

# 504 MODERNIZATION AND SMALL MANUFACTURER ENHANCEMENT ACT OF 2021

Ms. DAVIDS of Kansas. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 1490) 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.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1490

*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 2021”.

## 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) by amending subparagraph (D) (as so redesignated) to read as follows:

“(D) expansion of minority-owned, employee-owned, or women-owned business development.”;

(4) in subparagraph (L) (as so redesignated), by striking “producers, or” and inserting “producers.”;

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

(6) by inserting after subparagraph (M) the following new subparagraphs:

“(N) enhanced ability for small business concerns to reduce costs by using energy efficient products and generating renewable energy,

“(O) aid revitalizing of any 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, or

“(P) expansion of small business concerns with 10 or fewer employees.”; and

(7) in the flush text following subparagraph (P), as added by paragraph (6), by striking “subparagraphs (J) and (K)” and inserting “subparagraphs (K) and (L)”.

## SEC. 3. INCREASE IN LOAN AMOUNTS FOR MANUFACTURING LOANS.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended—

(1) in the matter preceding paragraph (1), by striking “The Administration” and inserting the following:

“(a) IN GENERAL.—The Administration”;

and

(2) in subsection (a), as so designated—

(A) in paragraph (2)(A)—

(i) in the matter preceding clause (i), by striking “section” and inserting “subsection”;

(ii) in clause (iii), by striking “\$5,500,000” and inserting “\$6,500,000”; and

(B) in paragraph (3)(A), by striking “this section” and inserting “this subsection”.

## SEC. 4. 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, as amended by section 3, by adding at the end the following new subsections:

“(b) CLOSING.—

“(1) AUTHORITY OF CERTAIN DEVELOPMENT COMPANIES.—An accredited lender certified company may take any of the following actions to facilitate the closing of a loan made under subsection (a):

“(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) Correct 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)(ii).

“(C) Form any of the following to receive proceeds of the loan:

“(i) An eligible passive company that complies with section 120.111 of title 13, Code of Federal Regulations, or any successor regulation.

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

“(D) Correct the address of any property with respect to which the loan is made.

“(E) Correct the name of any interim lender or third-party lender.

“(F) Change any third-party lender or interim lender if that lender is a financial institution that is regulated by the Federal Government or a State government.

“(G) Make a guarantor a co-borrower or a co-borrower a guarantor.

“(H) Add a guarantor that does not change ownership with respect to the loan.

“(I) Reduce the amount of standby debt before the closing as a result of regularly scheduled payments.

“(J) Reduce the cost of the project with respect to which the loan is made.

“(2) FEES.—The Administrator shall—

“(A) issue a rule regarding the amount of a closing fee that may be financed in a debenture that is issued by a certified development company to make one or more loans to small business concerns, the proceeds of which are used by that concern for the purposes described in subsection (a), except that such amount shall be not less than \$3,500; and

“(B) periodically update the rule issued under subparagraph (A).

“(3) NO ADVERSE CHANGE AND FINANCIAL STATEMENT.—Before the closing with respect to a loan made under subsection (a), the borrower and any operating company shall—

“(A) make the certification required under section 120.892 of title 13, Code of Federal Regulations, or any successor regulation; and

“(B) submit to the certified development company a financial statement that is not more than 180 days old, which the company shall certify not later than 120 days before the date on which the certified development company issues a debenture with respect to the project to which the loan relates.

“(c) ACCREDITED LENDER CERTIFIED COMPANY DEFINED.—In this section, the term ‘accredited lender certified company’ means a certified development company that meets the requirements under section 507(b), including 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 new section:

## “SEC. 511. CLOSING AND OVERSIGHT.

“(a) SBA DISTRICT COUNSELS.—Beginning on 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 made 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 made under this title.

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

“(1) A designated attorney that meets the requirements determined under paragraph (2) shall be responsible for certifying documents relating to the closing of a loan described in this title.

“(2) The Administrator may determine any continuing education requirements that the designated attorney shall be required to satisfy in order to be permitted to close a loan made under this title.

