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HOUSE OF REPRESENTATIVES
REPORT
118–100

SMALL BUSINESS 7(A) LOAN AGENT TRANSPARENCY ACT

JUNE 5, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WILLIAMS of Texas, from the Committee on Small Business, submitted the following

R E P O R T

[To accompany H.R. 1651]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 1651) to amend the Small Business Act to establish requirements for 7(a) agents, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

The purpose of H.R. 1651, the "Small Business 7(a) Loan Agent Transparency Act", is to establish a registration system with

unique identifiers for 7(a) agents to help the Small Business Administration's (SBA) Office of Credit Risk Management (OCRM) track and evaluate the performance of 7(a) loans generated through loan agent activity. H.R. 1651 also enhances OCRM's and the SBA Lender Oversight Committee's (LOC) enforcements authority with respect to loan agents.

II. NEED FOR LEGISLATION

H.R. 1651 was introduced by Rep. Dean Phillips (D–MN) and Rep. Dan Meuser (R–PA) on March 17, 2023 to improve SBA's oversight of loan agent and broker activity in the 7(a) Loan Guaranty Program (7(a) program). A prospective borrower or a lender sometimes may pay for the assistance of a loan agent to prepare documentation for an SBA loan application and/or refer the borrower to a lender. While loan agents can provide a useful function in bringing borrowers and lenders together and facilitating loan transactions, previous OIG audits and investigations have identified fraud schemes perpetrated by loan agents for hundreds of millions of dollars—showing that the SBA could not effectively identify and track loan agent involvement in its 7(a) and 504 loan portfolios. Tracking such agents is crucial in managing the portfolios because many lenders rely on the services of fee-based and other third-party agents to help originate, close, service, and liquidate SBA loans.[1]

Authorized by section 7(a) of the Small Business Act, the SBA's 7(a) program is the agency's flagship loan program. Private sector lenders (mostly banks and credit unions but also some non-depository lenders) originate commercial and working capital loans of up to $5 million to small businesses who cannot access credit elsewhere. SBA guarantees 50 to 90 percent of each 7(a) loan made, depending on loan characteristics, assuring the lender that if a borrower defaults on the loan, SBA will purchase the loan and the lender will receive an agreed-upon portion of the outstanding balance. SBA also administers several subprograms within the 7(a) program that offer streamlined and expedited loan procedures for different groups of borrowers, including the SBA Express, Export Express, and Community Advantage Pilot programs. Although these subprograms have their own distinguishing eligibility requirements, terms, and benefits, they operate under the 7(a) program's authorization.

For the majority of 7(a) loans, SBA relies on lenders with delegated authority to process and service loans, and ensure borrowers meet the program's eligibility requirements. In FY2022, SBA approved 47,678 7(a) loans for a total of over $25.7 billion, with an average loan size of $539,033.[2] Increased risk to SBA's business loan programs introduced by loan agents and brokers has been consistently cited by SBA's OIG as a top management and performance challenge facing the agency, most recently in FY 2023.[3] The

[1] U.S. SMALL BUS. ADMIN. OFFICE OF INSPECTOR GEN., TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE SMALL BUSINESS ADMINISTRATION IN FISCAL YEAR 2023, 21–22 (Oct. 14, 2022).

[2] Press Release, U.S. Small Business Administration, SBA Announces End-of-Year Capital Benchmarks (Dec. 14, 2022).

[3] U.S. SMALL BUS. ADMIN. OFFICE OF INSPECTOR GEN., TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE SMALL BUSINESS ADMINISTRATION IN FISCAL YEAR 2023, 21–22 (Oct. 14, 2022).

