

Title 1 - Keeping American Workers Paid and Employed Act

Section-by-Section

Establishes that the SBA will administer the program, including purchasing and guaranteeing loans, with guidance from Treasury.

All 7(a) lenders can opt-in to participate in the Paycheck Protection Program.

Sec. 1110: Emergency EIDL Grants

Expands eligibility for access to Economic Injury Disaster Loans (EIDL) to include Tribal businesses, cooperatives, and ESOPs with fewer than 500 employees or any individual operating as a sole proprietor or an independent contractor during the covered period (January 31, 2020 to December 31, 2020). Private non-profits are also eligible for both grants and EIDLs.

Requires that for any SBA EIDL loans made in response to COVID-19 before December 31, 2020, the SBA shall waive any personal guarantee on advances and loans below \$200,000, the requirement that an applicant needs to have been in business for the 1-year period before the disaster, and the credit elsewhere requirement.

During the covered period, allows SBA to approve and offer EIDL loans based solely on an applicant's credit score, or use an alternative appropriate alternative method for determining applicant's ability to repay.

Establishes an Emergency Grant to allow an eligible entity who has applied for an EIDL loan due to COVID-19 to request an advance on that loan, of not more than \$10,000, which the SBA must distribute within 3 days.

Establishes that applicants shall not be required to repay advance payments, even if subsequently denied for an EIDL loan.

In advance of disbursing the advance payment, the SBA must verify that the entity is an eligible applicant for an EIDL loan. This approval shall take the form of a certification under penalty of perjury by the applicant that they are eligible.

Outlines that advance payment may be used for providing paid sick leave to employees, maintaining payroll, meeting increased costs to obtain materials, making rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses.

Requires that an advance payment be considered when determining loan forgiveness, if the applicant transfers into a loan made under SBA's Paycheck Protection Program.

Terminates the authority to carry out Emergency EIDL Grants on December 30, 2020.

Establishes that an emergency involving Federal primary responsibility determined to exist by the President under Section 501(b) of the Stafford Disaster Relief and Emergency Assistance Act qualifies as a new trigger for EIDL loans and, in such circumstances, the SBA Administrator shall deem that each State or subdivision has sufficient economic damage to small business concerns to qualify for assistance under this paragraph and the Administrator shall accept applications for such assistance immediately.

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Adds “emergency” explicitly into other existing EIDL trigger language under Section 7(b)(2) of the Small Business Act.

Sec. 1111: Resources and Services Languages other than English

Directs \$25 million for the SBA to offer resources and services in the 10 most commonly spoken languages, other than English.

Sec. 1112: Subsidy for Certain Loan Payments

Defines a covered loan as an existing 7(a) (including Community Advantage), 504, or microloan product. Paycheck Protection Program (PPP) loans are not covered.

Requires the SBA to pay the principal, interest, and any associated fees that are owed on the covered loans for a six month period starting on the next payment due. Loans that are already on deferment will receive six months of payment by the SBA beginning with the first payment after the deferral period. Loans made up until six months after enactment will also receive a full 6 months of loan payments by the SBA.

SBA must make payments no later than 30 days after the date on which the first payment is due. Requires the SBA to still make payments even if the loan was sold on the secondary market.

Requires SBA to encourage lenders to provide deferments and allows lenders, up until one year after enactment, to extend the maturity of SBA loans in deferment beyond existing statutory limits.

Sec. 1113: Bankruptcy

Amends the Small Business Reorganization Act to increase the eligibility threshold to file under subchapter V of chapter 11 of the U.S. Bankruptcy Code to businesses with less than \$7,500,000 of debt. The increase sunsets after one year and the eligibility threshold returns to \$2,725,625.

Amends the definition of income in the Bankruptcy Code for chapters 7 and 13 to exclude coronavirus-related payments from the federal government from being treated as “income” for purposes of filing bankruptcy. Sunsets after one year.

Clarifies that the calculation of disposable income for purposes of confirming a chapter 13 plan shall not include coronavirus-related payments. Sunsets after one year.

Explicitly permits individuals and families currently in chapter 13 to seek payment plan modifications if they are experiencing a material financial hardship due to the coronavirus pandemic, including extending their payments for up to seven years after their initial plan payment was due. Sunsets after one year.

Sec. 1114: Emergency Rulemaking Authority

SBA is required to establish regulations no later than 15 days after enactment of this title.