

111TH CONGRESS  
1ST SESSION

# H. R. 3737

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

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IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2009

Mr. ELLSWORTH introduced the following bill; which was referred to the  
Committee on Small Business

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## A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Micro-  
5 lending Expansion Act of 2009”.

6 **SEC. 2. MICROLOAN CREDIT BUILDING INITIATIVE.**

7 Section 7(m) of the Small Business Act (15 U.S.C.  
8 636(m)) is amended by adding at the end the following:

9 “(14) CREDIT REPORTING INFORMATION.—The  
10 Administrator shall establish a process, for use by

1 an intermediary making a loan to a borrower under  
2 this subsection, under which the intermediary shall  
3 provide to the major credit reporting agencies the in-  
4 formation about the borrower, both positive and neg-  
5 ative, that is relevant to credit reporting, such as the  
6 payment activity of the borrower on the loan. Such  
7 process shall allow an intermediary the option of  
8 providing information to the major credit reporting  
9 agencies through the Administration or independ-  
10 ently.”.

11 **SEC. 3. FLEXIBLE CREDIT TERMS.**

12 Section 7(m) of the Small Business Act (15 U.S.C.  
13 636(m)), as amended by this Act, is further amended—

14 (1) in paragraph (1)(B)(i) by striking “short-  
15 term,”;

16 (2) in paragraph (6)(A) by striking “short-  
17 term,”; and

18 (3) in paragraph (11)(B) by striking “short-  
19 term,”.

20 **SEC. 4. INCREASED PROGRAM PARTICIPATION.**

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

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

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

3           “(B) has—

4               “(i) at least—

5                   “(I) 1 year of experience making  
6 microloans to startup, newly estab-  
7 lished, or growing small business con-  
8 cerns; or

9                   “(II) 1 full-time employee who  
10 has not less than 3 years of experi-  
11 ence making microloans to startup,  
12 newly established, or growing small  
13 business concerns; and

14               “(ii) at least—

15                   “(I) 1 year of experience pro-  
16 viding, as an integral part of its  
17 microloan program, intensive mar-  
18 keting, management, and technical as-  
19 sistance to its borrowers; or

20                   “(II) 1 full-time employee who  
21 has not less than 1 year of experience  
22 providing intensive marketing, man-  
23 agement, and technical assistance to  
24 borrowers.”.

1 **SEC. 5. INCREASED LIMIT ON INTERMEDIARY BORROWING.**

2 Section 7(m)(3)(C) of the Small Business Act (15  
3 U.S.C. 636(m)(3)(C)) is amended—

4 (1) by striking “\$750,000” and inserting  
5 “\$1,000,000”;

6 (2) by striking “\$3,500,000” and inserting  
7 “\$7,000,000”; and

8 (3) by adding at the end the following: “The  
9 Administrator may treat the amount of \$7,000,000  
10 in this subparagraph as if such amount is  
11 \$10,000,000 if the Administrator determines, with  
12 respect to an intermediary, that such treatment is  
13 appropriate.”.

14 **SEC. 6. EXPANDED BORROWER EDUCATION ASSISTANCE.**

15 Section 7(m)(4)(E) of the Small Business Act (15  
16 U.S.C. 636(m)(4)(E)) is amended—

17 (1) in clause (i) by striking “25 percent” and  
18 inserting “35 percent”; and

19 (2) in clause (ii) by striking “25 percent” and  
20 inserting “35 percent”.

21 **SEC. 7. INTEREST RATES AND LOAN SIZE.**

22 Section 7(m) of the Small Business Act (15 U.S.C.  
23 636(m)), as amended by this Act, is further amended—

24 (1) in paragraph (3)(F)(iii) by striking  
25 “\$7,500” and inserting “\$10,000”;

1           (2) in paragraph (6)(C)(i) by striking “\$7,500”  
2           and inserting “\$10,000”; and

3           (3) in paragraph (6)(C)(ii) by striking  
4           “\$7,500” and inserting “\$10,000”.

