The CARES Act signed into law on March 27 is a $2 trillion emergency aid package to provide rapid relief across the United States economy, helping to protect businesses and individuals during governmental social distancing and shelter-in-place mandates.

The law will have the greatest impact on eight main categories: small business relief, unemployment benefits, individual tax relief, business tax relief, energy, healthcare, economic stabilization, and education/student debt.

Here is a summary of benefits that can be expected for each category:

Small Business Relief

- **SBA Loans** – Establishes the maximum 7(a) loan amount to $10 million through December 31, 2020 and provides a formula by which the loan amount is tied to payroll costs incurred by the business to determine the size of the loan. Specifies allowable uses of the loan include payroll support, such as employee salaries, paid sick or medical leave, insurance premiums, and mortgage, rent, and utility payments. 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.

- **Eligibility** – The business or 501(c)(3) nonprofit must have less than 500 employees. This includes sole-proprietors, independent contractors, and other self-employed individuals as eligible for loans. For eligibility purposes, requires lenders to, instead of determining repayment ability, which is not possible during this crisis, to determine whether a business was operational on February 15, 2020, and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor. It requires eligible borrowers to make a good faith certification that the loan is necessary due to the uncertainty of current economic conditions caused by COVID-19; they will use the funds to retain workers and maintain payroll, lease, and utility payments; and are not receiving duplicative funds for the same uses from another SBA program. Waives both borrower and lender fees for participation in the Paycheck Protection Program.

- **Physical Location and Affiliation -** Allow businesses with more than one physical location that employs no more than 500 employees per physical location in certain industries to be eligible. The bill waives affiliation rules for businesses in the hospitality and restaurant industries, franchises that are approved on the SBA's Franchise Directory, and small businesses that receive financing through the Small Business Investment Company (SBIC) program.

- **Loan Dates and Terms** - Defines the covered loan period as beginning on February 15, 2020 and ending on June 30, 2020. Any remaining loan balance will have a maturity of not more than 10 years, and the guarantee for that portion of the loan will remain intact.

- **Interest Rate** - Sets a maximum interest rate of four percent.

- **Waivers** - Waives the credit elsewhere test for funds provided under this program. It waives collateral and personal guarantee requirements under this program. Outlines the treatment of any portion of a loan that is not used for forgiveness purposes. Ensures borrowers are not charged any prepayment fees.

- **Loan Forgiveness -** Establishes that the borrower shall be eligible for loan forgiveness equal to the amount spent by the borrower during an 8-week period after the origination date of the loan on payroll costs, interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020.

    - Amounts forgiven may not exceed the principal amount of the loan. Eligible payroll costs do not include compensation above $100,000 in wages. Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered 8 week period compared to the previous year or time period, proportionate to maintaining employees and wages.

    - Payroll costs plus any payment of interest on any covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation) plus any payment on any covered rent obligation plus and any covered utility payment.

    - The amount forgiven will be reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25 percent of their prior year compensation. To encourage employers to rehire any employees who have already been laid off due to the COVID-19 crisis, borrowers that re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period. Allows forgiveness for additional wages paid to tipped workers.

    - Borrowers will verify through documentation to lenders their payments during the period. Lenders that receive the required documentation will not be subject to an enforcement action or penalties by the Administrator relating to loan forgiveness for eligible uses.

    - Upon a lender's report of an expected loan forgiveness amount for a loan or pool of loans, the SBA will purchase such amount of the loan from the lender.

    - Any loan amounts not forgiven at the end of one year is carried forward as an ongoing loan with terms of a max of 10 years, at max 4% interest. The 100% loan guarantee remains intact.

<u>Unemployment Benefits</u>

- **Pandemic Unemployment Assistance –** A new program would be created through December 31, 2020 to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.

- **State Reimbursements** – The bill provides payment to states to reimburse nonprofits, government agencies, and Indian tribes for half of the costs they incur through December 31, 2020 to pay unemployment benefits.