OIG notes that further improvements are necessary to ensure program integrity and mitigate the risk of fraud and loss in the loan programs.[4]

Since loan agent involvement in the 7(a) program is significant, it is important for SBA to have oversight tools that monitor loan agent involvement in this sizeable program. A previous OIG analysis determined that 7(a) loans made in which a lender paid a referral fee to a loan agent defaulted at a rate 28 percent higher than loans where no referral fee was reported. Furthermore, OIG identified that agents have targeted multiple SBA lenders, who would be unaware of loan agents' past performance or activity with other lenders. The Committee agrees with OIG that though lenders bear primary responsibility for monitoring their agents, only SBA is positioned to aggregate loan agent portfolios, evaluate their performance, and inform lenders and policymakers about concerning program risks or trends. Companion legislation (H.R. 1644, the "Small Business 7(a) Loan Agent Transparency Act") would require OCRM to compile loan agent data using a registration system that assigns each agent a unique identifier. H.R. 1651 requires a report to Congress regarding such data, including an analysis of the performance, cost, and risk associated with loan agent activity in the 7(a) program.

III. HEARINGS

In the 118th Congress, the Committee held three hearings examining the issues covered in H.R. 1651. On April 19, 2023, during the Subcommittee on Oversight Investigations and Regulations hearing, *"Office of Inspector General Reports to Congress on Investigations of SBA Programs"* the Inspector General testified to the Committee that the SBA will face significant challenges managing increased loan volume going forward, as well as significant staff shortages within the department overseeing SBLCs.

On May 10, 2023, during the Full Committee Hearing *"Taking on More Risk: Examining the SBA's Changes to the 7(a) Lending Program Part I"* both Republican and Democrat members of the Committee expressed concerns with two recent SBA Final Rules that would add significant risk to the integrity of the 7(a) Program. Specifically, how lifting the licensing moratorium on SBLCs and eliminating long-standing loan underwriting criteria will create ripe conditions for an increase in defaulted loans. Further, on May 17, 2023, during the Full Committee Hearing, *"Taking on More Risk: Examining the SBA's Changes to the 7(a) Lending Program Part II"* one of the witnesses noted that broadening access to capital is a worthy goal but that the SBA's proposals change too much too soon in an uncontrolled environment.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on May 23, 2023, and ordered H.R. 1651 favorably reported to the House of Representatives. During the markup no amendments were offered.

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[4] *Id.*

V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. The Committee voted to favorably report H.R. 1651 to the House of Representatives at 2:41 p.m.

118th Congress House Committee on Small Business Vote Record

Date: 5/23/23 Bill: 1651
Convened: 2:41 pm Adjourned:

Republicans	Aye	Nay	Present
Mr. Luetkemeyer (MO-03)	✓		
Mr. Stauber (MN-08)			
Mr. Meuser (PA-09)	✓		
Ms. Van Duyne (TX-24)	✓		
Ms. Salazar (FL-27)	✓		
Mr. Mann (KS-01)			
Mr. Ellzey (TX-06)	✓		
Mr. Molinaro (NY-19)	✓		
Mr. Alford (MO-04)	✓		
Mr. Crane (AZ-02)	✓		
Mr. Bean (FL-04)			
Mr. Hunt (TX-38)	✓		
Mr. (La-Low-ta) Lalota (NY-01)	✓		
Chairman Williams (TX-25)	✓		
TOTALS:			

Mr. Chairman _____ Votes _____

Mr. Chairman _____ Off _____, Votes _____

Mr. Chairman on that vote 21 Ayes 0 Nays and _____ Present

Adopted & Reported favorably to the House

118th Congress House Committee on Small Business Vote Record

Date: Bill: 1165

Democrats	Aye	Nay	Present
Mr. Golden (ME-02)	✓		
Mr. M-fume (MD-07)	✓		
Mr. Phillips (MN-03)	✓		
Mr. Landsman (OH-01)	✓		
Mr. Mc-Gar-vey (KY-03)	✓		
Ms. Glue-sen-kamp Perez (WA-03)	✓		
Ms. (Skull- ton) Scholten (MI-03)	✓		
Mr. (Tan-a-dar) Thanedar (MI-13)	✓		
Ms. (Chew) Chu (CA-28)	✓		
Ms. Davids (KS-03)			
Mr. Pappas (NH-01)			
Ranking Member Nydia Velazquez (NY-07)	✓		
TOTALS:	21		

VI. SECTION-BY-SECTION OF H.R. 1651

Section 1. Short title

This Act may be cited as the "Small Business 7(a) Loan Agent Transparency Act".