“(3) If, as of the date of enactment of this section, a certified development company does not have a designated attorney, during the 270-day period beginning on that date of enactment, the certified development company may identify such an attorney, subject to the approval of the Administrator.”.

## SEC. 5. CERTIFIED DEVELOPMENT COMPANY LOANS FOR SMALL MANUFACTURERS.

(a) CONTRIBUTION REQUIREMENT.—Section 502(a)(3)(C) of the Small Business Investment Act of 1958, as designated by section 3, is amended—

(1) by redesignating clauses (i), (ii), (iii), and (iv) as subclauses (I), (II), (III), and (IV), respectively, and adjusting the margins of such subclauses accordingly;

(2) by inserting before subclause (I), as so redesignated, the following:

“(i) for a small business concern that is not a small manufacturer (as defined in section 501(e)(7))—”;

(3) in subclause (III), as so redesignated, by striking “clauses (i) and (ii)” and inserting “subclauses (I) and (II)”;

(4) in subclause (IV) as so redesignated, by striking the period at the end and inserting “; or”;

(5) by adding at the end the following:

“(ii) for a small manufacturer (as defined in section 501(e)(7))—

“(I) at least 5 percent of the total cost of the project financed, if the small business concern has been in operation for a period of 2 years or less;

“(II) at least 5 percent of the total cost of the project financed, if the project involves a limited or single purpose building or structure;

“(III) at least 10 percent of the total cost of the project financed if the project involves

both of the conditions set forth in subclauses (I) and (II); or

“(IV) at least 5 percent of the total cost of the project financed, in all other circumstances, at the discretion of the development company.”.

(b) **CREATION OR RETENTION OF JOBS REQUIREMENT.**—Section 501(e) of the Small Business Investment Act of 1958 (15 U.S.C. 695(e)) is amended—

(1) in paragraph (1), by striking “creates or retains” and all that follows through the period at the end and inserting “creates or retains 1 job for every \$75,000 guaranteed by the Administration, except that the amount is \$150,000 in the case of a project of a small manufacturer.”;

(2) in paragraph (2), by striking “creates or retains” and all that follows through the period at the end and inserting “creates or retains 1 job for every \$75,000 guaranteed by the Administration, except that the amount is \$150,000 in the case of a project of a small manufacturer.”;

(3) by redesignating paragraph (6) as paragraph (7); and

(4) by inserting after paragraph (5) the following:

“(6) For a loan for a project directed toward the creation of job opportunities under subsection (d)(1), the Administrator shall publish on the website of the Administration the number of jobs created or retained under the project as of the date that is 2 years after the completion (as determined based on information provided by the development company) of the project.”.

(c) **COLLATERAL REQUIREMENTS.**—Section 502(a)(3)(E)(i) of the Small Business Investment Act of 1958, as designated by section 3, is amended by adding at the end the following: “Additional collateral shall not be required in the case of a small manufacturer (as defined in section 501(e)(7)).”.

(d) **DEBT REFINANCING.**—Section 502(a)(7)(B) of the Small Business Investment Act of 1958, as designated by section 3, is amended—

(1) in the matter preceding clause (i) by inserting “(or in the case of a small manufacturer (as defined in section 501(e)(7)), that does not exceed 100 percent of the project cost of the expansion)” after “cost of the expansion”;

(2) in clause (v), by adding “and” at the end;

(3) by striking clause (vi); and

(4) by redesignating clause (vii) as clause (vi).

(e) **AMOUNT OF GUARANTEED DEBENTURE.**—Section 503(a) of the Small Business Investment Act of 1958 (15 U.S.C. 697(a)) is amended by adding at the end the following:

“(5) Any debenture issued by a State or local development company to a small manufacturer (as defined in section 501(e)(7)) with respect to which a guarantee is made under this subsection shall be in an amount equal to not more than 50 percent of the cost of the project with respect to which such debenture is issued, without regard to whether good cause has been shown.”.