- **Expanded Benefits** - Provides an additional $600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months. It also provides an additional 13 weeks of unemployment benefits through December 31, 2020 to help those who remain unemployed after weeks of state unemployment benefits are no longer available.

- **Expedited Benefits** - Provides funding to pay the cost of the first week of unemployment benefits through December 31, 2020 for states that choose to pay recipients as soon as they become unemployed instead of waiting one week before the individual is eligible to receive benefits.

- **Reduced Hours Compensation** - Provides funding to support "short-time compensation" programs, where employers reduce employee hours instead of laying off workers and the employees with reduced hours receive a pro-rated unemployment benefit. The bill would pay 100 percent of the costs they incur in providing this short-time compensation through December 31, 2020.

- **Short-term Compensation** – Provides funding to support states which begin "short-time compensation" programs. This provision would pay 50 percent of the costs that a state incurs in providing short-time compensation through December 31, 2020.

<u>**Individual Tax Relief**</u>

- **Individual Tax Rebates** - All U.S. residents with adjusted gross income up to $75,000 ($150,000 married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for the full $1,200 ($2,400 married) rebate. In addition, they are eligible for an additional $500 per child. This is true even for those who have no income, as well as those whose income comes entirely from non-taxable means-tested benefit programs, such as SSI benefits. For the vast majority of Americans, no action on their part will be required in order to receive a rebate check as IRS will use a taxpayer's 2019 tax return if filed, or in the alternative their 2018 return. This includes many low-income individuals who file a tax return in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit. The rebate amount is reduced by $5 for each $100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding $99,000, $146,500 for head of household filers with one child, and $198,000 for joint filers with no children.

- **Use of Retirement Funds** - Consistent with previous disaster-related relief, the bill waives the 10-percent early withdrawal penalty for distributions up to $100,000 from qualified retirement accounts for coronavirus-related purposes made on or after January 1, 2020. In addition, income attributable to such distributions would be subject to tax over three years, and the taxpayer may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions. Further, the provision provides flexibility for loans from certain retirement plans for coronavirus-related relief. A coronavirus-related distribution is a one made to an individual: (1) who is diagnosed with COVID-19, (2) whose spouse or dependent is diagnosed with COVID-19, or (3) who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19, or other factors as determined by the Treasury Secretary.

- **Defined Contribution Plans** - Waives the required minimum distribution rules for certain defined contribution plans and IRAs for the calendar year 2020. This provision provides relief to individuals who would otherwise be required to withdraw funds from such retirement accounts during the economic slowdown due to COVID-19.

- **Charitable Deductions** - Encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to $300 of cash contributions, whether they itemize their deductions or not. The bill increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations. For individuals, the 50-percent of adjusted gross income limitation is suspended for 2020. For corporations, the 10-percent limitation is increased to 25 percent of taxable income. This provision also increases the limitation on deductions for contributions of food inventory from 15 percent to 25 percent.

- **Student Loan Tax Benefits** - Enables employers to provide a student loan repayment benefit to employees on a tax-free basis. Under the provision, an employer may contribute up to $5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income. The $5,250 cap applies to both the new student loan repayment benefit as well as other educational assistance (e.g., tuition, fees, books) provided by the employer under current law. The provision applies to any student loan payments made by an employer on behalf of an employee after date of enactment and before January 1, 2021.

Business Tax Relief

- **Employee Retention Credit** - Provides a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shutdown order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year. The credit is based on qualified wages paid to the employee. For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19-related circumstances described above. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order. The credit is provided for the first $10,000 of compensation, including health benefits, paid to an eligible employee. The credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020.

- **Delay of Payment of Employer Payroll Taxes** - Allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. Employers generally are responsible for paying a 6.2-percent Social Security tax on employee wages. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022. The Social Security Trust Funds will be held harmless under this provision.

