

[118H10246]

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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

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

Ms. VELÁZQUEZ introduced the following bill; which was referred to the Committee on _____

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.

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 “504 Modernization and
5 Small Manufacturer Enhancement Act of 2026”.

1 **SEC. 2. ADDITIONS TO POLICY GOALS FOR THE DEVELOP-**
2 **MENT COMPANY PROGRAM.**

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

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

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

9 “(A) workforce development through work-
10 based or work-integrated training, which shall
11 be satisfied by demonstrating that a small busi-
12 ness concern that is a subject of the project
13 has—

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

17 “(ii) entered into a contract with an
18 entity—

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

22 “(II) that ensures that any appli-
23 cant provided to the small business
24 concern under subclause (I) has un-
25 dergone not fewer than 12 weeks of

1 training that is relevant to the open
2 position described in that subclause,”;

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

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

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

10 “(N) aid revitalizing of an area for which
11 a disaster has been declared or determined
12 under subparagraph (A), (B), (C), or (E) of
13 section 7(b)(2) of the Small Business Act (15
14 U.S.C. 636(b)(2)) during the five-year period
15 beginning on the date on which the disaster was
16 declared or determined under such subpara-
17 graph, except that the Administrator may ex-
18 tend such period if, for each extension of such
19 period, the Administrator determines that such
20 extension will facilitate the recovery of such
21 area from such disaster and such extension is
22 for a period of one year, or

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

1 (6) in the flush text following subparagraph
2 (O), as added by paragraph (5), by striking “sub-
3 paragraphs (J) and (K)” and inserting “subpara-
4 graphs (K) and (L)”.

5 **SEC. 3. IMPROVEMENTS TO 504 LOAN CLOSING PROCE-**
6 **DURE.**

7 Title V of the Small Business Investment Act of 1958
8 (15 U.S.C. 695 et seq.) is amended—

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

11 “(8) CLOSING.—An accredited lender certified
12 company may take any of the following actions to fa-
13 cilitate the closing of a loan made under this section:

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

18 “(B) Make typographical corrections to
19 any name that is applicable to the loan, includ-
20 ing the name of any borrower, guarantor, eligi-
21 ble passive company described in subparagraph
22 (C)(i), and operating company described in sub-
23 paragraph (C)(i).

24 “(C) Add any of the following to receive
25 proceeds of the loan:

1 “(i) An eligible passive company, as
2 defined by the Administrator.

3 “(ii) If an eligible passive company is
4 added under clause (i), an operating com-
5 pany with respect to that eligible passive
6 company.

7 “(D) Make typographical corrections to the
8 address of any property with respect to which
9 the loan is made.

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

14 “(F) Make a guarantor a co-borrower or a
15 co-borrower a guarantor.

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

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

23 “(I) Reduce the cost of the project with re-
24 spect to which the loan is made.

1 “(9) ACCREDITED LENDER CERTIFIED COM-
2 PANY DEFINED.—In this section, the term ‘accred-
3 ited lender certified company’ means a certified de-
4 velopment company that the Administration has des-
5 ignated as an accredited lender under such section
6 507(b).”; and

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

8 **“SEC. 511. CLOSING AND OVERSIGHT.**

9 “(a) SBA DISTRICT COUNSELS.—Beginning on the
10 date that is 180 days after the date of enactment of this
11 section, with respect to the program established under this
12 title, district counsels of the Administration shall be sub-
13 ject to the same requirements, and shall have the same
14 authority and responsibilities, as in effect with respect to
15 that program on the day before the date of enactment of
16 this section, except that—

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

22 “(2) district counsels of the Administration
23 shall not have any responsibility relating to the re-
24 view of closing packages with respect to a loan re-

1 viewed and closed by a designated attorney under
2 this title.

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

7 “(1) The term ‘designated attorney’ means a
8 certified development company attorney that the Ad-
9 ministrator has approved to close loans for a Pri-
10 ority certified development company.

11 “(2) The term ‘Priority certified development
12 company’ means a certified development company
13 certified to participate on a permanent basis in the
14 program to provide financings established under this
15 title and that the Administrator has approved to
16 participate in an expedited loan and debenture clos-
17 ing process.

