

117TH CONGRESS
1ST SESSION

S. 2690

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

IN THE SENATE OF THE UNITED STATES

AUGUST 10, 2021

Mr. SCOTT of South Carolina (for himself and Mr. HICKENLOOPER) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To require the Small Business Administration to license new 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 SMALL BUSINESS LENDING COMPANIES.**
2 **NIES.**

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

6 “(17) LICENSING OF SMALL BUSINESS LENDING COMPANIES.—

7
8 “(A) IN GENERAL.—The Administration
9 shall authorize lending institutions and other
10 entities, including small business lending companies,
11 non-Federally regulated lenders, and
12 non-depository lending institutions, in addition
13 to banks to make loans authorized under this
14 subsection.

15 “(B) CRITERIA.—In authorizing lending
16 institutions and other entities under subparagraph
17 (A), the Administration shall ensure that
18 each such institution or other entity—

19 “(i) provides an independent audit by
20 a third party or internal independent audit
21 department that examines adherence to all
22 applicable Federal anti-money laundering,
23 terrorist financing, sanctions, and financial
24 crimes laws and regulations; and

25 “(ii) has in place a compliance program
26 that is designed to be in conformance

1 with all relevant anti-money laundering
2 laws and regulations expectations described
3 in the Federal Financial Institutions Ex-
4 amination Council Bank Secrecy Act/Anti-
5 Money Laundering Examination Manual
6 and other regulatory guidance, including—

7 “(I) an annual financial crimes
8 risk assessment;

9 “(II) designation of an anti-
10 money laundering Officer;

11 “(III) a customer identification
12 program;

13 “(IV) customer due diligence and
14 enhanced due diligence;

15 “(V) suspicious activity moni-
16 toring and reporting;

17 “(VI) information sharing;

18 “(VII) record retention;

19 “(VIII) sanctions implemented by
20 the Office of Foreign Assets Control;

21 “(IX) annual employee training,
22 including general training and job-
23 specific training; and

24 “(X) monitoring and testing.

1 “(C) PROHIBITION ON MORATORIUM.—The
2 Administration may not impose a moratorium
3 on the licensing of lending institutions described
4 in subparagraph (A).

5 “(D) NEW APPLICANTS.—Not later than 1
6 year after the date of enactment of the Expand-
7 ing Access to Affordable Credit for Small Busi-
8 nesses Act, the Administration shall begin ac-
9 cepting applications for the licensing of lending
10 institutions described in subparagraph (A).

11 “(E) REPORTS.—Not later than 1 year
12 after the date of enactment of the Expanding
13 Access to Affordable Credit for Small Busi-
14 nesses Act, and annually thereafter, the Admin-
15 istration shall submit to the Committee on
16 Small Business and Entrepreneurship of the
17 Senate and the Committee on Small Business
18 of the House of Representatives a report that
19 includes, with respect to the year preceding the
20 report—

21 “(i) the number of lending institutions
22 and other entities described in subpara-
23 graph (A) that applied to make loans
24 under this subsection;

1 “(ii) the number of lending institu-
 2 tions and other entities described in sub-
 3 paragraph (A) that the Administration ap-
 4 proved to make loans under this sub-
 5 section;

6 “(iii) if the application of a lending
 7 institution or other entity described in sub-
 8 paragraph (A) was denied, the reason why
 9 for each such denial;

10 “(iv) the number and total amount of
 11 loans made by under this subsection by
 12 lending institutions and other entities de-
 13 scribed in subparagraph (A); and

14 “(v) demographic information on the
 15 recipients of the loans described in clause
 16 (iv).

17 “(F) RULE OF CONSTRUCTION.—Nothing
 18 in this paragraph shall be construed to provide
 19 authority to the Administration to regulate
 20 small business lending companies, non-Feder-
 21 ally regulated lenders, or non-depository lending
 22 institutions.”.

23 (b) FUNDING.—There is authorized to be appro-
 24 priated for the Office of Credit Risk Management of the
 25 Small Business Administration such sums as may be nec-

1 essary to conduct oversight of lenders authorized under
2 section 7(a)(17) of the Small Business Act (15 U.S.C.
3 636(a)(17)).

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