Section 2. Requirements for 7(a) agents

This section adds 7(a) agents as entities against whom OCRM and LOC may take a formal or informal enforcement action, which improves SBA's ability to hold noncompliant agents accountable. This section also requires OCRM to establish a registration system for 7(a) agents that assigns each a unique identifier and collects data to help OCRM track and evaluate loan performance for loans generated through loan agent activity. It also requires OCRM to establish and maintain a database featuring the types of services provided by different 7(a) agents. This would improve SBA's ability to assess the role agents and brokers play in providing access to capital through the 7(a) program, as well as help it monitor risk associated with loan agent activity. Finally, this section requires 7(a) agents to register in the system before providing services to a lender or borrower, and to pay an annual registration fee to OCRM.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

At a Glance

H.R. 1651, Small Business 7(a) Loan Agent Transparency Act

As ordered reported by the House Committee on Small Business on May 23, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	*	1
Revenues	0	*	1
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	*	43	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between -$500,000 and $500,000.

The bill would:

- Require the Small Business Administration (SBA) to establish a registration system for agents assisting small businesses with applying for loans under the SBA's 7(a) loan program

Estimated budgetary effects would mainly stem from:

- Spending subject to appropriation to establish and maintain a registration system for agents working on 7(a) loans
- Collections of annual registration fees and civil monetary penalties, both of which are classified as revenues
- Direct spending of annual registration fees

Bill summary: H.R. 1651 would require the Small Business Administration (SBA) to supervise agents that help small businesses to secure loans of up to $5 million that are guaranteed by the SBA under the 7(a) loan program and to take enforcement action against any of those agents that are found to violate the Small Business Act. Agents include attorneys, consultants, and accountants that assist small businesses during the 7(a) loan application process. Those agents would be required to register with the SBA and to pay annual registration fees. Finally, the bill would require the SBA to establish and maintain a database of services provided by agents working on 7(a) loans.

Estimated Federal cost: The estimated budgetary effect of H.R. 1651 is shown in Table 1. The costs of the legislation fall within budget function 370 (commerce and housing credit).

TABLE 1.—ESTIMATED INCREASES IN SPENDING SUBJECT TO APPROPRIATION UNDER H.R. 1651

	By fiscal year, millions of dollars—						
	2023	2024	2025	2026	2027	2028	2023–2028
Estimated Authorization	*	8	9	9	9	9	44
Estimated Outlays	*	8	8	9	9	9	43

* = between zero and $500,000.

Basis of estimate: CBO assumes that H.R. 1651 will be enacted near the end of 2023. The bill would take effect six months after enactment.

Spending subject to appropriation: The bill would require the SBA to establish and maintain a system to register agents that help businesses secure 7(a) loans. Using information from the SBA, CBO estimates that it would cost $20 million over the 2023–2028 period to build and maintain that system. The SBA also would need contractors to administer the registration program and compile the database. CBO estimates that cost at $23 million over that same period. In total, CBO estimates, implementing H.R. 1651 would cost $43 million over the 2023–2028 period, assuming appropriation of the estimated amounts.

Revenues and direct spending: H.R. 1651 would increase revenues and direct spending by about $1 million over the 2024–2033 period.

Registration Fees. H.R. 1651 would require the SBA to collect annual registration fees from agents. Using information about the number of agents working on 7(a) loans and assuming that the fee would be similar to the $40 fee levied by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, CBO estimates that enacting H.R. 1651 would increase fee collections, which are treated as revenues, by $1 million over the 2024–2033 period. Because the bill would allow the SBA to set the fee amount, which would be done through the rulemaking process, revenues collected under the bill could be higher or lower than CBO estimates.

