

Keeping Workers Paid and Employed Act: Section-by-Section

Definitions

7(a) Loan Program

- Defines the covered loan period as beginning on March 1, 2020, and ending on December 31, 2020.
- Defines eligible businesses as those businesses with 500 employees or fewer, unless the covered industry's SBA size standard allows more than 500 employees.
- Allows not for profit entities to be eligible for loans made under this Act.
- Increases the maximum 7(a) loan amount to \$10 million through December 31, 2020.
- Expands allowable uses of 7(a) loans to include payroll support, such as paid sick or medical leave, employee salaries, mortgage payments, and any other debt obligations.
- Provides delegated authority, which is the ability for lenders to make determinations on borrower eligibility and creditworthiness without going through all of SBA's channels, to all current 7(a) lenders who make these loans to small businesses, and provides that same authority to lenders who join the program and make these loans.
- For eligibility purposes, requires lenders to determine whether a business was operational on March 1, 2020, and had employees for whom it paid salaries and payroll taxes (instead of determining repayment ability, which is not possible during this crisis).
- Does not allow a borrower who receives this loan for employee salaries, payroll support, mortgage payments, and other debt obligations to receive a SBA economic injury disaster loan (EIDL) for the same purpose, or comingle funds from another loan for the same purpose.
- Waives both borrower and lender fees for 7(a) loans.
- Increases the government guarantee of 7(a) loans to 100 percent through December 31, 2020, at which point guarantee percentages will return to 75 percent for loans exceeding \$150,000 and 85 percent for loans equal to or less than \$150,000.
- Allows complete deferment of 7(a) loan payments for not more than one year. Requires SBA to disseminate guidance to lenders on this deferment process within 30 days.
- Removes any statutory limitations on SBA's 7(a) lending authority through December 31, 2020.
- Increases the maximum loan for an SBA Express loan from \$350,000 to \$1 million through December 31, 2020, after which point the Express loan will have a maximum of \$500,000.

Keeping Workers Paid and Employed Act: Section-by-Section

Entrepreneurial Development

- Authorizes SBA to provide additional financial awards to resource partners (including Small Business Development Centers and Women’s Business Centers) to provide counseling, training, and education on SBA resources and business resiliency to small business owners impacted by COVID-19.
- Authorizes SBA to provide an association or association representing resource partners with grants to establish:
 - An online platform that consolidates resources and information available across multiple Federal agencies for small business concerns related to COVID–19; and
 - A training program to educate resource partner counselors on the various federal resources available to ensure counselors are directing small businesses appropriately.

Waiver of Matching Funds Requirement under the Women’s Business Center Program

- Eliminates the non-federal match requirement under the Women’s Business Center (WBC) for a period of three months.

Loan Forgiveness

- Provides a process by which borrowers who receive this loan would be eligible for loan forgiveness in an amount equal to the payroll cost and costs related to debt obligations for the period of March 1, 2020, through June 30, 2020.
- The amount of the loan eligible for forgiveness will be reduced proportionally by the number of employees laid off during this period relative to the borrower’s prior employment levels.
- For the purposes of determining forgiveness amounts, payroll costs will exclude the compensation of any employees in excess of \$100,000 in annualized compensation and qualified sick leave and qualified family leave wages enacted by the *Families First Coronavirus Response Act*.
- Lenders would verify payroll costs and payments made on debt obligations.
- Forgiveness amounts would not be included in taxable income.

Direct Appropriations

- Appropriates funds for the following uses:
 - \$299.4 billion for loan guarantees and loan subsidies,
 - \$300 million for salaries and expenses,
 - \$240 million for small business development centers and women’s business centers for technical assistance for businesses,

Keeping Workers Paid and Employed Act: Section-by-Section

- \$25 million for resource partner associations to provide online information and training, \$10 million for minority business centers for technical assistance for businesses, and
- \$25 million for the Office of Inspector General.

Minority Business Development Agency

- Authorizes \$10 million for the Minority Business Development Agency within the Department of Commerce to provide grants to Minority Business Centers (MBCs) for the purpose of providing counseling, training, and education on federal resources and business response to COVID-19 for small businesses.

Waiver of Prepayment Penalty

- Removes any prepayment penalties for loans made under this title on or before December 31, 2020.

United States Treasury Program Management Authority

- Allows the Department of Treasury, in consultation with the SBA, and other Federal financial regulatory agencies, to establish a process by which lending institutions that are not currently authorized to offer SBA loan products are able to provide SBA small business interruption loans for the length of the President's national emergency declaration.
- Allows Treasury to determine the eligibility criteria and terms for the lenders they approve to disseminate small business interruption loans and to write regulations outlining these criteria and terms.