

117TH CONGRESS  
1ST SESSION

# H. R. 1482

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IN THE SENATE OF THE UNITED STATES

APRIL 19, 2021

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 enhance the Office of Credit Risk Management, to require the Administrator of the Small Business Administration to issue rules relating to environmental obligations of certified development companies, 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.**

2 This Act may be cited as the “504 Credit Risk Man-  
3 agement Improvement Act of 2021”.

4 **SEC. 2. ENHANCEMENTS TO THE OFFICE OF CREDIT RISK**  
5 **MANAGEMENT.**

6 Section 47 of the Small Business Act (15 U.S.C.  
7 657t) is amended—

8 (1) by striking subsection (b) and inserting the  
9 following:

10 “(b) DUTIES.—The Office—

11 “(1) shall be responsible for—

12 “(A) supervising—

13 “(i) any lender making loans under  
14 section 7(a) (in this section referred to as  
15 a ‘7(a) lender’);

16 “(ii) any Lending Partner or Inter-  
17 mediary participant of the Administration  
18 in a lending program of the Office of Cap-  
19 ital Access of the Administration;

20 “(iii) any small business lending com-  
21 pany or a non-Federally regulated lender  
22 without regard to the requirements of sec-  
23 tion 23; and

24 “(iv) any certified development com-  
25 pany described under the program estab-  
26 lished under title V of the Small Business

1 Investment Act of 1958 (referred to in this  
2 section as a ‘certified development com-  
3 pany’), as provided in subsection (k); and

4 “(B) conducting file reviews with respect  
5 to loan closings under the program established  
6 under title V of the Small Business Investment  
7 Act of 1958, as provided in subsection (j); and  
8 “(2) may—

9 “(A) take formal and informal enforcement  
10 actions against a certified development com-  
11 pany, as provided in subsection (l); and

12 “(B) charge a certified development com-  
13 pany a fee, as provided in subsection (m).”; and

14 (2) by adding at the end the following new sub-  
15 sections:

16 “(j) LOAN CLOSING FILE REVIEWS.—With respect  
17 to a loan closing under the program established under title  
18 V of the Small Business Investment Act of 1958, the Of-  
19 fice shall be responsible for the following:

20 “(1) Conducting a complete file review of a ran-  
21 dom selection of all loan closings, the number, fre-  
22 quency, and conduct of which shall be at the discre-  
23 tion of the Office, to ensure program integrity, in-  
24 cluding a review of the items listed on the Checklist

1 for Complete File Review contained in the appro-  
2 priate form of the Administration.

3 “(2) Not later than 60 days after the date on  
4 which each complete file review conducted under  
5 paragraph (1) is completed, preparing a written re-  
6 port documenting the results of that review, which  
7 the Office shall send to—

8 “(A) the applicable certified development  
9 company;

10 “(B) the designated attorney that closed  
11 the loan for the certified development company;  
12 and

13 “(C) the Commercial Loan Service Center.

14 “(3) If a complete file review conducted under  
15 paragraph (1) reveals a deficiency that could result  
16 in a loss to the Administration, requiring the appli-  
17 cable certified development company or the des-  
18 ignated attorney to promptly correct the deficiency.

19 “(k) SUPERVISION OF CERTIFIED DEVELOPMENT  
20 COMPANIES.—With respect to the supervision of certified  
21 development companies—

22 “(1) an employee of the Office shall—

23 “(A) be present for, and supervise, the re-  
24 view of any such company that is conducted by

1 a contractor of the Office on the premises of  
2 the company; and

3 “(B) supervise the review of any such com-  
4 pany that is conducted by a contractor of the  
5 Office that is not conducted on the premises of  
6 the company; and

7 “(2) the Administrator shall—

8 “(A) develop a timeline for the review by  
9 the Office of certified development companies  
10 and the submission of reports regarding those  
11 reviews, under which the Administrator shall—

12 “(i) submit to a certified development  
13 company a written report of any review of  
14 the company not later than 90 days after  
15 the date on which the review is concluded;  
16 or

17 “(ii) if the Administrator expects to  
18 submit the report after the end of the 90-  
19 day period described in clause (i), notify  
20 the company of the expected date of sub-  
21 mission of the report and the reason for  
22 the delay; and

23 “(B) if a response by a certified develop-  
24 ment company is requested in a report sub-  
25 mitted under subparagraph (A)(i), require the

1           company to submit responses to the Adminis-  
2           trator not later than 45 business days after the  
3           date on which the company receives the report.