5 **SEC. 8. REPORTING REQUIREMENT.**

6           Section 7(m) of the Small Business Act (15 U.S.C.  
7 636(m)), as amended by this Act, is further amended by  
8 adding at the end the following:

9           “(15) REPORTING REQUIREMENT.—Not later  
10          than 90 days after the end of each fiscal year, the  
11          Administrator shall submit to the Committee on  
12          Small Business of the House of Representatives and  
13          the Committee on Small Business and Entrepre-  
14          neurship of the Senate a report that includes, with  
15          respect to such fiscal year of the microloan program,  
16          the following:

17                 “(A) The names and locations of each  
18                 intermediary that received funds to make  
19                 microloans or provide marketing, management,  
20                 and technical assistance.

21                 “(B) The amounts of each loan and each  
22                 grant provided to each such intermediary in  
23                 such fiscal year and in prior fiscal years.

1           “(C) A description of the contributions  
2 from non-Federal sources of each such inter-  
3 mediary.

4           “(D) The number and amounts of  
5 microloans made by each such intermediary to  
6 all borrowers and to each of the following:

7                   “(i) Women entrepreneurs and busi-  
8 ness owners.

9                   “(ii) Low-income entrepreneurs and  
10 business owners.

11                   “(iii) Veteran entrepreneurs and busi-  
12 ness owners.

13                   “(iv) Disabled entrepreneurs and busi-  
14 ness owners.

15                   “(v) Minority entrepreneurs and busi-  
16 ness owners.

17           “(E) A description of the marketing, man-  
18 agement, and technical assistance provided by  
19 each such intermediary to all borrowers and to  
20 each of the following:

21                   “(i) Women entrepreneurs and busi-  
22 ness owners.

23                   “(ii) Low-income entrepreneurs and  
24 business owners.

1                   “(iii) Veteran entrepreneurs and busi-  
2                   ness owners.

3                   “(iv) Disabled entrepreneurs and busi-  
4                   ness owners.

5                   “(v) Minority entrepreneurs and busi-  
6                   ness owners.

7                   “(F) The number of jobs created and re-  
8                   tained as a result of microloans and marketing,  
9                   management, and technical assistance provided  
10                  by each such intermediary.

11                  “(G) The repayment history of each such  
12                  intermediary.

13                  “(H) The number of businesses that  
14                  achieved success after receipt of a microloan.”.

15 **SEC. 9. SURPLUS INTEREST RATE SUBSIDY FOR BUSI-**  
16 **NESSES.**

17                  Section 7(m) of the Small Business Act (15 U.S.C.  
18 636(m)), as amended by this Act, is further amended by  
19 adding at the end the following:

20                  “(16) INTEREST ASSISTANCE.—

21                  “(A) IN GENERAL.—The Administrator is  
22                  authorized to use amounts determined unlikely  
23                  to be expended under subparagraph (B) to as-  
24                  sist borrowers that receive a microloan under

1           this subsection to reduce the interest paid with  
2           respect to such microloan.

3           “(B) AMOUNTS UNLIKELY TO BE EX-  
4           PENDED.—Not later than April 1 of each fiscal  
5           year, the Administrator shall determine if any  
6           amounts made available to carry out this sub-  
7           section for such fiscal year are unlikely to be  
8           expended for activities under this subsection  
9           other than activities under this paragraph.”.

10 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

11           Section 20 of the Small Business Act (15 U.S.C. 631  
12           note) is amended by inserting after subsection (e) the fol-  
13           lowing:

14           “(f) FISCAL YEARS 2010 AND 2011.—

15           “(1) PROGRAM LEVELS.—For the programs au-  
16           thorized by this Act, the Administration is author-  
17           ized to make during each of fiscal years 2010 and  
18           2011—

19           “(A) \$80,000,000 in technical assistance  
20           grants, as provided in section 7(m); and

21           “(B) \$110,000,000 in direct loans, as pro-  
22           vided in section 7(m).



1           “(2) AUTHORIZATION OF APPROPRIATIONS.—  
2           There is authorized to be appropriated such sums as  
3           may be necessary to carry out paragraph (1).”.

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