

118TH CONGRESS  
1ST SESSION

# H. R. 3604

To authorize the Administrator of the Small Business Administration to license lending institutions to make loans under section 7(a) of the Small Business Act, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2023

Mr. DONALDS (for himself and Mr. CROW) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To authorize the Administrator of the Small Business Administration to license lending institutions to make loans under section 7(a) of the Small Business Act, 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 “Expanding Access to  
5 Affordable Credit for Small Businesses Act”.

1 **SEC. 2. LICENSING OF LENDING INSTITUTIONS.**

2 (a) IN GENERAL.—Section 7(a)(17) of the Small  
3 Business Act (15 U.S.C. 636(a)(17)) is amended to read  
4 as follows:

5 “(17) LICENSING OF LENDING INSTITU-  
6 TIONS.—

7 “(A) IN GENERAL.—The Administration  
8 may license lending institutions to make loans  
9 authorized under this subsection.

10 “(B) CRITERIA.—In authorizing lending  
11 institutions under subparagraph (A), the Ad-  
12 ministrator shall ensure that each such institu-  
13 tion—

14 “(i) provides an independent audit by  
15 a third party or internal audit department  
16 that examines adherence to all applicable  
17 Federal laws and regulations relating to  
18 anti-money laundering, terrorist financing,  
19 sanctions, and financial crimes; and

20 “(ii) has in place a compliance pro-  
21 gram that conforms with the requirements  
22 described in the ‘Bank Secrecy Act/Anti-  
23 Money Laundering Examination Manual’  
24 of the Financial Institutions Examination  
25 Council and other applicable Federal anti-

1 money laundering regulatory guidance, in-  
2 cluding—

3 “(I) an annual financial crimes  
4 risk assessment;

5 “(II) designation of an individual  
6 to serve as an anti-money laundering  
7 officer;

8 “(III) a customer identification  
9 program;

10 “(IV) customer due diligence and  
11 enhanced due diligence;

12 “(V) suspicious activity moni-  
13 toring and reporting;

14 “(VI) information sharing;

15 “(VII) record retention;

16 “(VIII) sanctions implemented by  
17 the Office of Foreign Assets Control;

18 “(IX) annual employee training,  
19 including general training and job-  
20 specific training; and

21 “(X) monitoring and testing.

22 “(C) PROHIBITION ON MORATORIUM.—The  
23 Administrator may not impose a moratorium on  
24 the licensing of lending institutions described in  
25 subparagraph (A).

1           “(D) NEW APPLICANTS.—Not later than 1  
2 year after the date of the enactment of this  
3 paragraph, the Administrator shall begin ac-  
4 cepting applications for the licensing of lending  
5 institutions.

6           “(E) REPORTS.—Not later than 1 year  
7 after the date of the enactment of this para-  
8 graph, and annually thereafter, the Adminis-  
9 trator shall submit to the Committee on Small  
10 Business and Entrepreneurship of the Senate  
11 and the Committee on Small Business of the  
12 House of Representatives a report that in-  
13 cludes, with respect to the year preceding the  
14 report—

15                   “(i) the number of lending institutions  
16 that applied to make loans under this sub-  
17 section;

18                   “(ii) the number of such lending insti-  
19 tutions that the Administrator approved to  
20 make loans under this subsection;

21                   “(iii) the reason for any denial of an  
22 application of such a lending institution;

23                   “(iv) the number and total amount of  
24 loans made by under this subsection by  
25 lending institutions; and

1           “(v) demographic information on the  
2 recipients of the loans described in clause  
3 (iv).

4           “(F) RULE OF CONSTRUCTION.—Nothing  
5 in this paragraph shall be construed to provide  
6 authority to the Administrator to regulate small  
7 business lending companies, non-Federally reg-  
8 ulated lenders, or nondepository lending institu-  
9 tions, or banks.

10           “(G) DEFINITIONS.—In this paragraph:

11           “(i) BANK.—The term ‘bank’ has the  
12 meaning given in section 3 of the Federal  
13 Deposit Insurance Act.

14           “(ii) LENDING INSTITUTION.—The  
15 term ‘lending institution’ has the meaning  
16 given such term by the Administrator and  
17 shall include a small business lending com-  
18 pany, a non-Federally regulated lender, a  
19 nondepository lending institution, or a  
20 bank.

21           “(iii) NON-FEDERALLY REGULATED  
22 LENDER; SMALL BUSINESS LENDING COM-  
23 PANY.—The terms ‘non-Federally regu-  
24 lated lender’ and ‘small business lending

1                   company' have the meanings given, respec-  
2                   tively, under section 23.''.

3           (b) AUTHORIZATION OF APPROPRIATIONS.—There is  
4 authorized to be appropriated for the Office of Credit Risk  
5 Management of the Small Business Administration such  
6 sums as may be necessary to conduct oversight of lending  
7 institutions and other entities as described under para-  
8 graph (17) of section 7(a) of the Small Business Act (15  
9 U.S.C. 636(a)), as added by subsection (a).

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