AMENDMENT TO RULES COMMITTEE PRINT 118–10

OFFERED BY MR. MEUSER OF PENNSYLVANIA

Add at the end of subtitle F of title VIII the following:

SEC. 8 REQUIREMENTS FOR 7(a) AGENTS.
(a) Office of Credit Risk Management Duties.—Section 47(b) of the Small Business Act (15 U.S.C. 657t(b)) is amended—
(1) in paragraph (2), by striking “and” at the end;
(2) in paragraph (3), by striking the period and inserting “; and”; and
(3) by adding at the end the following new paragraph:
“(4) any 7(a) agent.”.
(b) Enforcement Authority.—
(1) Office of Credit Risk Management.—
Section 47(e) of the Small Business Act (15 U.S.C. 657t(e)) is amended by inserting “or 7(a) agent” after “7(a) lender” each place such term appears.
(2) Lender Oversight Committee.—Section 48(c)(2) of the Small Business Act (15 U.S.C.
657u(c)(2)) is amended by striking “and any Lending Partner or Intermediary participant” and inserting “, any 7(a) agent (as defined in section 47), or any Lending Partner or Intermediary participant”.

(c) REGISTRATION SYSTEM.—Section 47 of the Small Business Act (15 U.S.C. 657t) is amended by adding at the end the following new subsections:

“(j) REGISTRATION SYSTEM FOR 7(a) AGENTS.—

“(1) IN GENERAL.—The Director shall establish a registration system for 7(a) agents that assigns a unique identifier to each 7(a) agent and collects data necessary for the Director to submit the report required under paragraph (4).

“(2) REQUIREMENTS.—A 7(a) agent shall—

“(A) register in the system established under paragraph (1) before providing covered services to a lender or applicant; and

“(B) effective 1 year after the date of the enactment of this subsection, submit an annual fee for such registration to the Director.

“(3) DATABASE.—The Director shall establish and maintain an electronic database of the types of covered services provided by each 7(a) agent.

“(4) ANNUAL REPORT.—
“(A) IN GENERAL.—The Director shall submit to Congress, in addition to the report required under subsection (h)(2), an annual report including, for the calendar year covered by the report—

“(i) the number of 7(a) agents assisting applicants for loans under section 7(a), disaggregated by 7(a) agents who are attorneys, accountants, consultants, packagers, and lender service providers (as defined by section 103.1 of title 13, Code of Federal Regulations);

“(ii) the number of fraudulent loans made for which an applicant used services of a 7(a) agent;

“(iii) the purchase rate by the Administrator of loans for which an applicant used services of a 7(a) agent;

“(iv) the number and aggregate dollar value of referral fees paid to 7(a) agents, disaggregated by whether the applicant or 7(a) lender paid such fees;

“(v) without identifying individual 7(a) agents by name, a consolidated analysis of the risk created by the individual
7(a) agents responsible for not less than 1 percent of—

“(I) the dollar value of loans made with the assistance of 7(a) agents; and

“(II) the number of loans made with the assistance of 7(a) agents;

“(vi) an analysis of interest rates on loans for which an applicant or 7(a) lender used services of an agent; and

“(vii) a description of how the Administrator communicates with 7(a) agents.

“(k) DEFINITIONS.—In this section:

“(1) 7(a) AGENT.—The term ‘7(a) agent’ means a person who provides covered services on behalf of a lender or applicant.

“(2) COVERED SERVICES.—The term ‘covered services’ means—

“(A) assistance with completing an application for a loan under section 7(a) (including preparing a business plan, cash flow projections, financial statements, and related documents); or

“(B) consulting, broker, or referral services with respect to a loan under section 7(a).”.
(d) **Effective Date.**—This Act and the amendments made by this Act shall take effect 6 months after the date of the enactment of this Act.