- **Net Operating Losses** - Relaxes the limitations on a company's use of losses. Net operating losses (NOL) are currently subject to a taxable-income limitation, and they cannot be carried back to reduce income in a prior tax year. The provision provides that an NOL arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years. Also temporarily removes the taxable income limitation to allow an NOL to fully offset income. These changes will allow companies to utilize losses and amend prior year returns, which will provide critical cash flow and liquidity during the COVID-19 emergency.

- **Pass-Throughs** - Modifies the loss limitation applicable to pass-through businesses and sole proprietors, so they can utilize excess business losses and access critical cash flow to maintain operations and payroll for their employees.

- **AMT Acceleration** - The corporate alternative minimum tax (AMT) was repealed as part of the Tax Cuts and Jobs Act, but corporate AMT credits were made available as refundable credits over several years, ending in 2021. The provision accelerates the ability of companies to recover those AMT credits, permitting companies to claim a refund now and obtain additional cash flow during the COVID-19 emergency.

- **Interest Expense** - Temporarily increases the amount of interest expense businesses are allowed to deduct on their tax returns, by increasing the 30-percent limitation to 50 percent of taxable income (with adjustments) for 2019 and 2020. As businesses look to weather the storm of the current crisis, this provision will allow them to increase liquidity with a reduced cost of capital, so that they are able to continue operations and keep employees on payroll.

- **QIP** - Enables businesses, especially in the hospitality industry, to write off immediately costs associated with improving facilities instead of having to depreciate those improvements over the 39-year life of the building. The provision, which corrects an error in the Tax Cuts and Jobs Act, not only increases companies' access to cash flow by allowing them to amend a prior year return, but also incentivizes them to continue to invest in improvements as the country recovers from the COVID-19 emergency.

- **Hand Sanitizer** - Waives the federal excise tax on any distilled spirits used for or contained in hand sanitizer that is produced and distributed in a manner consistent with guidance issued by the Food and Drug Administration and is effective for calendar year 2020.

<u>Energy</u>

- **Strategic Petroleum Reserve –** The bill delays a mandatory 2020 sale of oil from the Strategic Petroleum Reserve (SPR) through 2022.

- **Chemical Facility Anti-Terrorism Standards** – Is extended until July 23, 2020.

Healthcare

- **HSAs** - Would allow a high-deductible health plan (HDHP) with a health savings account (HSA) to cover telehealth services prior to a patient reaching the deductible, increasing access for patients who may have the COVID-19 virus and protecting other patients from potential exposure.

- **Over-the-Counter Medical Products** - Would allow patients to use funds in HSAs and Flexible Spending Accounts for the purchase of over-the-counter medical products, including those needed in quarantine and social distancing, without a prescription from a physician.

- **Medicare Telehealth Flexibilities** - Would eliminate the requirement in Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 (Public Law 116-123) that limits the Medicare telehealth expansion authority during the COVID-19 emergency period to situations where the physician or other professional has treated the patient in the past three years. This would enable beneficiaries to access telehealth, including in their home, from a broader range of providers, reducing COVID-19 exposure.

- **Telehealth in Medicare** - Would allow, during the COVID-19 emergency period, Federally Qualified Health Centers and Rural Health Clinics to serve as a distant site for telehealth consultations. A distant site is where the practitioner is located during the time of the telehealth service. This section would allow FQHCs and RHCs to furnish telehealth services to beneficiaries in their home. Medicare would reimburse for these telehealth services based on payment rates similar to the national average payment rates for comparable telehealth services under the Medicare Physician Fee Schedule. It would also exclude the costs associated with these services from both the FQHC prospective payment system and the RHC all-inclusive rate calculation.

- **Medicare Telehealth for Home Dialysis Patients** - Would eliminate a requirement during the COVID-19 emergency period that a nephrologist conduct some of the required periodic evaluations of a patient on home dialysis face-to-face, allowing these vulnerable beneficiaries to get more care in the safety of their home.

- **Telehealth during the Hospice Care Recertification Process** - Hospice physicians and nurse practitioners cannot conduct recertification encounters using telehealth. This section would allow, during the COVID-19 emergency period, qualified providers to use telehealth technologies in order to fulfill the hospice face-toface recertification requirement.

