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119TH CONGRESS
2D SESSION

H. R. 10375

To amend the Small Business Investment Act of 1958 to improve the loan guaranty program, enhance the ability of small manufacturers to access affordable capital, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 2026

Ms. VELÁZQUEZ (for herself and Mr. WILLIAMS of Texas) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Investment Act of 1958 to improve the loan guaranty program, enhance the ability of small manufacturers to access affordable capital, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "504 Modernization and Small Manufacturer Enhancement Act of 2026".

SEC. 2. ADDITIONS TO POLICY GOALS FOR THE DEVELOPMENT COMPANY PROGRAM.

Section 501(d)(3) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)) is amended—

(1) by redesignating subparagraphs (A) through (L) as subparagraphs (B) through (M), respectively;

(2) by inserting before subparagraph (B), as so redesignated, the following:

''(A) workforce development through work-based or work-integrated training, which shall be satisfied by demonstrating that a small business concern that is a subject of the project has—

''(i) a documented in-house training program, the duration of which is not shorter than 12 weeks; or

''(ii) entered into a contract with an entity—

''(I) to provide trained applicants for any open position of employment at the small business concern; and

''(II) that ensures that any applicant provided to the small business concern under subclause (I) has undergone not fewer than 12 weeks of training that is relevant to the open position described in that subclause,'';

(3) in subparagraph (L), as so redesignated, by striking ''producers, or'' and inserting ''producers,'';

(4) in subparagraph (M), as so redesignated, by striking the period at the end and inserting a comma;

(5) by inserting after subparagraph (M), as so redesignated, the following:

''(N) aid revitalizing of an area for which a disaster has been declared or determined under subparagraph (A), (B), (C), or (E) of section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) during the five-year period beginning on the date on which the disaster was declared or determined under such subparagraph, except that the Administrator may extend such period if, for each extension of such period, the Administrator determines that such extension will facilitate the recovery of such area from such disaster and such extension is for a period of one year, or

''(O) expansion of small business concerns with 10 or fewer employees.''; and

(6) in the flush text following subparagraph (O), as added by paragraph (5), by striking ‘‘subparagraphs (J) and (K)’’ and inserting ‘‘subparagraphs (K) and (L)’’.

SEC. 3. IMPROVEMENTS TO 504 LOAN CLOSING PROCEDURE.

Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended—

(1) in section 502 (15 U.S.C. 696), by adding at the end the following:

‘‘(8) CLOSING.—An accredited lender certified company may take any of the following actions to facilitate the closing of a loan made under this section:

‘‘(A) Reallocate the cost of the project with respect to which the loan is made in an amount that is not more than 10 percent of the overall cost of the project.

‘‘(B) Make typographical corrections to any name that is applicable to the loan, including the name of any borrower, guarantor, eligible passive company described in subparagraph (C)(i), and operating company described in subparagraph (C)(i).

‘‘(C) Add any of the following to receive proceeds of the loan:

"(i) An eligible passive company, as defined by the Administrator.

"(ii) If an eligible passive company is added under clause (i), an operating company with respect to that eligible passive company.

"(D) Make typographical corrections to the address of any property with respect to which the loan is made.

"(E) Make typographical corrections to the name of any interim lender, third-party lender, or provider of funds described in subclause (I), (II), or (III) of section 502(3)(B)(i).

"(F) Make a guarantor a co-borrower or a co-borrower a guarantor.

"(G) Add a guarantor that does not have any ownership interest in the business seeking financing or project being financed under this section.

"(H) Reduce the amount of debt owed by the borrower before the closing as a result of regularly scheduled payments.

"(I) Reduce the cost of the project with respect to which the loan is made.

"(9) ACCREDITED LENDER CERTIFIED COMPANY DEFINED.—In this section, the term 'accredited lender certified company' means a certified development company that the Administration has designated as an accredited lender under such section 507(b)."; and

(2) by adding at the end the following:

"SEC. 511. CLOSING AND OVERSIGHT.

"(a) SBA DISTRICT COUNSELS.—Beginning on the date that is 180 days after the date of enactment of this section, with respect to the program established under this title, district counsels of the Administration shall be subject to the same requirements, and shall have the same authority and responsibilities, as in effect with respect to that program on the day before the date of enactment of this section, except that—

"(1) the Office of Credit Risk Management of the Administration shall have the responsibility for all duties relating to conducting file reviews of loans reviewed and closed by a designated attorney under this title; and

"(2) district counsels of the Administration shall not have any responsibility relating to the review of closing packages with respect to a loan reviewed and closed by a designated attorney under this title.