#### **SEC. 6. ASSISTANCE FOR SMALL MANUFACTURERS.**

Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.), as amended by section 4(2), is further amended by adding at the end the following new section:

#### **“SEC. 512. ASSISTANCE FOR SMALL MANUFACTURERS.**

“(a) **IN GENERAL.**—The Administrator shall ensure that each district office of the Administration partners with not less than 1 resource partner to provide training to small business concerns assigned a North American Industry Classification System code for manufacturing on obtaining assistance under the program carried out under this title, in-

cluding with respect to the application process under that program and partnering with development companies under this title.

“(b) **RESOURCE PARTNER DEFINED.**—In this section, the term ‘resource partner’ means—

“(1) a small business development center (defined in section 3 of the Small Business Act);

“(2) a women’s business center (described under section 29 of such Act);

“(3) a chapter of the Service Corps of Retired Executives (established under section 8(b)(1)(B) of such Act); and

“(4) a Veteran Business Outreach Center (described under section 32 of such Act).”.

#### **SEC. 7. LEASING RULES FOR NEW FACILITIES AND EXISTING BUILDINGS.**

(a) **IN GENERAL.**—Section 502(a) of the Small Business Investment Act of 1958, as designated by section 3, is amended by striking paragraphs (4) and (5) and inserting the following new paragraphs:

“(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 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 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 com-

mercial 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 the 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 under section 3 of the Small Business Act (15 U.S.C. 632)), and recommending whether similar notice, examination, and certifications requirements should be made to the program established under section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

The **SPEAKER pro tempore**. Pursuant to the rule, the gentlewoman from Kansas (Ms. DAVIDS) and the gentleman from Missouri (Mr. LUETKEMEYER) each will control 20 minutes.

The Chair recognizes the gentlewoman from Kansas.

#### **GENERAL LEAVE**

Ms. DAVIDS of Kansas. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the measure under consideration.

The **SPEAKER pro tempore**. Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

Ms. DAVIDS of Kansas. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I rise in support of the bill before us today, H.R. 1490, the 504 Modernization and Small Manufacturer Enhancement Act of 2021.

504 loans are an important SBA capital access product, allowing small businesses to affordably purchase machinery and equipment, acquire real estate, or take on other fixed asset costs.

The loan has a three-party structure where an SBA-backed 504 lender provides 40 percent of the financing, a third-party lender provides 50 percent of the financing, and a small business borrower provides 10 percent. This unique structure has helped thousands of entrepreneurs expand their businesses and hire more employees, especially businesses with significant fixed costs.

Last Congress, the Committee on Small Business's Subcommittee on Oversight, Investigations, and Regulations held a hearing to review the current status of the 504 loan program. We heard from a panel of 504 lenders who reported concerns with the loan closing process, specifically that closing delays have caused loans to fall through and businesses to lose out on affordable financing.

To that end, Ms. CRAIG put forth a strong proposal to streamline the 504 loan closing process and make compliance easier for CDCs, borrowers, and third-party lenders, who are essential to the 504 loan structure.

Two of the provisions of that bill, which passed unanimously through our committee and the House, were also included in the Economic Aid Act that was enacted in December.

The version of the bill before us today is identical to the version we passed last Congress, but for those provisions included in the Economic Aid Act.

The changes under consideration today continue to address the issues we have heard in our engagement with 504 lenders and their borrowers in our districts, and I am pleased we are taking a vote on them today.

□ 1445

These include increasing the maximum loan size for small manufacturers from \$5.5 million to \$6.5 million and easing the job retention or creation requirement for them, which helps make 504 loans easier to access.

We should be doing everything that we can to make navigating and utilizing this program as simple as possible. As a member of the Small Business Committee, I am committed to helping our small businesses and manufacturers weather this current crisis and to helping Main Street come back even stronger.

It is why I fought to secure \$10 billion for the Defense Production Act in the American Rescue Plan Act to ramp up domestic production of PPE and other critical supplies. It is also why I introduced the SUPPLIES Act, which would promote the manufacturing of PPE and medical supplies by small businesses here in the U.S. I am proud to be a cosponsor of the bill to help small businesses and manufacturers so they can help us.