- **Telecommunications Systems for Home Health Services in Medicare** - Would require the Health and Human Services (HHS) to issue clarifying guidance encouraging the use of telecommunications systems, including remote patient monitoring, to furnish home health services consistent with the beneficiary care plan during the COVID-19 emergency period.

- **Medicare Home Health Services** - Would allow physician assistants, nurse practitioners, and other professionals to order home health services for beneficiaries, reducing delays and increasing beneficiary access to care in the safety of their home.

- **Increasing Provider Funding** - Would provide prompt economic assistance to health care providers on the front lines fighting the COVID-19 virus, helping them to furnish needed care to affected patients. Specifically, this section would temporarily lift the Medicare sequester, which reduces payments to providers by 2 percent, from May 1 through December 31, 2020, boosting payments for hospital, physician, nursing home, home health, and other care. The Medicare sequester would be extended by one-year beyond current law to provide immediate relief without worsening Medicare's long-term financial outlook.

- **Medicare Add-on for Inpatient Hospital COVID-19 Patients** - Would increase the payment that would otherwise be made to a hospital for treating a patient admitted with COVID-19 by 20 percent. It would build on the Centers for Disease Control and Prevention (CDC) decision to expedite use of a COVID-19 diagnosis to enable better surveillance as well as trigger appropriate payment for these complex patients. This addon payment would be available through the duration of the COVID-19 emergency period.

- **Increasing Medicare Access to Post-Acute Care** - Would provide acute care hospitals flexibility, during the COVID-19 emergency period, to transfer patients out of their facilities and into alternative care settings in order to prioritize resources needed to treat COVID-19 cases. Specifically, this section would waive the Inpatient Rehabilitation Facility (IRF) 3-hour rule, which requires that a beneficiary be expected to participate in at least 3 hours of intensive rehabilitation at least 5 days per week to be admitted to an IRF. It would allow a Long Term Care Hospital (LTCH) to maintain its designation even if more than 50 percent of its cases are less intensive. It would also temporarily pause the current LTCH site-neutral payment methodology.

- **Preventing Medicare Durable Medical Equipment Payment Reduction** - Would prevent scheduled reductions in Medicare payments for durable medical equipment, which helps patients transition from hospital to home and remain in their home, through the length of COVID-19 emergency period.

- **Eliminating Medicare Part B Cost-Sharing for the COVID-19 Vaccine** - Would enable beneficiaries to receive a COVID-19 vaccine in Medicare Part B with no cost-sharing.

- **Allowing Up to 3-Month Fills and Refills of Covered Medicare Part D Drugs** - Would require that Medicare Part D plans provide up to a 90-day supply of a prescription medication if requested by a beneficiary during the COVID-19 emergency period.

- **Providing Home and Community-based Support Services during Hospital Stays** - Would allow state Medicaid programs to pay for direct support professionals, caregivers trained to help with activities of daily living, to assist disabled individuals in the hospital to reduce length of stay and free up beds.

- **Clarification Regarding Uninsured Individuals** - Would clarify a section of the Families First Coronavirus Response Act of 2020 (Public Law 116-127) by ensuring that uninsured individuals can receive a COVID-19 test and related service with no cost-sharing in any state Medicaid program that elects to offer such enrollment option.

- **Clarification Regarding Coverage of Tests** - Would clarify a section of the Families First Coronavirus Response Act of 2020 (Public Law 116-127) by ensuring that beneficiaries can receive all tests for COVID-19 in Medicare Part B with no cost-sharing.

- **Preventing Medicare Clinical Laboratory Test Payment Reduction** - Would prevent scheduled reductions in Medicare payments for clinical diagnostic laboratory tests furnished to beneficiaries in 2021. It would also delay by one year the upcoming reporting period during which laboratories are required to report private payer data.

