section 217 of Public Law 103-403 which authorizes SBA to delegate authority to designated 503 companies, hereinafter called Premier Certified Lenders, to undertake processing, approval, closing and servicing of loans made with the proceeds of SBA guaranteed debentures.

(b) *Characteristics.* SBA will solicit and approve qualified 503 companies to serve as Premier Certified Lenders. Each Premier Certified Lender will be delegated authority to approve loans that are funded with the proceeds of debentures issued by such company. SBA will retain the responsibility to guarantee any such debenture. All rules in this part 108 relating to the operations of participating 503 companies shall apply to Premier Certified Lenders.

(c) *Approval.* The approval of a loan by a Premier Certified Lender shall be subject to final approval by SBA as to eligibility of the guaranty of a debenture, the proceeds of which will fund the loan. Such final approval shall not include a detailed review of decisions by the Lender relative to the loan involving creditworthiness, loan closing, or compliance with legal requirements imposed by law or regulation, provided that SBA will satisfy itself that its guaranty of any debenture issued by a Premier Certified Lender is fully supportable under applicable laws and regulations as to the eligibility of the guaranty of a debenture before it approves any such guaranty.

(d) *Pilot Program Period.* On a pilot program basis, SBA may designate not more than fifteen Premier Certified Lenders. Effective on October 1, 1997, the pilot program ends and sections 108-509-1 thru 108-509-5 of part 108 are repealed.

**§ 108.509-2 Application procedure.**

Upon the request of a 503 company to participate in the Premier Certified Lender program, the SBA branch or district office with which the 503 Company has had its most significant activity shall review the 503 company's application and prepare its recommendation. The District Director or Branch Manager of that district or branch office shall transmit all requests, accompanied by the district or branch office recommendation, to SBA Central Office where the Director of the Office of Rural Affairs and Economic Development shall make the final decision on all such requests. After a