4           “(1) ENFORCEMENT AUTHORITY AGAINST CER-  
5           TIFIED DEVELOPMENT COMPANIES.—

6           “(1) INFORMAL ENFORCEMENT AUTHORITY.—

7           The Director may take an informal enforcement ac-  
8           tion against a certified development company if the  
9           Director finds that the company has violated a stat-  
10          utory or regulatory requirement or any requirement  
11          in a Standard Operating Procedures Manual or Pol-  
12          icy Notice relating to a program or function of the  
13          Office of Capital Access.

14          “(2) FORMAL ENFORCEMENT AUTHORITY.—

15                 “(A) IN GENERAL.—With the approval of  
16                 the Lender Oversight Committee established  
17                 under section 48, the Director may take a for-  
18                 mal enforcement action against any certified de-  
19                 velopment company if the Director finds that  
20                 the company has violated—

21                         “(i) a statutory or regulatory require-  
22                         ment, including a requirement relating to  
23                         the necessary funds for making loans when  
24                         those funds are not made available to the

1           company from private sources on reason-  
2           able terms; or

3           “(ii) any requirement described in a  
4           Standard Operating Procedures Manual or  
5           Policy Notice relating to a program or  
6           function of the Office of Capital Access.

7           “(B) ENFORCEMENT ACTIONS.—The deci-  
8           sion to take an enforcement action against a  
9           certified development company under subpara-  
10          graph (A) shall be based on the severity or fre-  
11          quency of the violation and may include assess-  
12          ing a civil monetary penalty against the com-  
13          pany in an amount that is not greater than  
14          \$250,000.

15          “(3) FAILURE TO SUBMIT ANNUAL REPORT.—  
16          With respect to a certified development company  
17          that, as of the date that is 30 days after the date  
18          on which the company is required to submit any re-  
19          port, fails to submit that report, the Director may—

20                 “(A) suspend the company from partici-  
21                 pating in the program established under title V  
22                 of the Small Business Investment Act of 1958  
23                 for a period that is not longer than 30 days; or

24                 “(B) impose a penalty on the company in  
25                 an amount to be determined by the Director,

1           except that the amount of the penalty shall be  
2           not more than \$10,000.

3           “(m) FREE AUTHORITY REGARDING CERTIFIED DE-  
4 VELOPMENT COMPANIES.—

5           “(1) IN GENERAL.—Effective one year after the  
6           date of the enactment of this subsection, the Office  
7           may collect from each certified development com-  
8           pany a fee, the amount of which—

9                   “(A) shall be determined on a graduated  
10                  scale according to the size of the portfolio of  
11                  the certified development company with respect  
12                  to the program carried out under title V of the  
13                  Small Business Investment Act of 1958; and

14                   “(B) shall not exceed the amount that is 1  
15                  basis point with respect to the value of the  
16                  portfolio described in subparagraph (A).

17           “(2) PAYMENT.—A certified development com-  
18           pany on which a fee is imposed under paragraph (1)  
19           shall pay the fee from the servicing fees collected by  
20           the development company pursuant to regulation.”.

21 **SEC. 3. RULES RELATING TO OBLIGATIONS OF CERTIFIED**  
22 **DEVELOPMENT COMPANIES UNDER THE NA-**  
23 **TIONAL ENVIRONMENTAL POLICY ACT.**

24           (a) IN GENERAL.—Not later than 180 days after the  
25           date of the enactment of this Act, the Administrator of

