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(Original Signature of Member)

117TH CONGRESS  
1ST SESSION

# H. R. 4531

To amend the Small Business Act to require a report on 7(a) agents, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. MEUSER (for himself and Mr. PHILLIPS) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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## A BILL

To amend the Small Business Act to require a report on 7(a) agents, 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 “7(a) Loan Agent Over-  
5 sight Act”.

6 **SEC. 2. REPORT ON 7(a) AGENTS.**

7 Section 47 of the Small Business Act (15 U.S.C.  
8 657t) is amended by adding at the end the following new  
9 subsection:

1 “(j) ANNUAL REPORT.—

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

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

12 “(B) the number of fraudulent loans made  
13 for which an applicant used services of a 7(a)  
14 agent;

15 “(C) the purchase rate by the Adminis-  
16 trator of loans for which an applicant used  
17 services of a 7(a) agent;

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

22 “(E) without identifying individual 7(a)  
23 agents by name, a consolidated analysis of the  
24 risk created by the individual 7(a) agents re-  
25 sponsible for not less than 1 percent of—

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

3 “(ii) the number of loans made with  
4 the assistance of 7(a) agents;

5 “(F) an analysis of interest rates on loans  
6 for which an applicant or 7(a) lender used serv-  
7 ices of an agent; and

8 “(G) a description of how the Adminis-  
9 trator communicates with 7(a) agents.

10 “(2) DEFINITIONS.—In this subsection:

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

14 “(B) COVERED SERVICES.—The term ‘cov-  
15 ered services’ means—

16 “(i) assistance with completing an ap-  
17 plication for a loan under section 7(a) (in-  
18 cluding preparing a business plan, cash  
19 flow projections, financial statements, and  
20 related documents); or

21 “(ii) consulting, broker, or referral  
22 services with respect to a loan under sec-  
23 tion 7(a).”.