- **Providing Hospitals Medicare Advance Payments** - Would expand, for the duration of the COVID-19 emergency period, an existing Medicare accelerated payment program. Hospitals, especially those facilities in rural and frontier areas, need reliable and stable cash flow to help them maintain an adequate workforce, buy essential supplies, create additional infrastructure, and keep their doors open to care for patients. Specifically, qualified facilities would be able to request up to a six month advanced lump sum or periodic payment. This advanced payment would be based on net reimbursement represented by unbilled discharges or unpaid bills. Most hospital types could elect to receive up to 100 percent of the prior period payments, with Critical Access Hospitals able to receive up to 125 percent. Finally, a qualifying hospital would not be required to start paying down the loan for four months, and would also have at least 12 months to complete repayment without a requirement to pay interest.

- **Providing State Access to Enhanced Medicaid FMAP** - Would amend a section of the Families First Coronavirus Response Act of 2020 (Public Law 116-127) to ensure that states are able to receive the Medicaid 6.2 percent FMAP increase.

- **Extension of Physician Work Geographic Index Floor** - Would increase payments for the work component of physician fees in areas where labor cost is determined to be lower than the national average through December 1, 2020.

- **Extension of Funding for Quality Measure Endorsement and Selection** - Would provide funding for HHS to contract with a consensus-based entity, e.g., the National Quality Forum (NQF), to carry out duties related to quality measurement and performance improvement through November 30, 2020.

- **Extension of Funding Outreach and Assistance for Low-Income Programs** - Would extend funding for beneficiary outreach and counseling related to low-income programs through November 30, 2020.

- **Extension of Money Follows the Person Demonstration Program** - Would extend the Medicaid Money Follows the Person demonstration that helps patients transition from the nursing home to the home setting through November 30, 2020.

- **Extension of Spousal Impoverishment Protections** - Would extend the Medicaid spousal impoverishment protections program through November 30, 2020 to help a spouse of an individual who qualifies for nursing home care to live at home in the community.

- **Delay of Disproportionate Share Hospital Reductions** - Would delay scheduled reductions in Medicaid disproportionate share hospital payments through November 30, 2020.

- **Extension and Expansion of Community Mental Health Services Demonstration** - Would extend the Medicaid Community Mental Health Services demonstration that provides coordinated care to patients with mental health and substance use disorders, through November 30, 2020. It would also expand the demonstration to two additional states.

- **Extension of Sexual Risk Avoidance Education** - This section extends the Sexual Risk Avoidance Education (SRAE) program through November 30, 2020 at current funding levels. This program provides funds to states to provide education exclusively focused on sexual risk avoidance (meaning voluntarily refraining from sexual activity).

- **Extension of Personal Responsibility Education** - Extends the Personal Responsibility Education Program (PREP) through November 30, 2020 at current funding levels. PREP provides states, community groups, tribes, and tribal organizations with grants to implement evidence-based, or evidence-informed, innovative strategies for teen pregnancy and HIV/STD prevention, youth development, and adulthood preparation for young people.

- **Extension of Demonstration Projects to Address Health Professions Workforce Needs** - Extends the Health Professions Opportunity Grants (HPOG) program through November 30, 2020 at current funding levels. This program provides funding to help low-income individuals obtain education and training in high-demand, well-paid, health care jobs.

- **Extension of the Temporary Assistance for Needy Families Program** - Extends TANF and related programs through November 30, 2020.

- **Report on America's Medical Product Supply Chain Security** - Directs the National Academies to study the manufacturing supply chain of drugs and medical devices and provide Congress with recommendations to strengthen the U.S. manufacturing supply chain.

- **Stockpile of Medical Supplies** - Clarifies that the Strategic National Stockpile can stockpile medical supplies, such as the swabs necessary for diagnostic testing for COVID-19.

- **Respiratory Devices** - Provides permanent liability protection for manufacturers of personal respiratory protective equipment, such as masks and respirators, in the event of a public health emergency, to incentivize production and distribution.

