

H.R. 748**CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT (“CARES ACT”)****Principium Group Comment:**

This section generally provides for payments to be made by the SBA for up to six months for certain SBA Loans made prior to the enactment of the Act, including Section 7(a) loans, not including Payroll Protection Plan Loans and Economic Injury Disaster Loans. The balance of this document is the actual text of Sec 112 of the Act.

SEC. 1112. SUBSIDY FOR CERTAIN LOAN PAYMENTS.

(a) DEFINITION OF COVERED LOAN.—In this section, the term “covered loan” means a loan that is—

(1) guaranteed by the Administration under—

(A) section 7(a) of the Small Business Act

(15 U.S.C. 636(a))—

(i) including a loan made under the Community Advantage Pilot Program of the Administration; and

(ii) excluding a loan made under paragraph (36) of such section 7(a), as added by section 1102; or

(B) title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.); or

(2) made by an intermediary to a small business concern using loans or grants received under section 7(m) of the Small Business Act (15 U.S.C. 636(m)).

(b) **SENSE OF CONGRESS.**—It is the sense of Congress that—

(1) all borrowers are adversely affected by COVID-19;

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

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

(c) **PRINCIPAL AND INTEREST PAYMENTS.**—

(1) **IN GENERAL.**—The Administrator shall pay the principal, interest, and any associated fees that

are owed on a covered loan in a regular servicing status—

(A) with respect to a covered loan made before the date of enactment of this Act and not on deferment, for the 6-month period beginning with the next payment due on the covered loan;

(B) with respect to a covered loan made before the date of enactment of this Act and on deferment, for the 6-month period beginning with the next payment due on the covered loan after the deferment period; and

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

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

(3) **APPLICATION OF PAYMENT.**—Any payment made by the Administrator under paragraph (1) shall be applied to the covered loan such that the

borrower is relieved of the obligation to pay that amount.

(d) **OTHER REQUIREMENTS.**—The Administrator shall—

(1) communicate and coordinate with the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and State bank regulators to encourage those entities to not require lenders to increase their reserves on account of receiving payments made by the Administrator under subsection (c);

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

(3) when necessary to provide more time because of the potential of higher volumes, travel restrictions, and the inability to access some properties during the COVID-19 pandemic, extend lender site visit requirements to—

(A) not more than 60 days (which may be extended at the discretion of the Administration) after the occurrence of an adverse event,

other than a payment default, causing a loan to be classified as in liquidation; and

(B) not more than 90 days after a payment default.

(e) **RULE OF CONSTRUCTION.**—Nothing in this section may be construed to limit the authority of the Administrator to make payments pursuant to subsection (c) with respect to a covered loan solely because the covered loan has been sold in the secondary market.

(f) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to the Administrator \$17,000,000,000 to carry out this section.