AN ACT

Providing for loan deferrals, repayment plans and loan modifications by certain financial institutions for small businesses during the COVID-19 disaster emergency.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Short title.

This act shall be known and may be cited as the COVID-19 Banking on Small Business Act.

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"COVID-19 disaster emergency." The proclamation of disaster emergency issued by the Governor on March 6, 2020, published at 50 Pa.B. 1644 (March 21, 2020), and any renewal of the state of disaster emergency.

"Credit union." A Pennsylvania State-chartered credit union.

"Department." The Department of Banking and Securities of
the Commonwealth.

"Licensee." A corporation, person or any other type of business entity required to be licensed by the Department of Banking and Securities. The term does not include a licensee or registrant under the act of December 5, 1972 (P.L.1280, No.284), known as the Pennsylvania Securities Act of 1972.

"Secretary." The Secretary of Banking and Securities of the Commonwealth.

"Small business." Any for-profit business, industry or trade operating with a physical location in this Commonwealth, regardless of whether that physical location is open to the public, and employs not more than 100 individuals.

Section 3. COVID-19 Banking on Small Business Program.

(a) Establishment.--The COVID-19 Banking on Small Business Program is established within the department to provide cooperation between small businesses and State-chartered banks, credit unions and licensees during the COVID-19 disaster emergency. State-chartered banks, credit unions and licensees may offer loan deferrals, repayment plans and loan modifications to eligible small businesses as provided under this section.

(b) Eligibility.--A small business shall be eligible for a loan deferral, repayment plan or loan modification under this section if:

(1) The small business demonstrates that it has been adversely impacted by the COVID-19 disaster emergency.

(2) The small business is current on its loan or mortgage payments with the State-chartered bank, credit union or licensee.

(c) Loan deferral, repayment plant or loan modification.--To ensure a small business does not fall behind on loan or mortgage payments with a State-chartered bank, credit union or licensee, and to stabilize the financial condition of eligible small businesses, the Department may authorize loan deferrals, repayment plans or loan modifications as provided under this section.

The Department may authorize the deferral of loan or mortgage payments with a State-chartered bank, credit union or licensee for a maximum period of one year. The Department may authorize the deferral of loan or mortgage payments with a State-chartered bank, credit union or licensee for a maximum period of one year.
payments, at the request of a small business, a State-chartered bank, credit union or licensee may provide a loan deferral, repayment plan or loan modification to a small business.

(d) Conditions.--If a small business receives a loan deferral, repayment plan or loan modification under this section and fails to comply with the terms of the agreement relating to the loan deferral, repayment plan or loan modification, the small business shall be subject to any penalties and costs established by the State-chartered banks, credit unions or licensees.

(e) Reporting.--State-chartered banks, credit unions and licensees shall report information on each loan deferral, repayment plan or loan modification provided under this section to the department in a form and manner prescribed by the department.

(f) Expiration.--This act shall expire two years after the effective date of this section.

Section 4. Effective date.

This act shall take effect immediately.