- **Drug Shortages** - Requires the Food and Drug Administration (FDA) to prioritize and expedite the review of drug applications and inspections to prevent or mitigate a drug shortage.

- **Manufacturer Reporting** - Requires drug manufacturers to submit more information when there is an interruption in supply, including information about active pharmaceutical ingredients, when active pharmaceutical ingredients are the cause of the interruption. Requires manufacturers to maintain contingency plans to ensure back up supply of products. Requires manufacturers to provide information about drug volume.

- **Medical Devices** - Clarifies that during a public health emergency, a medical device manufacturer is required to submit information about a device shortage or device component shortage upon request of the FDA.

- **Diagnostic Testing** - Diagnostic testing for COVID-19 Clarifies that all testing for COVID-19 is to be covered by private insurance plans without cost sharing, including those tests without an EUA by the FDA. For COVID-19 testing covered with no cost to patients, requires an insurer to pay either the rate specified in a contract between the provider and the insurer, or, if there is no contract, a cash price posted by the provider.

- **Vaccines for Coronavirus** - Provides free coverage without cost-sharing of a vaccine within 15 days for COVID-19 that has in effect a rating of "A" or "B" in the current recommendations of the United States Preventive Services Task Force or a recommendation from the Advisory Committee on Immunization Practices (ACIP).

- **Health Centers** - Provides $1.32 billion in supplemental funding to community health centers on the front lines of testing and treating patients for COVID-19.

- **Telehealth Network and Resource Centers** - Reauthorizes Health Resources and Services Administration (HRSA) grant programs that promote the use of telehealth technologies for health care delivery, education, and health information services. Telehealth offers flexibility for patients with, or at risk of contracting, COVID-19 to access screening or monitoring care while avoiding exposure to others.

- **Rural Health Care Services** - Reauthorizes HRSA grant programs to strengthen rural community health by focusing on quality improvement, increasing health care access, coordination of care, and integration of services. Rural residents are disproportionately older and more likely to have a chronic disease, which could increase their risk for more severe illness if they contract COVID19.

- **Public Health Service Modernization** - Establishes a Ready Reserve Corps to ensure we have enough trained doctors and nurses to respond to COVID-19 and other public health emergencies.

- **Removing the Cap on OTA for Public Health Emergencies** - Allows the Biomedical Advanced Research and Development Authority (BARDA) to more easily partner with private sector on research and development, which includes helping to scale up manufacturing as appropriate.

<u>Economic Stabilization</u>

- **Eligible Business** – Must be a United States business that has not otherwise received adequate economic relief in the form of loans or loan guarantees provided under this Act. Also defines a "State" as any of the several States, the District of Columbia, any of the territories and possessions of the United States, any bi-State or multi-State entity, and any Indian tribe.

- **Emergency Relief -** Provides $500 billion to Treasury's Exchange Stabilization Fund to provide loans, loan guarantees, and other investments, distributed as follows: (1) Direct lending, including: a. $25 billion for passenger air carriers, eligible businesses that are certified under part 145 of title 15, Code of Federal Regulations, and approved to perform inspection, repair, replace, or overhaul services, and ticket agents; b. $4 billion for cargo air carriers; and c. $17 billion for businesses important to maintaining national security. (2) $454 billion, as well as any amounts available but not used for direct lending, for loans, loan guarantees, and investments in support of the Federal Reserve's lending facilities to eligible businesses, states, and municipalities. Federal Reserve 13(3) lending is a critical tool that can be used in times of crisis to help mitigate extraordinary pressure in financial markets that would otherwise have severe adverse consequences for households, businesses, and the U.S. economy.