I want to thank the gentlewoman from Minnesota and the gentlewoman from California for their hard work, and I applaud their efforts to make bipartisan improvements to this valuable program.

I recommend a “yes” vote to all my colleagues in the House.

Madam Speaker, I reserve the balance of my time.

Mr. LUETKEMEYER. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I rise in support of H.R. 1490, the 504 Modernization and Small Manufacturer Enhancement Act of 2021.

When capital options are limited for a small business, the SBA offers numerous lending programs, including the 504/Certified Development Company Loan Program. Also known as a 504/CDC loan, the program provides long-term and fixed-rate financing that primarily supports purchases of real estate and machinery.

Due to the program's unique cost structure that includes a small business, a lender, and a certified development company, the process is often lengthy and cumbersome. H.R. 1490 takes important steps to streamline the closing process and ensures the Nation's job creators move through the program in a smooth and efficient manner.

Additionally, H.R. 1490 enhances the 504/CDC loan program for America's

small manufacturers. By increasing the maximum loan amount for small manufacturers, H.R. 1490 ensures these small businesses have the capital to expand and create jobs in Missouri and beyond.

Enhancements to lending resources and tools, such as those outlined in H.R. 1490, is exactly what our small businesses, entrepreneurs, and startups need.

I want to highlight the work of Ms. CRAIG from Minnesota, Mrs. KIM from California, Mr. CHABOT from Ohio, and Ms. DAVIDS from Kansas on this important matter. I would also like to thank the chairwoman for her efforts as well.

The changes in H.R. 1490 will improve delivery of the 504/CDC loan program for all of America's small businesses. I urge all my colleagues to support H.R. 1490.

Madam Speaker, I reserve the balance of my time.

Ms. DAVIDS of Kansas. Madam Speaker, I yield such time as she may consume to the gentlewoman from Minnesota (Ms. CRAIG).

Ms. CRAIG. Madam Speaker, for over a year now, small businesses in my district and across the country have struggled to make it through this public health and economic crisis. As a result of this pandemic, prospective small business owners face a steeper climb than ever before.

We must do more to make it easy to start, operate, and expand a small business in our communities. One of the most important ways that we can do this is by ensuring that the Small Business Administration's loan programs are operating as effectively and efficiently as possible.

Today, we have two bills that would do exactly that, including my bipartisan bill, the 504 Modernization and Small Manufacturer Enhancement Act. These crucial bipartisan pieces of legislation will not only increase the amount of capital available to manufacturers, but will actually ease the process of getting a loan because, in the midst of a severe economic crisis, our businessowners simply cannot be bogged down in red tape and legalese.

Taken together, these bills will help to promote the economic development of small manufacturers, creating good paying jobs in growing industries all across this country.

To demonstrate just how impactful these loans can be, I want to tell you about Nate Bry, a lifelong resident of Rosemount, Minnesota. Thirteen years ago, Nate founded a sports apparel company called Custom Apparel Inc. in the basement of his home. After years of hard work, Nate felt that it was finally time to reach a turning point, but he didn't have the resources he needed to take his business to the next level. When Nate received a 504 loan, he was immediately able to invest in his company, building a facility to manufacture his products right in his hometown, creating good-paying jobs in the very same community where he grew up.

Nate's story, like so many others, is proof that the 504 loan program can change the lives of small business owners in this country. This program ensures that small businesses like Nate's are able to succeed, bringing home the job growth and economic stability that our communities are striving for, especially as we emerge from this devastating economic crisis.

Because these are not simply businesses. These are livelihoods, family traditions, and priceless contributions to our communities, and we have an opportunity to support them on a bipartisan basis by taking action today.

Madam Speaker, I urge all of my colleagues to come together and join me in supporting these bills and businesses across our Nation.

Mr. LUETKEMEYER. Madam Speaker, I yield such time as she may consume to the gentlewoman from California (Mrs. KIM), someone who believes in cutting red tape to help ease the regulatory burden on all our small businesses.

