

## TITLE IV – ECONOMIC STABILIZATION AND ASSISTANCE TO SEVERELY DISTRESSED SECTORS OF THE UNITED STATES ECONOMY

### *Section-by-Section Summary*

#### **Section 4001. Short Title.**

#### **Section 4002. Definitions.**

Defines an “Eligible Business” as a United States business that has not otherwise received adequate economic relief in the form of loans or loan guarantees provided under this Act. This Section 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.

#### **Section 4003. Emergency Relief and Taxpayer Protections; No Loan Forgiveness**

- 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.
- All direct lending must meet the following 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.

- Any lending through a 13(3) facility established by the Federal Reserve under this Section 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.

#### **Section 4004. Limitation on Certain 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.

#### **Section 4005. Continuation of Certain Air Service.**

Authorizes the Secretary of Transportation to require air carriers receiving loans under this Title to maintain scheduled air transportation service where deemed necessary by the Secretary of Transportation.

#### **Section 4006. Coordination with Secretary of Transportation.**

Requires the Secretary of the Treasury to coordinate with the Secretary of Transportation in implementing this Title with respect to air carriers.

### **Section 4007. Suspension of Certain Aviation Excise Taxes.**

Repeals Federal Excise Taxes collected in relation to commercial aviation. Excise taxes are applied to the transportation of persons (i.e., ticket tax), the transportation of property (i.e., cargo tax), and aviation fuel.

### **Section 4008. 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.

### **Section 4009. Temporary Government in the Sunshine Act Relief.**

Temporarily permits the Board of Governors of the Federal Reserve (Federal Reserve) to conduct meetings without regards to the Government in the Sunshine Act, which institutes certain requirements for meetings that may be impracticable to carry out under certain unusual and exigent circumstances, such as those related to the coronavirus outbreak, if the Chairman determines, in writing, that such circumstances exist. The Federal Reserve is still required to keep a record of all votes and the reason for votes during this time. This authority expires at the earlier of December 31, 2020, or the date on which the national emergency declaration related to coronavirus is terminated.

### **Section 4010. Temporary Hiring Flexibility.**

Temporarily provides the Department of Housing and Urban Development (HUD), the U.S. Securities and Exchange Commission (SEC), and the Commodity Futures Trading Commission (CFTC) additional hiring flexibility upon a determination by the respective agency heads that an expedited recruitment process is necessary and appropriate to respond to the coronavirus. Such authority expires at the earlier of December 31, 2020, or the date on which the national emergency declaration related to coronavirus is terminated.

### **Section 4011. Temporary Lending Limit Waiver.**

Temporarily provides a nonbank financial company an exception to the OCC's lending limits aligned with the exception for financial companies, and temporarily authorizes the Comptroller of the Currency to exempt any transaction from the lending limits, if the exemption is in the public interest. The temporary exemption from lending limits and authorization to exempt transactions expires at the earlier of December 31, 2020, or the date on which the national emergency declaration related to coronavirus is terminated.

### **Section 4012. 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.

**Section 4013. 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.

**Section 4014. 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.

**Section 4015. 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.

**Section 4016. Temporary Credit Union Provisions; Expanding Liquidity**

Temporarily enhances access to the Central Liquidity Facility (CLF), including for corporate credit unions, to meet liquidity needs. Increases resources available to meet liquidity needs through the Facility. The amendments provided under this section sunset on December 31, 2020.

**Section 4017. Increasing Access to Materials Necessary for National Security and Pandemic Recovery.**

Waives for a two-year period the requirement for a separate act of Congress to authorize certain projects exceeding \$50 million and the requirement that any amounts unused in the Defense Production Act Fund at the end of the fiscal year that exceed \$750 million be swept and returned to the Treasury's General Fund. This Section also waives for one year following enactment the requirement for a 30-day layover after Presidential notification to Congress before a project may start and the requirement that Congress separately authorize certain projects exceeding \$50 million in aggregate cost.

**Section 4018. 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.

#### **Section 4019. 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.

#### **Section 4020. Congressional Oversight Commission.**

Establishes a Congressional Oversight Commission charged with oversight of the implementation of this Title by the Department of the Treasury and the Board of Governors of the Federal Reserve System, including efforts of the Department and the Board to provide economic stability as a result of coronavirus. The Oversight Commission 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.

The Panel may hold hearings, take testimony, and secure from any federal department or agency information it deems necessary to carry out its responsibility. The Panel is required to submit reports to Congress every 30 days specifying:

- (1) The impact of purchases made under this Title on the financial well-being of the people of the United States, financial markets, and financial institutions;
- (2) The extent to which the information made available on transactions under this Title has contributed to market transparency; and
- (3) The effectiveness of loans, loan guarantees, and investments made under this title of minimizing long-term costs to the taxpayer and maximizing the benefits for taxpayers.

The Oversight Commission shall terminate on September 30, 2025.

#### **Section 4021. Credit Protection During Covid-19.**

This section 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.

**Section 4022. 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.

**Section 4023. 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.

**Section 4024. 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.

**Section 4025. Reports.**

Requires the Secretary of the Treasury to publish on the Department's website detailed information about each transaction authorized by this Act, within 72 hours of the time such transaction is executed. Requires the Comptroller General of the United States to conduct a study on the loans, loan guarantees, and other investments provided under this Title, and to provide a report to Congress within nine months and annually thereafter.

**Section 4026. Direct Appropriation; Limit on New Loans; Funds Returned to Treasury**

Authorizes the appropriation of funds necessary to implement this Title, prohibits the making of new loans after January 1, 2021, and requires any remaining funds to be transferred to the Treasury.

**Section 4027. Rule of Construction.**

Limits all support provided by the Department of the Treasury under this Title to loans, loan guarantees, and other investments as provided by this Title.

**Section 4028. Termination Authority.**

All authority to make new loans, loan guarantees, or other investments provided under this Title shall terminate on December 31, 2020. The duration of all loans under this Title shall not exceed five years.