- **Criteria** - (1) Alternative financing is not reasonably available to the business; (2) The loan is sufficiently secured or made at an interest rate that reflects the risk of the loan and, if possible, not less than an interest rate based on market conditions for comparable obligations before the coronavirus outbreak; (3) The duration of the loan shall be as short as possible and shall not exceed 5 years; (4) Borrowers and their affiliates cannot engage in stock buybacks, unless contractually obligated, or pay dividends until the loan is no longer outstanding or one year after the date of the loan; (5) Borrowers must, until September 30, 2020, maintain its employment levels as of March 24, 2020, to the extent practicable, and retain no less than 90 percent of its employees as of that date; (6) A borrower must certify that it is a U.S.-domiciled business and its employees are predominantly located in the U.S.; (7) The loan cannot be forgiven; and (8) In the case of borrowers critical to national security, their operations are jeopardized by losses related to the coronavirus pandemic.

- **Federal Reserve 13(3) Lending** - Any lending through a 13(3) facility established by the Federal Reserve must be broad-based, with verification that each participant is not insolvent and is unable to obtain adequate financing elsewhere. Loan forgiveness is not permissible in any such credit facility. Treasury will endeavor to implement a special 13(3) facility through the Federal Reserve targeted specifically at nonprofit organizations and businesses between 500 and 10,000 employees, subject to additional loan criteria and obligations on the recipient, such as: (1) The funds received must be used to retain at least 90 percent of the recipient's workforce, with full compensation and benefits, through September 30, 2020; (2) The recipient will not outsource or offshore jobs for the term of the loan plus an additional two years; (3) The recipient will not abrogate existing collective bargaining agreements for the term of the loan plus an additional two years; and (4) The recipient must remain neutral in any union organizing effort for the term of the loan.

- **Employee Compensation** - Prohibits recipients of any direct lending authorized by this Title from increasing the compensation of any officer or employee whose total compensation exceeds $425,000, or from offering such employees severance pay or other benefits upon termination of employment which exceeds twice the maximum total annual compensation received by that employee, until one year after the loan is no longer outstanding. Officers or employees making over $3 Million last year would also be prohibited from earning more than $3 Million plus fifty percent of the amount their compensation last year exceeded $3 Million.

- **Debt Guarantee Authority** - Authorizes the Federal Deposit Insurance Corporation (FDIC) to temporarily establish a debt guarantee program to guarantee debt of solvent insured depositories and depository institution holding companies. Noninterest-bearing transaction accounts may be treated as a debt guarantee program. The National Credit Union Administration (NCUA) is given authority to temporarily increase share insurance coverage for noninterest-bearing transaction accounts. Such authorities, programs, guarantees, and increases shall terminate no later than December 31, 2020.

- **Temporary Relief for Community Banks** - Requires the Federal banking agencies by interim rule to temporarily reduce the Community Bank Leverage Ratio (CBLR) for qualifying community banks from 9 percent to 8 percent, and provide for a reasonable grace period if a community bank's CBLR falls below the prescribed level. The interim rule expires at the earlier of December 31, 2020, or the date on which the national emergency declaration related to coronavirus is terminated.

- **Temporary Relief from Troubled Debt Restructurings** - A financial institution may elect to suspend requirements under U.S. Generally Accepted Accounting Principles for loan modifications related to the coronavirus pandemic, and suspend any such determination regarding loans modified as a result of the effects of the coronavirus. Federal banking agencies and the NCUA must defer to a financial institution to make a suspension. Such election may begin on March 1, 2020 and last no later than 60 days after the lifting of the coronavirus national health emergency.

- **Optional Temporary Relief from Current Expected Credit Losses. -** An insured depository institution (including a credit union), bank holding company, or any of its affiliates has the option to temporarily delay measuring credit losses on financial instruments under the new Current Expected Credit Losses methodology. Such option to delay expires at the earlier of December 31, 2020, or the date on which the national emergency declaration related to coronavirus is terminated.
- **Non-Applicability of Restrictions on ESF During National Emergency** -Temporarily suspends the statutory limitation on the use of the Exchange Stabilization Fund (Section 131 of the Emergency Economic Stabilization Act of 2008) for guarantee programs for the United States money market mutual fund industry. Any guarantee shall be limited to the total value of a shareholder's holdings in a participating fund as of the close of business on the day before the announcement of the guarantee. Any guarantee established as a result of the application of this Section shall terminate not later than December 31, 2020.

