

110TH CONGRESS  
1ST SESSION

# H. R. 3020

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 5, 2007

Received; read twice and referred to the Committee on Small Business and  
Entrepreneurship

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## AN ACT

To amend the Small Business Act to improve the Microloan  
program, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Microloan Amendments and Modernization Act”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for  
5 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—MICROLOAN**

Sec. 101. Transmission of credit reporting information.

Sec. 102. Flexible credit.

Sec. 103. Intermediary eligibility requirements.

Sec. 104. Average loan size.

Sec. 105. Technical assistance.

Sec. 106. Entrepreneurs with disabilities.

**TITLE II—PRIME**

Sec. 201. Short title.

Sec. 202. **PRIME.**

Sec. 203. Conforming repeal.

6 **TITLE I—MICROLOAN**

7 **SEC. 101. TRANSMISSION OF CREDIT REPORTING INFORMA-**  
8 **TION.**

9 Section 7(m) of the Small Business Act (15 U.S.C.  
10 636(m)) is amended by adding at the end the following:

11 “(14) **CREDIT REPORTING INFORMATION.**—The  
12 Administrator shall establish a process, for use by a  
13 lender making a loan to a borrower under this sub-  
14 section, under which the lender provides to the  
15 major credit reporting agencies the information  
16 about the borrower that is relevant to credit report-  
17 ing, such as the payment activity of the borrower on  
18 the loan.”.

1 **SEC. 102. FLEXIBLE CREDIT.**

2 Section 7(m) of the Small Business Act (15 U.S.C.  
3 636(m)) is amended, in each of paragraphs (1)(B)(i) and  
4 (11)(B), by striking “short-term,”.

5 **SEC. 103. INTERMEDIARY ELIGIBILITY REQUIREMENTS.**

6 Section 7(m)(2) of the Small Business Act (15  
7 U.S.C. 636(m)(2)) is amended—

8 (1) in subparagraph (A) by striking “paragraph  
9 (10)” and inserting “paragraph (11)”; and

10 (2) by amending subparagraph (B) to read as  
11 follows:

12 “(B) has—

13 “(i) at least—

14 “(I) 1 year of experience making  
15 microloans to startup, newly estab-  
16 lished, or growing small business con-  
17 cerns; or

18 “(II) 1 full-time employee who  
19 has not less than 3 years experience  
20 making microloans to startup, newly  
21 established, or growing small business  
22 concerns; and

23 “(ii) at least 1 year of experience pro-  
24 viding, as an integral part of its microloan  
25 program, intensive marketing, manage-

1           ment, and technical assistance to its bor-  
2           rowers.”.

3 **SEC. 104. AVERAGE LOAN SIZE.**

4           Section 7(m) of the Small Business Act (15 U.S.C.  
5 636(m)) is amended by striking “\$7,500” and inserting  
6 “\$10,000” in each of the following places: paragraph  
7 (3)(F)(iii), paragraph (6)(C)(i), and paragraph (6)(C)(ii).

8 **SEC. 105. TECHNICAL ASSISTANCE.**

9           Section 7(m)(4)(E) of the Small Business Act (15  
10 U.S.C. 636(m)(4)(E)) is amended as follows:

11           (1) PRE-LOAN.—Clause (i) is amended by strik-  
12           ing “25 percent” and inserting “35 percent”.

13           (2) THIRD PARTY CONTRACTS.—Clause (ii) is  
14           amended by striking “25 percent” and inserting “35  
15           percent”.

16 **SEC. 106. ENTREPRENEURS WITH DISABILITIES.**

17           Section 7(m)(1)(A)(i) of the Small Business Act (15  
18 U.S.C. 636(m)(1)(A)(i)) is amended by inserting “dis-  
19 abled,” before “and minority entrepreneurs”.

20                                   **TITLE II—PRIME**

21 **SEC. 201. SHORT TITLE.**

22           This title may be cited as the “Program for Invest-  
23           ment in Microentrepreneurs Act” or the “PRIME Act”.

