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(Original Signature of Member)

116TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To establish a business stabilization direct loan program and the authority to establish a secondary market guarantee in the Small Business Administration, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

M\_\_\_\_. \_\_\_\_\_ introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To establish a business stabilization direct loan program and the authority to establish a secondary market guarantee in the Small Business Administration, 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 “SBA Business Sta-  
5 bilization Direct Loan Program Act of 2020”.

1 **SEC. 2. BUSINESS STABILIZATION DIRECT LOAN PROGRAM.**

2 (a) IN GENERAL.—The Administrator of the Small  
3 Business Administration shall carry out a program to  
4 make loans directly to eligible borrowers.

5 (b) ELIGIBLE BORROWER DEFINED.—In this sec-  
6 tion, the term “eligible borrower” means a person who—

7 (1) is a small business concern as defined under  
8 section 3 of the Small Business Act (15 U.S.C.  
9 632); and

10 (2) is located in a State or territory of the  
11 United States with a confirmed or presumed positive  
12 case of COVID–19.

13 (c) USE OF FUNDS.—In addition to the use of pro-  
14 ceeds currently permitted under section 7(a) of the Small  
15 Business Act (15 U.S.C. 636(a)), loans made under this  
16 section may be used for the following purposes:

17 (1) To make periodic payments of principal and  
18 interest, for a period not to exceed 12 months, on  
19 a loan or a loan guarantee made to an eligible bor-  
20 rower that meets the eligibility standards of such  
21 section 7(a).

22 (2) To provide benefits to employees of the eli-  
23 gible borrower, including group life insurance, dis-  
24 ability insurance, sick leave, annual leave, edu-  
25 cational benefits, paid family leave, or retirement  
26 benefits (including a pension plan or I.R.A.).

1           (3) To pay wages to employees of the eligible  
2 borrower, and related State and Federal payroll  
3 taxes, except that loan proceeds may not be used to  
4 pay amounts under a garnishment order issued by  
5 an agency of a State or Federal Government.

6           (4) To provide technology, hardware, or soft-  
7 ware for a shift to telework or remote work for em-  
8 ployees of the eligible borrower to enable continuity  
9 of operations.

10          (5) To pay rent or utilities due or owed on any  
11 place of business of the eligible borrower.

12          (6) To refinance an existing debt (including in-  
13 terest) in an amount not to exceed 50 percent of the  
14 amount of the debt.

15          (7) To provide floor plan financing or other re-  
16 volving line of credit.

17          (8) To pay past-due Federal, State, or local  
18 payroll taxes, sales taxes, or other similar taxes that  
19 are required to be collected by the eligible borrower  
20 and held in trust on behalf of a Federal, State, or  
21 local government entity.

22          (9) To provide employees and patrons of the eli-  
23 gible borrower with the necessary items specified by  
24 any public health authority to mitigate the spread of  
25 COVID-19.

1 (d) LOAN TERMS.—

2 (1) AMOUNT.—Loans made under this section  
3 may not exceed \$2,500,000.

4 (2) DISBURSEMENT.—Not more than 20 per-  
5 cent of the proceeds of a loan made under this sec-  
6 tion shall be disbursed not later than 5 calendar  
7 days after a loan is approved under this section.

8 (3) TERM.—Loans made under this section  
9 shall be for a term of 10 years, and a borrower shall  
10 not be required to repay such loan during the 12-  
11 month period beginning on the date of disbursement  
12 of the loan.

13 (4) INTEREST; FEES.—The Administrator may  
14 not charge any interest or fees for a loan made  
15 under this section.

16 (e) COLLATERAL.—The Administrator shall not de-  
17 cline to make a loan under this section to an otherwise  
18 eligible borrower due solely to inadequate collateral. The  
19 Administrator shall accept any available collateral, includ-  
20 ing subordinated liens, to secure a loan made under this  
21 section.

22 (f) SUNSET.—

23 (1) IN GENERAL.—Except as provided in para-  
24 graph (2), the Administrator of the Small Business

1 Administration may not make a loan under this sec-  
2 tion after September 30, 2022.

3 (2) EXTENSION.—The Administrator may ex-  
4 tend authority to make loans under this section by  
5 an additional 6 months by notifying Congress, in  
6 writing, within 10 calendar days before any exten-  
7 sion.

8 (g) EMERGENCY RULEMAKING AUTHORITY.—

9 (1) IN GENERAL.—Within 15 days after the  
10 date of the enactment of this section, the Adminis-  
11 trator of the Small Business Administration—

12 (A) shall issue rules to carry out this sec-  
13 tion; and

14 (B) may issue rules to establish a sec-  
15 ondary market for loans made under this sec-  
16 tion.

17 (2) NOTICE.—The notice requirements of sec-  
18 tion 553(b) of title 5, United States Code shall not  
19 apply to any issuance of rules under paragraph (1).

20 (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
21 authorized to be appropriated to the Administrator of the  
22 Small Business Administration such sums as may be nec-  
23 essary to pay for the cost of making \$25,000,000,000 in  
24 direct loans under this section. In the previous sentence,

- 1 the cost of direct loans shall be as defined in section 502
- 2 of the Congressional Budget Act of 1974 (2 U.S.C. 661a).