



H.R. 6800 - the Heroes Act
House Small Business Committee Democrats

Section Summary

Section 90001: Amendments to PPP.

- (a) Extends the covered period from June 30 to December 31;
- (b) Clarifies the definition of a tribal business concern to prevent them from being held to inapplicable HUBZone requirements;
- (c) Makes a technical clarification to ensure critical access hospitals in bankruptcy still qualify for PPP loans due to the essential nature of their operations in providing health care in rural areas;
- (d) Modifies definitions of eligibility including expanding eligibility to all nonprofits, prohibiting the compensation of lobbyists as qualified payroll costs for purposes of PPP loans, banning 501(c)(4) entities that engage in certain political and electioneering activities, and clarifying the eligibility of housing cooperatives;
- (e) Clarifies the inclusion of small, local news broadcast entities and prohibits the parent corporation from receiving a covered loan;
- (f) Clarifies that loan terms such as, fee waivers, credit elsewhere waivers, personal guarantee waivers extend through the life of the loan rather than only the covered period;
- (g) Establishes a minimum maturity on PPP loans of 5 years to enable borrowers to amortize loans over a longer period of time, which lowers monthly payments;
- (h) Clarifies that PPP loans cannot be calculated on a compound basis, saving borrowers money over the long-term;
- (i) Modifications to PPP Funds, including
 - A carve-out of 25% of the existing funds on the date of enactment to be used specifically for small businesses with 10 or fewer employees to guarantee they are fully able to access PPP assistance;
 - A carve-out of 25% of the existing funds on the date of enactment solely for the use of all nonprofits, no matter their size or type but requiring that at least half this amount go to small nonprofits under the 500-employee threshold;
 - Establishes an additional set aside of existing funds of the lesser of 25% or \$10 billion specifically for community financial institutions, such as Community Development Financial Institutions (CDFIs), Minority Development Institutions (MDIs), SBA microlenders, and SBA Certified Development Companies (CDCs); and
 - Mandates that any returned amounts due to the cancellation of a covered loan shall be redistributed through loans to small businesses with 10 or fewer employees.
- (j) Reduces restrictions on borrowers deemed ineligible due to prior criminal history; and

- (k) Establishes technical assistance grants for small community financial institutions and small depository institutions and credits with assets of less than \$10 billion; and
- (l) Makes a technical amendment to a section title.

Section 90002: Commitments for PPP. Bifurcates the SBA’s traditional lending authority in the 7(a) program from that of the PPP authority to certify the 7(a) lending program continues operation after PPP appropriations run out.

Section 90003: Inclusion of SCORE and Veteran Business Outreach Centers in Entrepreneurial Development Programs. Includes SCORE and Veteran Business Outreach Centers (VBOCs) as eligible SBA entrepreneurial development resource partners so they can access \$10 million each in previously appropriated sums for the purpose of assisting businesses during the pandemic.

Section 90004: Amendments to PPP Loan Forgiveness.

- (a) Adds flexibility in the covered period for borrowers by extending the 8-week period to 24 weeks and extends the covered period from June 30 to December 31, allowing small businesses and eligible non-profits to wait to use the proceeds until the stay at home orders are lifted;
- (b) Harmonizes the use of proceeds with forgiveness;
- (c) Mandates forgiveness data collection and reporting;
- (d) Creates a safe harbor for borrowers who cannot rehire in the prescribed timeframe;
- (e) Eliminates the 75/25 loan forgiveness rule requiring 75% of loan proceeds be spent on payroll expenses in order to be eligible for forgiveness; and
- (f) Clarifies the hold harmless provision for lenders.

Section 90005: Improved Coordination Between PPP and Employee Retention Tax Credit. Clarifies the coordination between the Employee Retention Tax Credit, which is a refundable tax credit designed to keep employees on the payroll, and the PPP loans to ensure borrowers can take advantage of both types of assistance.

Section 90006: Allowable Uses of Covered Loans; Forgiveness. Ensures the costs related to the purchase of personal protective equipment (PPE) for employees and other items for the protection of health and safety of workers is allowed for purposes of loan proceeds and eligible for forgiveness.

Section 90007: Prohibiting Conflicts of Interest for Small Business Programs under the CARES ACT. Clarifies that the conflict of interest standards set forth in the law apply to PPP funds.

Section 90008: Flexibility in Deferral of Payments of 7(a) Loans. Allows the SBA Administrator to give lenders the ability to extend loan deferments, including payment of principal and interest for one year if the borrower provides documentation justifying the additional deferment and gives the Administrator the ability to purchase the loan in order to provide the stated relief if the loan cannot be purchased on the secondary market.

Section 90009: Certain Criminal Violations and Disaster Loan Applications. The provision relaxes these rules to allow eligibility, provided the applicant did not commit financial fraud or is currently incarcerated.

Section 90010: Temporary Fee Reductions. Reduces the cost of capital by waiving fees associated with the SBA 7(a) and 504 loan programs for borrowers and lenders, including the Community Advantage and Export loan programs.

Section 90011: Guarantee Amounts. Incentivizes lenders to make loans by temporarily increasing the guarantee up to 90% on traditional 7(a) loans, and increasing the guarantee on Express loans to 90% on loans up to \$350,000 and 75% on loans greater than \$350,000.

Section 90012: Maximum Loan Amount for 7(a) Loans. Expands the pool of availability capital for small firms by increasing the annual lending limit of the 7(a) program from \$30 billion to \$75 billion.

Section 90013: Maximum Loan Amount for 504 Loans. Enhances the 504 refinance program to reach more small businesses who need to refinance expensive fixed assets and lower their payments.

Section 90014: Recovery Assistance Under the Microloan Program. Boosts the SBA microloan program with an additional \$72 million in loans, increases how much each lender can lend from \$6 million to \$10 million, and gives borrowers an extra two years to repay.

Section 90015: Cybersecurity Awareness Reporting. Strengthens the cybersecurity of the SBA by directing the agency to issue reports that assess its cybersecurity infrastructure and reporting cyber-threats, breaches, and cyber-attacks.

Section 90016: Reporting on Small Business Programs under the CARES Act. Requires mandatory regular reporting by the SBA on a number of specific demographic, industry, size, and geographic data points for PPP loans and EIDL loans and grants.

Section 90017: Funding for Resources and Services in Languages other than English. Mandates the SBA use previously allocated funds for purposes of translations services for all materials, applications, and websites related to COVID-19.

Section 90018: Direct Appropriations. Directs appropriations of \$500 million to carry out fee waivers and guarantee increases for the traditional SBA 7(a) and 504 programs. It also appropriates \$57 million for Microloans and technical assistance.