S. 3548 The Coronavirus Aid, Relief, and Economic Security Act
Section by Section

TITLE I—KEEPING AMERICAN WORKERS PAID AND EMPLOYED ACT

Section 1102. Paycheck Protection Program – The bill provides the Small Business Administration (SBA) to make loans up to $10 million per borrower under the Paycheck Protection Program for payroll support, such as employee salaries, paid sick or medical leave, insurance premiums, and mortgage, rent, and utility payments.

Section 1106. Loan Forgiveness - The bill 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.

Sec. 1107 Direct Appropriations – The bill appropriates $349 billion for Small Business Administration loan guarantees.

TITLE II—ASSISTANCE FOR AMERICAN WORKERS, FAMILIES, AND BUSINESSES

Sec. 2303 Net Operating Loss – The bill relaxes current law limitations on the use of NOLs to fully offset income, and also allows 2018, 2019 and 2020 NOLs to be carried back for 5 years. 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.

Sec. 2304 Limitation on losses – The bill **m**odifies 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.

Sec. 2306 Limitation on business interest - The bill 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 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.

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

Sec. 4003 Economic Stabilization Fund – The bill authorizes and appropriates $454 billion to be invested in Federal Reserve 13(3) facilities to provide leveraged lending up to $4.5 trillion for distressed entities designated at the discretion of the Secretary of the Treasury under criteria set forth in the legislation.

Section 4011. Temporary Lending Limit Waiver – The bill 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 – The bill 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.

Sec. 4014 Temporary Relief From CECL Standards – The bill provides that no insured depository institution, bank holding company, or any affiliate thereof shall be required to comply with the Financial Accounting Standards Board Accounting Standards Update No. 2016–13 ("Measurement of Credit Losses on Financial Instruments"), including the current expected credit losses methodology for estimating allowances for credit losses, beginning on the date of enactment and ending on the earlier of the date on which the national emergency terminates or December 31, 2020.

Section 4021. Credit Protection During COVID-19 – The bill 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, except for vacant and abandoned properties, 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, which may be extended for at the request of the borrower, provided that, the borrower's request for an extension is made during the covered period, and, at the borrower's request, either the initial or extended period of forbearance may be shortened

Applicable mortgages included those purchased by Fannie Mae and Freddie Mac, insured by HUD, VA, or USDA, or directly made by USDA. A drafting error omitted the covered period. It was written in earlier drafts as 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 – The bill 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.

DEPARTMENT OF HOUSING & URBAN DEVELOPMENT EMERGENCY APPROPRIATIONS

Community Development Block Grant – $5 billion is provided for the Community Development Block Grant (CDBG) program to enable nearly 1,240 states, counties, and cities to rapidly respond to COVID-19 and the economic and housing impacts caused by it. Of the amounts provided, $2 billion will be allocated to states and units of local governments that received an allocation under the fiscal year 2020 CDBG formula, $1 billion will go directly to states to support a coordinated response across entitlement and non-entitlement communities, and $2 billion will be allocated to states and units of local government, cities and counties based on the prevalence and risk of COVID-19 and related economic and housing disruption. This funding builds on $6.7 billion provided in fiscal years 2019 and 2020 by allowing grantees to combine prior year funds with new funding in order to prevent, prepare for, and respond to COVID-19.

Emergency Solutions Grants – $4 billion is included to address the impact of COVID-19 among individuals and families who are homeless or at risk of homelessness, and to support additional homeless assistance, prevention, and eviction prevention assistance. Eviction prevention activities including rapid rehousing, housing counseling, and rental deposit assistance will mitigate the adverse impacts of the pandemic on working families.

Rental Assistance Protections for Low-Income Americans – $3 billion is included for housing providers to help more than 4.5 million low-income households made up of more than 9.6 million individuals currently assisted by HUD to safely remain in their homes or access temporary housing assistance in response to economic and housing disruptions caused by COVID-19.