Mrs. KIM of California. Madam Speaker, I thank Representative LUETKEMEYER for his leadership in the House Small Business Committee. I would also like to extend my special thanks to Chairwoman VELÁZQUEZ for putting forward these very important bills.

Madam Speaker, I rise in strong support of H.R. 1490, the 504 Modernization and Small Manufacturer Enhancement Act of 2021.

I was proud to join my colleagues, Representatives CRAIG, DAVIDS, and CHABOT, to introduce this bipartisan bill to modernize the SBA's 504 loan program. The program was established with the mission to incentivize economic growth and job creation by providing small businesses with affordable long-term financing.

Our bill will provide the SBA with the tools to assist small businesses as they recover during COVID-19. H.R. 1490 would expand eligibility of 504 loans for small businesses that have focused on workforce development, revitalized areas hit hard by the pandemic or disaster areas, and implemented energy-efficient products, or have 10 or fewer employees. These additions will strengthen the 504 loan program for the long run and help small businesses in my community access much-needed capital.

The bill will also streamline the closing process of 504 loans. Specifically, H.R. 1490 allows Certified Development Companies to rectify documentation without the implicit approval of the SBA. These corrections will allow small businesses to make investments in their community or hire more workers without delay.

Lastly, the bill would support our small manufacturers to ensure that our community's manufacturing base remains strong and competitive during these difficult times.

Madam Speaker, I urge my colleagues on both sides of the aisle to support H.R. 1490.

Ms. DAVIDS of Kansas. Madam Speaker, I reserve the balance of my time.

Mr. LUETKEMEYER. Madam Speaker, I yield such time as she may consume to the gentlewoman from New York (Ms. TENNEY), a small business owner herself who knows the importance of cutting red tape and how it can be linked to success of a small business.

Ms. TENNEY. Madam Speaker, I thank Chairwoman VELÁZQUEZ and Ranking Member LUETKEMEYER for bringing forth this great bipartisan bill.

I rise today in support of H.R. 1490, the 504 Modernization and Small Manufacturer Enhancement Act. I am proud to cosponsor this bill with my colleagues from both sides of the aisle.

This bipartisan legislation improves the loan guaranty program and helps small manufacturers access capital by streamlining the loan process and providing support to manufacturers who apply for the loan from local Small Business Administration district offices.

As small businesses across the country and throughout New York's 22nd District continue to struggle with the devastating impacts of COVID-19, we must provide targeted support to our small businesses and manufacturers, and H.R. 1490 does just that.

This legislation increases the maximum loan amount to \$6.5 million and requires SBA district offices to partner with SBA resource partners to provide entrepreneurial development assistance to small manufacturers, which are abundant in central New York.

This bill will also work to lower costs and streamline numerous administrative processes for small manufacturers, giving these businesses the tools and support they need to keep their doors open, something that has been said to me repeatedly through numerous townhalls with the small business community around the region.

As a member of the House Small Business Committee and, as the ranking member indicated, the owner of a small manufacturing facility that is in its 75th year in central New York, I am pleased to cosponsor H.R. 1490 and the other three small business bills on the floor today. These four bills will provide targeted relief to small businesses across New York's 22nd District and throughout the Nation. At a time when Americans seek true bipartisanship from its elected officials, I am honored to be part of that effort.

Madam Speaker, I thank Representative CRAIG from Minnesota and Representative KIM from California for their leadership on this issue. I look forward to continuing to work with them on this matter.

Ms. DAVIDS of Kansas. Madam Speaker, I continue to reserve the balance of my time.

Mr. LUETKEMEYER. Madam Speaker, we have one more gentleman coming, but there is a long path between

his office and here. Apparently he is not here on time, so I am prepared to close.

Madam Speaker, as our economy continues to recover and as our small businesses rebuild, existing Federal Government programs, tools, and resources need to be ready to provide assistance. Processes that are slow and unwieldy must be examined and retooled to ensure they are working on behalf of small businesses and the American public.

