

116TH CONGRESS  
2D SESSION

# S. 3519

To authorize the Administrator of the Small Business Administration to subsidize payments on loans guaranteed under the 7(a) and 504 loan programs or made using funds under the microloan program, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 18, 2020

Mr. COONS (for himself, Mr. CARDIN, Ms. KLOBUCHAR, Ms. DUCKWORTH, Mr. WYDEN, Mr. MARKEY, Mrs. SHAHEEN, Mr. TESTER, Mrs. GILLIBRAND, Mr. KING, Ms. HIRONO, and Ms. HASSAN) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To authorize the Administrator of the Small Business Administration to subsidize payments on loans guaranteed under the 7(a) and 504 loan programs or made using funds under the microloan program, 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. SUBSIDY FOR CERTAIN LOAN PAYMENTS.**

4 (a) DEFINITIONS.—In this section—

1           (1) the terms “Administration” and “Adminis-  
2           trator” mean the Small Business Administration  
3           and the Administrator thereof; and

4           (2) the term “covered loan” means a loan that  
5           is—

6                   (A) guaranteed by the Administration  
7           under—

8                           (i) section 7(a) of the Small Business  
9                           Act (15 U.S.C. 636(a)), including a loan  
10                          made under the Community Advantage  
11                          Pilot Program of the Administration; or

12                          (ii) title V of the Small Business In-  
13                          vestment Act of 1958 (15 U.S.C. 695 et  
14                          seq.); or

15                   (B) made by an intermediary to a small  
16           business concern (as defined in section 3 of the  
17           Small Business Act (15 U.S.C. 632)) using  
18           loans or grants received under section 7(m) of  
19           the Small Business Act (15 U.S.C. 636(m)).

20           (b) SENSE OF CONGRESS.—It is the sense of Con-  
21           gress that—

22                   (1) all borrowers are adversely affected by  
23           COVID–19;

24                   (2) relief payments by the Administration are  
25           appropriate for all borrowers; and

1           (3) in addition to the relief provided under this  
2       Act, the Administration should encourage lenders to  
3       provide payment deferments, when appropriate, and  
4       to extend the maturity of covered loans, so as to  
5       avoid balloon payments or any requirement for in-  
6       creases in debt payments resulting from deferments  
7       provided by lenders during the period of the national  
8       emergency declared by the President under the Na-  
9       tional Emergencies Act (50 U.S.C. 1601 et seq.)  
10      with respect to the Coronavirus Disease 2019  
11      (COVID-19).

12      (c) PRINCIPAL AND INTEREST PAYMENTS.—

13           (1) IN GENERAL.—The Administrator shall pay  
14      the principal, interest, and any associated fees that  
15      are owed on a covered loan in a regular servicing  
16      status—

17           (A) with respect to a covered loan made  
18           before the date of enactment of this Act and  
19           not on deferment, for the 6-month period begin-  
20           ning with the next payment due on the covered  
21           loan;

22           (B) with respect to a covered loan made  
23           before the date of enactment of this Act and on  
24           deferment, for the 6-month period beginning

1 with the next payment due on the covered loan  
2 after the deferment period; and

3 (C) with respect to a covered loan made  
4 during the period beginning on the date of en-  
5 actment of this Act and ending on the date that  
6 is 6 months after such date of enactment, for  
7 the 6-month period beginning with the first  
8 payment due on the covered loan.

9 (2) TIMING OF PAYMENT.—The Administrator  
10 shall begin making payments under paragraph (1)  
11 on a covered loan not later than 30 days after the  
12 date on which the first such payment is due.

13 (3) APPLICATION OF PAYMENT.—Any payment  
14 made by the Administrator under paragraph (1)  
15 shall be applied to the covered loan such that the  
16 borrower is relieved of the obligation to pay that  
17 amount.

18 (d) OTHER REQUIREMENTS.—The Administrator  
19 shall—

20 (1) communicate and coordinate with the Fed-  
21 eral Deposit Insurance Corporation, the Office of the  
22 Comptroller of the Currency, and State bank regu-  
23 lators to encourage those entities to not require  
24 lenders to increase their reserves on account of re-

1       ceiving payments made by the Administrator under  
2       subsection (c);

3           (2) waive statutory limits on maximum loan  
4       maturities for any covered loan durations where the  
5       lender provides a deferral and extends the maturity  
6       of covered loans during the 1-year period following  
7       the date of enactment of this Act; and

8           (3) when necessary to provide more time be-  
9       cause of the potential of higher volumes, travel re-  
10      strictions, and the inability to access some properties  
11      during the COVID–19 pandemic, extend lender site  
12      visit requirements to—

13           (A) not more than 60 days (which may be  
14      extended at the discretion of the Administra-  
15      tion) after the occurrence of an adverse event,  
16      other than a payment default, causing a loan to  
17      be classified as in liquidation; and

18           (B) not more than 90 days after a pay-  
19      ment default.

20       (e) RULE OF CONSTRUCTION.—Nothing in this sec-  
21      tion may be construed to limit the authority of the Admin-  
22      istrator to make payments pursuant to subsection (c) with  
23      respect to a covered loan solely because the covered loan  
24      has been sold in the secondary market.

1       (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to the Administrator  
3 \$16,800,000,000 to carry out this section.

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