24 **SEC. 202. PRIME.**

25           The Small Business Act is amended—

1 (1) by redesignating section 37 as 99; and

2 (2) by inserting after section 36 the following:

3 **“SEC. 37. PRIME PROGRAM.**

4 “(a) DEFINITIONS.—For purposes of this section, the  
5 following definitions shall apply:

6 “(1) CAPACITY BUILDING SERVICES.—The term  
7 ‘capacity building services’ means services provided  
8 to an organization that is, or that is in the process  
9 of becoming, a microenterprise development organi-  
10 zation or program, for the purpose of enhancing its  
11 ability to provide training and services to disadvan-  
12 taged entrepreneurs.

13 “(2) DISADVANTAGED ENTREPRENEUR.—The  
14 term ‘disadvantaged entrepreneur’ means a micro-  
15 entrepreneur that is—

16 “(A) a very low-income person;

17 “(B) a low-income person; or

18 “(C) an entrepreneur that lacks adequate  
19 access to capital or other resources essential for  
20 business success, or is economically disadvan-  
21 taged, as determined by the Administrator.

22 “(3) COLLABORATIVE.—The term ‘collabo-  
23 rative’ means 2 or more nonprofit entities that agree  
24 to act jointly as a qualified organization under this  
25 section.

1           “(4) INDIAN TRIBE.—The term ‘Indian tribe’  
2 means any Indian tribe, band, pueblo, nation, or  
3 other organized group or community, including any  
4 Alaska Native village or regional or village corpora-  
5 tion, as defined in or established pursuant to the  
6 Alaska Native Claims Settlement Act, which is rec-  
7 ognized as eligible for the special programs and serv-  
8 ices provided by the United States to Indians be-  
9 cause of their status as Indians.

10           “(5) INTERMEDIARY.—The term ‘intermediary’  
11 means a private, nonprofit entity that seeks to serve  
12 microenterprise development organizations and pro-  
13 grams as authorized under subsection (d).

14           “(6) LOW-INCOME PERSON.—The term ‘low-in-  
15 come person’ means a person having an income, ad-  
16 justed for family size, of not more than—

17                   “(A) for metropolitan areas, 80 percent of  
18 the area median income; and

19                   “(B) for nonmetropolitan areas, the great-  
20 er of—

21                           “(i) 80 percent of the area median in-  
22 come; or

23                           “(ii) 80 percent of the statewide non-  
24 metropolitan area median income.

1           “(7) MICROENTREPRENEUR.—The term ‘micro-  
2           entrepreneur’ means the owner or developer of a  
3           microenterprise.

4           “(8) MICROENTERPRISE.—The term ‘micro-  
5           enterprise’ means a sole proprietorship, partnership,  
6           or corporation that—

7                   “(A) has fewer than 5 employees; and

8                   “(B) generally lacks access to conventional  
9           loans, equity, or other banking services.

10           “(9) MICROENTERPRISE DEVELOPMENT ORGA-  
11           NIZATION OR PROGRAM.—The term ‘microenterprise  
12           development organization or program’ means a non-  
13           profit entity, or a program administered by such an  
14           entity, including community development corpora-  
15           tions or other nonprofit development organizations  
16           and social service organizations, that provides serv-  
17           ices to disadvantaged entrepreneurs.

18           “(10) POVERTY LINE.—The term ‘poverty line’  
19           means the official poverty line defined by the Office  
20           of Management and Budget based on the most re-  
21           cent data available from the Bureau of the Census.  
22           The Administrator shall revise annually (or at any  
23           shorter interval the Administrator determines to be  
24           feasible and desirable) the poverty line. The required  
25           revision shall be accomplished by multiplying the of-

1        ficial poverty line by the percentage change in the  
2        Consumer Price Index for All Urban Consumers  
3        during the annual or other interval immediately pre-  
4        ceding the time at which the revision is made.

5            “(11) TRAINING AND TECHNICAL ASSIST-  
6        ANCE.—The term ‘training and technical assistance’  
7        means services and support provided to disadvan-  
8        taged entrepreneurs, such as assistance for the pur-  
9        pose of enhancing business planning, marketing,  
10       management, financial management skills, and as-  
11       sistance for the purpose of accessing financial serv-  
12       ices.