The SBA is authorized to retain and spend some fees, including the registration fee that would be collected under H.R. 1651. As a result, CBO estimates that the bill would increase direct spending by about $1 million over the 2024–2033 period and that the net effect on the deficit would be negligible.

Civil Penalties. H.R. 1651 would authorize the SBA to take enforcement actions and levy civil monetary penalties of up to $250,000 against agents working on 7(a) loans if they are found to violate the Small Business Act. CBO estimates that this new authority would increase collections of civil monetary penalties—which are treated as revenues—by an insignificant amount over the 2024–2033 period.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Over the 2023–2032 period, CBO estimates that enacting the bill would increase both direct spending and revenues by $1 million.

Increase in long-term net direct spending and deficits: None.

Mandates: None.

Estimate prepared by: Federal Costs: David Hughes; Mandates: Rachel Austin.

Estimate reviewed by: Justin Humphrey, Chief, Finance, Housing, and Education Cost Estimates Unit; Kathleen FitzGerald, Chief, Public and Private Mandates Unit; Ann E. Futrell, Senior Adviser for Budget Analysis.

Estimate approved by: Phillip L. Swagel, Director, Congressional Budget Office.

VIII. New Budget Authority, Entitlement Authority, and Tax Expenditures

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(I) of the Congressional Budget Act of 1974, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. The Committee does not believe that there will be any additional costs attributable to this legislation. H.R. 1651 does not direct new spending, but instead reallocates funding independently authorized and appropriated.

IX. Oversight Findings & Recommendations

In accordance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in the H.R. 1651 are incorporated into the descriptive portions of this report.

X. Performance Goals and Objectives

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of H.R. 1651 is to enhance OCRM's ability to monitor 7(a) loan agent activity and give OCRM enforcement authority against noncompliant agents.

XI. Statement of Duplication of Federal Programs

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, no provision of H.R. 1651 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

XII. Congressional Earmarks, Limited Tax Benefits, and Limited Tariff Benefits

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee finds that the bill does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

XIII. Federal Mandates Statement

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

XIV. Federal Advisory Committee Statement

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XV. Applicability to Legislative Branch

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

XVI. Statement of Constitutional Authority

Pursuant to clause 7 of rule XII of the Rules of the House, the Committee finds that the authority for this legislation in Art. I, § 8, cl.1 of the Constitution of the United States.

XVII. Changes in Existing Law, Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

* * * * * * *

SEC. 47. OFFICE OF CREDIT RISK MANAGEMENT.

(a) ESTABLISHMENT.—There is established within the Administration the Office of Credit Risk Management (in this section referred to as the "Office").

(b) DUTIES.—The Office shall be responsible for supervising—

(1) any lender making loans under section 7(a) (in this section referred to as a "7(a) lender");

(2) any Lending Partner or Intermediary participant of the Administration in a lending program of the Office of Capital Access of the Administration; [and]

(3) any small business lending company or a non-Federally regulated lender without regard to the requirements of section 23[.]*;*

(4) any 7(a) agent.

(c) DIRECTOR.—

(1) IN GENERAL.—The Office shall be headed by the Director of the Office of Credit Risk Management (in this section referred to as the "Director"), who shall be a career appointee in the Senior Executive Service (as defined in section 3132 of title 5, United States Code).

(2) DUTIES.—The Director shall be responsible for oversight of the lenders and participants described in subsection (b), including by conducting periodic reviews of the compliance and performance of such lenders and participants.

(d) SUPERVISION DUTIES FOR 7(A) LENDERS.—

(1) REVIEWS.—With respect to 7(a) lenders, an employee of the Office shall—

(A) be present for and supervise any such review that is conducted by a contractor of the Office on the premise of the 7(a) lender; and

(B) supervise any such review that is not conducted on the premise of the 7(a) lender.

