

116TH CONGRESS
2D SESSION

H. R. 6549

To prevent the acceleration of the due date of business loans during the
COVID–19 national emergency, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2020

Mr. SHERMAN introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To prevent the acceleration of the due date of business
loans during the COVID–19 national emergency, 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 “Business Borrowers
5 Protection Act”.

6 **SEC. 2. CONSTRUCTION OF LOAN COVENANTS.**

7 In determining whether any borrower is in violation
8 of any loan covenant or is required to repay a loan on
9 an accelerated basis, any loan received under any govern-
10 mental program to deal with the COVID–19 virus shall

1 be excluded. Any loan received from any governmental en-
2 tity under any program to deal with the COVID–19 virus
3 shall not be taken into account in determining the debts
4 or liabilities of the borrower for purposes of determining
5 whether the borrower is in conformity with any loan agree-
6 ment, or whether the lender has the right to accelerate
7 the due date of any loan agreement.

8 **SEC. 3. LOAN COVENANT ENFORCEMENT NOT REQUIRED.**

9 From the date of enactment until the date two years
10 after the termination of the national emergency declared
11 by the President on March 13, 2020, under the National
12 Emergencies Act (50 U.S.C. 1601 et seq.) it is the policy
13 of the United States that lenders should not accelerate the
14 due date of any business loan or curtail any line of credit.
15 Federal regulatory entities shall adopt policies or regula-
16 tions so that no lender is held to be in violation of any
17 regulation due to the lender’s adherence to the policy set
18 forth in the preceding sentence.

19 **SEC. 4. TRUSTEES NOT REQUIRED TO ENFORCE LOAN COV-**
20 **ENANTS.**

21 From the date of enactment until the date two years
22 after the termination of the national emergency declared
23 by the President on March 13, 2020, under the National
24 Emergencies Act (50 U.S.C. 1601 et seq.) no trustee or
25 other person with a fiduciary duty to the holders of any

1 debt security shall be liable for any decision made not to
2 enforce a loan covenant.

3 **SEC. 5. DEFINITIONS.**

4 (a) GOVERNMENTAL PROGRAM TO DEAL WITH THE
5 COVID-19 VIRUS.—The term “governmental program to
6 deal with the COVID-19 virus” means any program cre-
7 ated by the Coronavirus Preparedness and Response Sup-
8 plemental Appropriations Act, 2020 (Public Law 116–
9 123), the Families First Coronavirus Response Act (Pub-
10 lic Law 116–127), or the Coronavirus Aid, Relief, and
11 Economic Security Act (Public Law 116–136) and any
12 program established by the Federal Government or any
13 State, local, tribal, or territorial government for the pur-
14 pose of reducing the economic dislocation caused by the
15 spread of COVID-19.

16 (b) LOAN COVENANT.—The term “loan covenant”
17 means any provision which allows or requires the accelera-
18 tion of repayments due under any loan agreement, or
19 which reduces the availability of funds under a line of
20 credit, due to any act or omission of the borrower or any
21 entity related to the borrower. “Loan covenant” includes
22 any provision which accelerates repayment under a loan,
23 or reduces the amount that may be borrowed under a line
24 of credit, because the borrower’s total liabilities or current

- 1 liabilities exceed any benchmark, or any percentage of the
- 2 borrower's assets, revenues, equity, or other benchmark.

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