13           “(12) VERY LOW-INCOME PERSON.—The term  
14       ‘very low-income person’ means having an income,  
15       adjusted for family size, of not more than 150 per-  
16       cent of the poverty line.

17           “(b) ESTABLISHMENT OF PROGRAM.—The Adminis-  
18       trator shall establish a microenterprise technical assist-  
19       ance and capacity building grant program to provide as-  
20       sistance from the Administration in the form of grants  
21       to qualified organizations in accordance with this section.

22           “(c) USES OF ASSISTANCE.—A qualified organization  
23       shall use grants made under this section—

24           “(1) to provide training and technical assist-  
25       ance to disadvantaged entrepreneurs;



1           “(2) to provide training and capacity building  
2 services to microenterprise development organiza-  
3 tions and programs and groups of such organiza-  
4 tions to assist such organizations and programs in  
5 developing microenterprise training and services;

6           “(3) to aid in researching and developing the  
7 best practices in the field of microenterprise and  
8 technical assistance programs for disadvantaged en-  
9 trepreneurs; and

10           “(4) for such other activities as the Adminis-  
11 trator determines are consistent with the purposes of  
12 this section.

13           “(d) QUALIFIED ORGANIZATIONS.—For purposes of  
14 eligibility for assistance under this section, a qualified or-  
15 ganization shall be—

16           “(1) a nonprofit microenterprise development  
17 organization or program (or a group or collaborative  
18 thereof) that has a demonstrated record of delivering  
19 microenterprise services to disadvantaged entre-  
20 preneurs;

21           “(2) an intermediary;

22           “(3) a microenterprise development organiza-  
23 tion or program that is accountable to a local com-  
24 munity, working in conjunction with a State or local  
25 government or Indian tribe; or

1           “(4) an Indian tribe acting on its own, if the  
2 Indian tribe can certify that no private organization  
3 or program referred to in this paragraph exists with-  
4 in its jurisdiction.

5           “(e) ALLOCATION OF ASSISTANCE; SUBGRANTS.—

6           “(1) ALLOCATION OF ASSISTANCE.—

7           “(A) IN GENERAL.—The Administrator  
8 shall allocate assistance from the Administra-  
9 tion under this section to ensure that—

10           “(i) activities described in subsection  
11 (c)(1) are funded using not less than 75  
12 percent of amounts made available for  
13 such assistance; and

14           “(ii) activities described in subsection  
15 (c)(2) are funded using not less than 15  
16 percent of amounts made available for  
17 such assistance.

18           “(B) LIMIT ON INDIVIDUAL ASSISTANCE.—

19 No single person may receive more than 10 per-  
20 cent of the total funds appropriated under this  
21 section in a single fiscal year.

22           “(2) TARGETED ASSISTANCE.—The Adminis-  
23 trator shall ensure that not less than 50 percent of  
24 the grants made under this section are used to ben-

1       efit very low-income persons, including those resid-  
2       ing on Indian reservations.

3               “(3) SUBGRANTS AUTHORIZED.—

4                       “(A) IN GENERAL.—A qualified organiza-  
5                       tion receiving assistance under this section may  
6                       provide grants using that assistance to qualified  
7                       small and emerging microenterprise organiza-  
8                       tions and programs, subject to such rules and  
9                       regulations as the Administrator determines to  
10                      be appropriate.

11                     “(B) LIMIT ON ADMINISTRATIVE EX-  
12                     PENSES.—Not more than 7.5 percent of assist-  
13                     ance received by a qualified organization under  
14                     this section may be used for administrative ex-  
15                     penses in connection with the making of sub-  
16                     grants under subparagraph (A).

17               “(4) DIVERSITY.—In making grants under this  
18       section, the Administrator shall ensure that grant  
19       recipients include both large and small microenter-  
20       prise organizations, serving urban, rural, and Indian  
21       tribal communities serving diverse populations.

22               “(5) PROHIBITION ON PREFERENTIAL CONSID-  
23       ERATION OF CERTAIN SBA PROGRAM PARTICI-  
24       PANTS.—In making grants under this section, the  
25       Administrator shall ensure that any application

1 made by a qualified organization that is a partici-  
2 pant in the program established under section 7(m)  
3 does not receive preferential consideration over ap-  
4 plications from other qualified organizations that are  
5 not participants in such program.