(2) REVIEW REPORT TIMELINE.—

(A) IN GENERAL.—Notwithstanding any other requirements of the Office or the Administrator, the Administrator shall develop and implement a review report timeline which shall—

(i) require the Administrator to—

(I) deliver a written report of the review to the 7(a) lender not later than 60 business days after the date on which the review is concluded; or

(II) if the Administrator expects to submit the report after the end of the 60-day period described in clause (i), notify the 7(a) lender of the expected date of submission of the report and the reason for the delay; and

(ii) if a response by the 7(a) lender is requested in a report submitted under subparagraph (A), require the 7(a) lender to submit responses to the Administrator not later than 45 business days after the date on which the 7(a) lender receives the report.

(B) EXTENSION.—The Administrator may extend the time frame described in subparagraph (A)(i)(II) with respect to a 7(a) lender as the Administrator determines necessary.

(e) ENFORCEMENT AUTHORITY AGAINST 7(a) LENDERS.—

(1) INFORMAL ENFORCEMENT AUTHORITY.—The Director may take an informal enforcement action against a 7(a) lender *or 7(a) agent* if the Director finds that the 7(a) lender *or 7(a) agent* has violated a statutory or regulatory requirement under

section 7(a) or any requirement in a Standard Operating Procedures Manual or Policy Notice related to a program or function of the Office of Capital Access.

(2) FORMAL ENFORCEMENT AUTHORITY.—

(A) IN GENERAL.—With the approval of the Lender Oversight Committee established under section 48, the Director may take a formal enforcement action against any 7(a) lender *or 7(a) agent* if the Director finds that the 7(a) lender *or 7(a) agent* has violated—

(i) a statutory or regulatory requirement under section 7(a), including a requirement relating to credit elsewhere; or

(ii) any requirement described in a Standard Operating Procedures Manual or Policy Notice, related to a program or function of the Office of Capital Access.

(B) ENFORCEMENT ACTIONS.—An enforcement action imposed on a 7(a) lender *or 7(a) agent* by the Director under subparagraph (A) shall be based on the severity or frequency of the violation and may include assessing a civil monetary penalty against the 7(a) lender *or 7(a) agent* in an amount that is not greater than $250,000.

(3) APPEAL BY LENDER.—A 7(a) lender *or 7(a) agent* may appeal an enforcement action imposed by the Director described in this subsection to the Office of Hearings and Appeals established under section 5(i) or to an appropriate district court of the United States.

(f) REGULATIONS.—Not later than 1 year after the date of the enactment of this section, the Administrator shall issue regulations, after opportunity for notice and comment, to carry out subsection (e).

(g) SERVICING AND LIQUIDATION RESPONSIBILITIES.—During any period during which a 7(a) lender is suspended or otherwise prohibited from making loans under section 7(a), the 7(a) lender shall remain obligated to maintain all servicing and liquidation activities delegated to the lender by the Administrator, unless otherwise specified by the Director.

(h) PORTFOLIO RISK ANALYSIS OF 7(a) LOANS.—

(1) IN GENERAL.—The Director shall annually conduct a risk analysis of the portfolio of the Administration with respect to all loans guaranteed under section 7(a).

(2) REPORT TO CONGRESS.—On December 1, 2018, and every December 1 thereafter, the Director shall submit to Congress a report containing the results of each portfolio risk analysis conducted under paragraph (1) during the fiscal year preceding the submission of the report, which shall include—

(A) an analysis of the overall program risk of loans guaranteed under section 7(a);

(B) an analysis of the program risk, set forth separately by industry concentration;

(C) without identifying individual 7(a) lenders by name, a consolidated analysis of the risk created by the individual 7(a) lenders responsible for not less than 1 percent of the gross loan approvals set forth separately for the year covered by the report by—

(i) the dollar value of the loans made by such 7(a) lenders; and

(ii) the number of loans made by such 7(a) lenders;

(D) steps taken by the Administrator to mitigate the risks identified in subparagraphs (A), (B), and (C);

(E) the number of 7(a) lenders, the number of loans made, and the gross and net dollar amount of loans made;

(F) the number and dollar amount of total losses, the number and dollar amount of total purchases, and the percentage and dollar amount of recoveries at the Administration;

(G) the number and type of enforcement actions recommended by the Director;

(H) the number and type of enforcement actions approved by the Lender Oversight Committee established under section 48;

(I) the number and type of enforcement actions disapproved by the Lender Oversight Committee; and

(J) the number and dollar amount of civil monetary penalties assessed.