- **Special Inspector General for Pandemic Recovery** - Establishes within the Department of the Treasury the Office of the Special Inspector General for Pandemic Recovery. The Special Inspector General shall be appointed by the President and shall conduct, supervise, and coordinate audits and investigations of the making, purchase, management, and sale of loans, loan guarantees, and other investments made by the Treasury Secretary under this Title. The Special Inspector General shall keep Congress informed through quarterly reports that provide the details of all such loans, loan guarantees, or other investments.

- **Administration** Conflicts of Interest - Any company in which the President, Vice President, an executive department head, Member of Congress, or any of such individual's spouse, child, son-in-law, or daughter-in-law own over 20 percent of the outstanding voting stock shall not be eligible for loans, loan guarantees, or other investments provided under this Title.

- **Congressional Oversight Commission.** Establishes a Congressional Oversight Commission which shall consist of 5 members as follows: 1 member appointed by the Speaker of the House of

Representatives; 1 member appointed by the House Majority Leader; 1 member appointed by the Senate Majority Leader; 1 member appointed by the Senate Minority Leader; 1 member appointed by the Speaker of the House and Senate Majority Leader, after consultation with the Senate Minority Leader and House Minority Leader.

- **Credit Protection During Covid-19** - Requires that furnishers to credit reporting agencies who agree to account forbearance, or agree to modified payments with respect to an obligation or account of a consumer that has been impacted by COVID-19, report such obligation or account as "current" or as the status reported prior to the accommodation during the period of accommodation unless the consumer becomes current. This applies only to accounts for which the consumer has fulfilled requirements pursuant to the forbearance or modified payment agreement. Such credit protection is available beginning January 31, 2020 and ends at the later of 120 days after enactment or 120 days after the date the national emergency declaration related to the coronavirus is terminated.

- **Foreclosure Moratorium and Consumer Right to Request Forbearance -** Prohibits foreclosures on all federally-backed mortgage loans for a 60-day period beginning on March 18, 2020. Provides up to 180 days of forbearance for borrowers of a federally-backed mortgage loan who have experienced a financial hardship related to the COVID-19 emergency. Applicable mortgages included those purchased by Fannie Mae and Freddie Mac, insured by HUD, VA, or USDA, or directly made by USDA. The authority provided under this section terminates on the earlier of the termination date of the national emergency concerning the coronavirus or December 31, 2020.

- **Forbearance of Residential Mortgage Loan Payments for Multifamily Properties with Federally Backed Loans** - Provides up to 90 days of forbearance for multifamily borrowers with a federally backed multifamily mortgage loan who have experienced a financial hardship. Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period. Applicable mortgages include loans to real property designed for 5 or more families that are purchased, insured, or assisted by Fannie Mae, Freddie Mac, or HUD. The authority provided under this section terminates on the earlier of the termination date of the national emergency concerning the coronavirus or December 31, 2020.

- Temporary Moratorium on Eviction Filings - For 120 days beginning on the date of enactment, landlords are prohibited from initiating legal action to recover possession of a rental unit or to charge fees, penalties, or other charges to the tenant related to such nonpayment of rent where the landlord's mortgage on that property is insured, guaranteed, supplemented, protected, or assisted in any way by HUD, Fannie Mae, Freddie Mac, the rural housing voucher program, or the Violence Against Women Act of 1994.

<u>Education / Student Debt</u>

- **Exclusion from Federal Pell Grant Duration Limit -** For students who dropped out of school as a result of COVID -19 excludes the term from counting toward lifetime Pell eligibility.

- **Temporary Relief for Federal Student Loan Borrowers** - Requires the Secretary to defer student loan payments, principal, and interest for 6 months, through September 30, 2020, without penalty to the borrower for all federally owned loans. This provides relief for over 95 percent of student loan borrowers.