6 “(f) MATCHING REQUIREMENTS.—

7 “(1) IN GENERAL.—Financial assistance under  
8 this section shall be matched with funds from  
9 sources other than the Federal Government on the  
10 basis of not less than 50 percent of each dollar pro-  
11 vided by the Administration.

12 “(2) SOURCES OF MATCHING FUNDS.—Fees,  
13 grants, gifts, funds from loan sources, and in-kind  
14 resources of a grant recipient from public or private  
15 sources may be used to comply with the matching  
16 requirement in paragraph (1).

17 “(3) EXCEPTION.—

18 “(A) IN GENERAL.—In the case of an ap-  
19 plicant for assistance under this section with se-  
20 vere constraints on available sources of match-  
21 ing funds, the Administrator may reduce or  
22 eliminate the matching requirement in para-  
23 graph (1).

24 “(B) LIMITATION.—Not more than 10 per-  
25 cent of the total funds made available from the

1 Administration in any fiscal year to carry out  
2 this section may be excepted from the matching  
3 requirement in paragraph (1), as authorized by  
4 subparagraph (A).

5 “(g) APPLICATIONS FOR ASSISTANCE.—An applica-  
6 tion for assistance under this section shall be submitted  
7 in such form and in accordance with such procedures as  
8 the Administrator shall establish.

9 “(h) RECORDKEEPING.—

10 “(1) IN GENERAL.—A qualified organization re-  
11 ceiving assistance from the Administration under  
12 this section shall keep such records, for such periods  
13 as may be prescribed by the Administrator and nec-  
14 essary to disclose the manner in which any assist-  
15 ance under this section is used and to demonstrate  
16 compliance with the requirements of this section.

17 “(2) USER PROFILE INFORMATION.—The Ad-  
18 ministrator shall require each qualified organization  
19 receiving assistance from the Administration under  
20 this section to compile such data, as is determined  
21 to be appropriate by the Administrator, on the gen-  
22 der, race, ethnicity, national origin, or other perti-  
23 nent information concerning individuals that utilize  
24 the services of the assisted organization to ensure

1 that targeted populations and low-income residents  
2 of investment areas are adequately served.

3 “(3) ACCESS TO RECORDS.—The Administrator  
4 shall have access on demand, for the purpose of de-  
5 termining compliance with this section, to any  
6 records of a qualified organization that receives as-  
7 sistance from the Administration under this section.

8 “(4) REVIEW.—Not less than annually, the Ad-  
9 ministrator shall review the progress of each assisted  
10 organization in carrying out its strategic plan, meet-  
11 ing its performance goals, and satisfying the terms  
12 and conditions of its assistance agreement.

13 “(5) REPORTING.—

14 “(A) ANNUAL REPORTS.—The Adminis-  
15 trator shall require each qualified organization  
16 receiving assistance from the Administration  
17 under this section to submit an annual report  
18 to the Administrator on its activities, its finan-  
19 cial condition, and its success in meeting per-  
20 formance goals, in satisfying the terms and con-  
21 ditions of its assistance agreement, and in com-  
22 plying with other requirements of this section,  
23 in such form and manner as the Administrator  
24 shall specify.

1           “(B) AVAILABILITY OF REPORTS.—The  
2 Administrator, after deleting or redacting any  
3 material as appropriate to protect privacy or  
4 proprietary interests, shall make such reports  
5 submitted under subparagraph (A) available for  
6 public inspection.

7           “(i) IMPLEMENTATION.—The Administrator shall, by  
8 regulation, establish such requirements as may be nec-  
9 essary to carry out this section.”.

10 **SEC. 203. CONFORMING REPEAL.**

11           Subtitle C (15 U.S.C. 6901 et seq.) of title I of the  
12 Riegle Community Development and Regulatory Improve-  
13 ment Act of 1994 is repealed.

          Passed the House of Representatives September 4,  
2007.

Attest:                           LORRAINE C. MILLER,  
*Clerk.*

By JORGE E. SORENSEN,  
*Deputy Clerk.*