(i) BUDGET SUBMISSION AND JUSTIFICATION.—The Director shall annually provide, in writing, a fiscal year budget submission for the Office and a justification for such submission to the Administrator. Such submission and justification shall—

(1) include salaries and expenses of the Office and the charge for the lender oversight fees;

(2) be submitted at or about the time of the budget submission by the President under section 1105(a) of title 31; and

(3) be maintained in an indexed form and made available for public review for a period of not less than 5 years beginning on the date of submission and justification.

(j) REGISTRATION SYSTEM FOR 7(a) AGENTS.—

(1) IN GENERAL.—The Director shall establish a registration system for 7(a) agents that assigns a unique identifier to each 7(a) agent and collects data necessary for the Director to submit the report required under paragraph (4).

(2) REQUIREMENTS.—A 7(a) agent shall—

(A) register in the system established under paragraph (1) before providing covered services to a lender or applicant; and

(B) effective 1 year after the date of the enactment of this subsection, submit an annual fee for such registration to the Director.

(3) DATABASE.—The Director shall establish and maintain an electronic database of the types of covered services provided by each 7(a) agent.

(k) DEFINITIONS.—In this section:

(1) 7 7(a) AGENT.—The term "7(a) agent" means a person who provides covered services on behalf of a lender or applicant.

(2) COVERED SERVICES.—The term "covered services" means—

(A) assistance with completing an application for a loan under section 7(a) (including preparing a business plan, cash flow projections, financial statements, and related documents); or

(B) consulting, broker, or referral services with respect to a loan under section 7(a).

SEC. 48. LENDER OVERSIGHT COMMITTEE.

(a) ESTABLISHMENT.—There is established within the Administration the Lender Oversight Committee (in this section referred to as the "Committee").

(b) MEMBERSHIP.—The Committee shall consist of at least 8 members selected by the Administrator, of which—

(1) 3 members shall be voting members, 2 of whom shall be career appointees in the Senior Executive Service (as defined in section 3132 of title 5, United States Code); and

(2) the remaining members shall be nonvoting members who shall serve in an advisory capacity on the Committee.

(c) DUTIES.—The Committee shall—

(1) review reports on lender oversight activities;

(2) review formal enforcement action recommendations of the Director of the Office of Credit Risk Management with respect to any lender making loans under section 7(a) [and any Lending Partner or Intermediary participant], *any 7(a) agent (as defined in section 47), or any Lending Partner or Intermediary participant* of the Administration in a lending program of the Office of Capital Access of the Administration;

(3) in carrying out paragraph (2) with respect to formal enforcement actions taken under subsection (d) or (e) of section 23, vote to recommend or not recommend action to the Administrator or a designee of the Administrator;

(4) in carrying out paragraph (2) with respect to any formal enforcement action not specified under subsection (d) or (e) of section 23, vote to approve, disapprove, or modify the action;

(5) review, in an advisory capacity, any lender oversight, portfolio risk management, or program integrity matters brought by the Director; and

(6) take such other actions and perform such other functions as may be delegated to the Committee by the Administrator.

(d) MEETINGS.—

(1) IN GENERAL.—The Committee shall meet as necessary, but not less frequently than on a quarterly basis.

(2) REPORTS.—The Committee shall submit to the Administrator a report detailing each meeting of the Committee, including if the Committee does or does not vote to approve a formal enforcement action of the Director of the Office of Credit Risk Management with respect to a lender.

* * * * * * *

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