

116TH CONGRESS
2^D SESSION

H. R. 6078

AN ACT

To amend the Small Business Act to increase transparency and to enhance the use of microloans in rural areas, 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 “Microloan Trans-
3 parency and Accountability Act of 2020”.

4 **SEC. 2. ASSISTANCE FOR INTERMEDIARIES SERVING**
5 **RURAL AREAS.**

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

8 (1) by amending paragraph (4)(C)(i) to read as
9 follows:

10 “(i) Each intermediate shall be eligi-
11 ble to receive a grant equal to 5 percent of
12 the total outstanding balance of loans
13 made to the intermediary under this sub-
14 section, in addition to grants made under
15 subparagraph (A), if the intermediary has
16 either—

17 “(I) a portfolio of loans made
18 under this subsection that averages
19 not more than \$10,000 during the pe-
20 riod of the intermediary’s participa-
21 tion in the program;

22 “(II) a portfolio of loans made
23 under this subsection of which not
24 less than 25 percent are made to
25 small business concerns located in or

1 owned by one or more residents of an
2 economically distressed area; or

3 “(III) a portfolio of loans made
4 under this subsection of which not
5 less than 25 percent is serving rural
6 areas during the period of the
7 intermediary’s participation in the
8 program.”; and

9 (2) in paragraph (11)—

10 (A) in subparagraph (C)(ii), by striking all
11 after the semicolon and inserting “and”; and

12 (B) by striking all after subparagraph (C),
13 and inserting the following:

14 “(D) the term ‘economically distressed
15 area’, as used in paragraph (4), means a county
16 or equivalent division of local government of a
17 State in which the small business concern is lo-
18 cated, in which, according to the most recent
19 data available from the Bureau of the Census,
20 Department of Commerce, not less than 40 per-
21 cent of residents have an annual income that is
22 at or below the poverty level.”.

23 **SEC. 3. PORTFOLIO RISK ANALYSIS OF MICROLOANS.**

24 Section 7(m)(10) of the Small Business Act (15
25 U.S.C. 636(m)(10)) is amended—

1 (1) by redesignating subparagraphs (A) through
2 (F) as clauses (i) through (vi), respectively, and ad-
3 justing the margins accordingly;

4 (2) by amending clause (iv), as so redesignated,
5 to read as follows:

6 “(vi) the number, amount, and per-
7 centage of microloans made by inter-
8 mediaries to small business concerns—

9 “(I) that went into default in the
10 previous year; and

11 “(II) that were charged off in the
12 previous year by such inter-
13 mediaries;”;

14 (3) in clause (vi), as so redesignated, by strik-
15 ing “and” at the end;

16 (4) by redesignating subparagraph (G) as
17 clause (xviii), and adjusting the margin accordingly;

18 (5) by striking “On November 1, 1995,” and all
19 that follows through “the following:” and inserting
20 the following:

21 “(A) IN GENERAL.—Beginning on Feb-
22 ruary 1, 2021, and annually thereafter, the Ad-
23 ministrators shall submit to the Committee on
24 Small Business and Entrepreneurship of the
25 Senate and the Committee on Small Business

1 of the House of Representatives, and make
2 available to the public on the website of the Ad-
3 ministration, a report on the effectiveness of
4 the microloan program during the fiscal year
5 preceding the date of the report. Such report
6 shall include—”;

7 (6) in subparagraph (A), as so designated, by
8 inserting after clause (vi) the following new clauses:

9 “(vii) the number and type of enforce-
10 ment actions taken by the Administrator
11 against noncompliant intermediaries;

12 “(viii) an analysis of compliance by
13 intermediaries with the credit availability
14 requirements of paragraph (3)(E) for loans
15 in an amount greater than \$20,000;

16 “(ix) the extent to which microloans
17 are provided to small business concerns in
18 rural areas;

19 “(x) the number of underserved bor-
20 rowers, as defined by the Administration,
21 participating in the microloan program;

22 “(xi) the average rate of interest for
23 each microloan;

24 “(xii) the average amount of fees
25 charged for each microloan;

1 “(xiii) the average size of each
2 microloan, including—

3 “(I) the number of loans made in
4 an amount greater than \$20,000; and

5 “(II) the average size and
6 charge-off rate of such loans;

7 “(xiv) the subsidy cost to the Admin-
8 istration;

9 “(xv) the number and percentage of
10 microloans that were made to refinance
11 other loans;

12 “(xvi) the number and percentage of
13 microloans made to new program partici-
14 pants and the number and percentage of
15 microloans made to previous program par-
16 ticipants;

17 “(xvii) the average amount of tech-
18 nical assistance grant monies spent on
19 each loan; and”;

20 (7) by adding at the end the following:

21 “(B) PRIVACY.—Each report submitted
22 under subparagraph (A) shall not contain any

1 personally identifiable information of any bor-
2 rower.”.

Passed the House of Representatives September 14,
2020.

Attest:

Clerk.

116TH CONGRESS
2^D SESSION

H. R. 6078

AN ACT

To amend the Small Business Act to increase transparency and to enhance the use of microloans in rural areas, and for other purposes.