H.R. 1490, the 504 Modernization and Small Manufacturer Enhancement Act of 2021, takes these steps to streamline the program while ensuring it is a viable option for small businesses as they recover and grow.

Additionally, H.R. 1490 places a direct focus on our Nation's small manufacturers. We must continue to work in a bipartisan manner to ensure these programs are ready for recovery.

With that, I urge my colleagues to support H.R. 1490.

Madam Speaker, I yield back the balance of my time.

Ms. DAVIDS of Kansas. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, the SBA's 504 loan program has made a significant impact on our Main Streets in its 62-year history.

In addition to partnering with banks to extend affordable fixed-asset capital, most CDCs in the program are also actively involved in promoting local economic development, especially for underserved business communities.

I am proud of the opportunity we have today to continue supporting the work of CDCs. I want to applaud the work by the gentlewoman from Minnesota, the gentlewoman from California, and their bipartisan effort on the 504 program.

I encourage all of my colleagues to vote "yes."

Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Kansas (Ms. DAVIDS) that the House suspend the rules and pass the bill, H.R. 1490.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. WEBER of Texas. Madam Speaker, on that I demand the yeas and nays.

The SPEAKER pro tempore. Pursuant to section 3(s) of House Resolution 8, the yeas and nays are ordered.

Pursuant to clause 8 of rule XX, further proceedings on this motion are postponed.

#### 504 CREDIT RISK MANAGEMENT IMPROVEMENT ACT OF 2021

Ms. DAVIDS of Kansas. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 1482) to amend the Small Business Act to enhance the Office of Credit Risk Management, to

require the Administrator of the Small Business Administration to issue rules relating to environmental obligations of certified development companies, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1482

*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 Credit Risk Management Improvement Act of 2021".

#### SEC. 2. ENHANCEMENTS TO THE OFFICE OF CREDIT RISK MANAGEMENT.

Section 47 of the Small Business Act (15 U.S.C. 657t) is amended—

(1) by striking subsection (b) and inserting the following:

“(b) DUTIES.—The Office—

“(1) shall be responsible for—

“(A) supervising—

“(i) any lender making loans under section 7(a) (in this section referred to as a ‘7(a) lender’);

“(ii) any Lending Partner or Intermediary participant of the Administration in a lending program of the Office of Capital Access of the Administration;

“(iii) any small business lending company or a non-Federally regulated lender without regard to the requirements of section 23; and

“(iv) any certified development company described under the program established under title V of the Small Business Investment Act of 1958 (referred to in this section as a ‘certified development company’), as provided in subsection (k); and

“(B) conducting file reviews with respect to loan closings under the program established under title V of the Small Business Investment Act of 1958, as provided in subsection (j); and

“(2) may—

“(A) take formal and informal enforcement actions against a certified development company, as provided in subsection (l); and

“(B) charge a certified development company a fee, as provided in subsection (m).”;

and

(2) by adding at the end the following new subsections:

“(j) LOAN CLOSING FILE REVIEWS.—With respect to a loan closing under the program established under title V of the Small Business Investment Act of 1958, the Office shall be responsible for the following:

“(1) Conducting a complete file review of a random selection of all loan closings, the number, frequency, and conduct of which shall be at the discretion of the Office, to ensure program integrity, including a review of the items listed on the Checklist for Complete File Review contained in the appropriate form of the Administration.

“(2) Not later than 60 days after the date on which each complete file review conducted under paragraph (1) is completed, preparing a written report documenting the results of that review, which the Office shall send to—

“(A) the applicable certified development company;

“(B) the designated attorney that closed the loan for the certified development company; and

“(C) the Commercial Loan Service Center.

“(3) If a complete file review conducted under paragraph (1) reveals a deficiency that could result in a loss to the Administration, requiring the applicable certified development company or the designated attorney to promptly correct the deficiency.

“(k) SUPERVISION OF CERTIFIED DEVELOPMENT COMPANIES.—With respect to the supervision of certified development companies—