18 “(3) A designated attorney shall be responsible
19 for certifying documents relating to the closing of a
20 loan made under this title if such designated attor-
21 ney submits to the Administrator evidence that such
22 designated attorney—

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

1 “(B) has professional malpractice insur-
2 ance coverage; and

3 “(C) has attended a training course on
4 closing loans made under this title that is ap-
5 proved by the Administration.”.

6 **SEC. 4. SBA MARKETING AND OUTREACH.**

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

11 **“SEC. 512. SBA MARKETING AND OUTREACH.**

12 “The Administrator shall develop and implement a
13 marketing and outreach plan with respect to the avail-
14 ability of loans available under this title and may partner
15 with 1 or more resource partners to implement such
16 plan.”.

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

1 **SEC. 5. LEASING RULES FOR NEW FACILITIES AND EXIST-**
2 **ING BUILDINGS.**

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

7 “(4) NEW FACILITIES.—

8 “(A) IN GENERAL.—With respect to a
9 project to construct a new facility, an assisted
10 small business concern may permanently lease
11 not more than 20 percent of the project to com-
12 mercial or residential tenants if such concern—

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

15 “(ii) plans to occupy and use an addi-
16 tional portion of the project that is not
17 permanently leased not later than 3 years
18 after receipt of assistance under this sec-
19 tion; and

20 “(iii) plans to permanently occupy and
21 use 80 percent of the project not later than
22 10 years after receipt of such assistance.

23 “(B) SMALL MANUFACTURERS.—With re-
24 spect to an assisted small business concern that
25 is a small manufacturer (as defined in section

1 501(e)(6)), subparagraph (A)(i) shall apply
2 with ‘50 percent’ substituted for ‘60 percent’.

3 “(5) EXISTING BUILDINGS.—With respect to a
4 project to acquire, renovate, or reconstruct an exist-
5 ing building, the following shall apply:

6 “(A) OCCUPANCY REQUIREMENTS.—The
7 assisted small business concern may perma-
8 nently lease not more than 50 percent of the
9 project if the concern permanently occupies and
10 uses not less than 50 percent of the project.

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

16 “(i) such concern—

17 “(I) has occupied and used the
18 existing building for a consecutive 12-
19 month period before submitting an
20 application for assistance under this
21 section;

22 “(II) agrees to permanently use
23 less than 50 percent of the existing
24 building and permanently lease more
25 than 50 percent for a consecutive 12-

1 month period after receiving such as-
2 sistance; and

3 “(III) affirms that the existing
4 building is appropriate for current
5 and reasonably anticipated needs; and

6 “(ii) the development company assist-
7 ing such project—

8 “(I) provides written notice to
9 the Administrator on the date on
10 which the development company closes
11 the loan for such project; and

12 “(II) once each year during the
13 first 5 years of the loan, and once
14 every 2 years for the remainder of the
15 loan—

16 “(aa) conducts an examina-
17 tion of the assisted small busi-
18 ness concern to ensure the con-
19 cern is not a real estate develop-
20 ment business; and

21 “(bb) files with the Adminis-
22 trator an anti-investor certifi-
23 cation signed by the development
24 company and the assisted small
25 business concern.

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

6 (b) REPORT.—Not later than 5 years after the date
7 of enactment of this Act, the Administrator of the Small
8 Business Administration shall submit to Congress a report
9 analyzing the impact of the amendments made by this sec-
10 tion on access to capital for small business concerns (as
11 defined in section 3 of the Small Business Act (15 U.S.C.
12 632)).

13 **SEC. 6. CREDIT ELSEWHERE EXEMPTION.**

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

16 (1) in clause (i), by striking “The Adminis-
17 trator” and inserting “Except as provided in clause
18 (iii), the Administrator”; and

19 (2) by adding at the end the following:

20 “(iii) EXEMPTION.—Clause (i) shall
21 not apply to loans under paragraph (13) of
22 this subsection, loans or other financings
23 under the Small Business Investment Act
24 of 1958 (15 U.S.C. 661 et seq.), or any

1 other loan made by the Administrator to a
2 certified development company.”.