"(b) DESIGNATED ATTORNEYS.—For the purposes of this title, the following definitions and requirements shall apply with respect to a designated attorney of a Priority certified development company:

"(1) The term 'designated attorney' means a certified development company attorney that the Administrator has approved to close loans for a Priority certified development company.

"(2) The term 'Priority certified development company' means a certified development company certified to participate on a permanent basis in the program to provide financings established under this title and that the Administrator has approved to participate in an expedited loan and debenture closing process.

"(3) A designated attorney shall be responsible for certifying documents relating to the closing of a loan made under this title if such designated attorney submits to the Administrator evidence that such designated attorney—

"(A) is licensed and in good standing to practice law in the State in which such loan is being closed;

“(B) has professional malpractice insurance coverage; and

“(C) has attended a training course on closing loans made under this title that is approved by the Administration.”.

SEC. 4. SBA MARKETING AND OUTREACH.

(a) IN GENERAL.—Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.), as amended by this Act, is further amended by adding at the end the following:

“SEC. 512. SBA MARKETING AND OUTREACH.

“The Administrator shall develop and implement a marketing and outreach plan with respect to the availability of loans available under this title and may partner with 1 or more resource partners to implement such plan.”.

(b) INITIAL PLAN.—The Administrator of the Small Business Administration shall begin implementing the plan required under section 512 of title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.), as added by subsection (a), not later than 1 year after the date of the enactment of this Act.

SEC. 5. LEASING RULES FOR NEW FACILITIES AND EXISTING BUILDINGS.

(a) IN GENERAL.—Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended by striking paragraphs (4) and (5) and inserting the following:

"(4) NEW FACILITIES.—

"(A) IN GENERAL.—With respect to a project to construct a new facility, an assisted small business concern may permanently lease not more than 20 percent of the project to commercial or residential tenants if such concern—

"(i) permanently occupies and uses not less than 60 percent of the project;

"(ii) plans to occupy and use an additional portion of the project that is not permanently leased not later than 3 years after receipt of assistance under this section; and

"(iii) plans to permanently occupy and use 80 percent of the project not later than 10 years after receipt of such assistance.

"(B) SMALL MANUFACTURERS.—With respect to an assisted small business concern that is a small manufacturer (as defined in section

501(e)(6)), subparagraph (A)(i) shall apply with '50 percent' substituted for '60 percent'.

"(5) EXISTING BUILDINGS.—With respect to a project to acquire, renovate, or reconstruct an existing building, the following shall apply:

"(A) OCCUPANCY REQUIREMENTS.—The assisted small business concern may permanently lease not more than 50 percent of the project if the concern permanently occupies and uses not less than 50 percent of the project.

"(B) EXCEPTION.—The assisted small business concern may permanently lease more than 50 percent of the project, but not more than 66 percent of the project, to commercial or residential tenants if—

"(i) such concern—

"(I) has occupied and used the existing building for a consecutive 12-month period before submitting an application for assistance under this section;

"(II) agrees to permanently use less than 50 percent of the existing building and permanently lease more than 50 percent for a consecutive 12-

month period after receiving such assistance; and

"(III) affirms that the existing building is appropriate for current and reasonably anticipated needs; and

"(ii) the development company assisting such project—

"(I) provides written notice to the Administrator on the date on which the development company closes the loan for such project; and

"(II) once each year during the first 5 years of the loan, and once every 2 years for the remainder of the loan—

"(aa) conducts an examination of the assisted small business concern to ensure the concern is not a real estate development business; and

"(bb) files with the Administrator an anti-investor certification signed by the development company and the assisted small business concern.

"(C) LEASE TERM.—Any residential lease made under this paragraph shall be for a term of not more than 1 year, and any commercial lease made under this paragraph shall be for a term of not more than 5 years.".

(b) REPORT.—Not later than 5 years after the date of enactment of this Act, the Administrator of the Small Business Administration shall submit to Congress a report analyzing the impact of the amendments made by this section on access to capital for small business concerns (as defined in section 3 of the Small Business Act (15 U.S.C. 632)).

SEC. 6. CREDIT ELSEWHERE EXEMPTION.

Section 7(a)(1)(A) of the Small Business Act (15 U.S.C. 636(a)(1)(A)) is amended—

(1) in clause (i), by striking "The Administrator" and inserting "Except as provided in clause (iii), the Administrator"; and

(2) by adding at the end the following:

"(iii) EXEMPTION.—Clause (i) shall not apply to loans under paragraph (13) of this subsection, loans or other financings under the Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.), or any other loan made by the Administrator to a certified development company.''.

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