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

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

The economic assistance title of the Senate's coronavirus aid legislation provides financial assistance to states, municipalities, and businesses, and provides important help to homeowners and renters by placing moratoriums on foreclosures and evictions. This bill contains $504 billion in funding for loans to airlines and other companies, and utilizes with Federal Reserve's Section 13(3) authority to create lending facilities for states, municipalities, tribes, and businesses. The bill authorizes the Treasury to issue $50 billion in direct loans: $25 billion to passenger airlines, $4 billion to cargo air carriers, and $17 billion to businesses critical to maintaining national security. The remaining $454 billion can be invested in Federal Reserve facilities to provide liquidity to banks for lending to states, municipalities, and businesses.

Highlights of key provisions are included below:

Relief for American Workers and Families

Forbearance and Moratorium on Foreclosures – The bill provides American homeowners with important protections to help keep them in their homes. Homeowners with FHA, USDA, VA or other federally-backed mortgages including those guaranteed by Fannie Mae and Freddie Mac may request forbearance on payments for up to 12 months with no fees, penalties, or extra interest. The bill also includes a 60 day moratorium on foreclosures and evictions of homeowners with FHA, USDA, VA, or 184/184A loans, or whose mortgages are backed by Fannie Mae and Freddie Mac.

Moratorium on Evictions – The bill also provides additional protections from eviction for millions Americans. Owners of multifamily rental properties with federally-backed loans will be eligible to receive forbearance on those loans for 90 days, during which period they may not evict or charge late fees or other penalties to tenants for nonpayment of rent. Owners of federally-subsidized properties or properties with a federally-backed mortgage loan may not evict or charge penalties or fees to a tenant who cannot pay rent for 120 days following this act.

No Stock Buybacks and Dividends and Stronger Worker Protections – The bill prohibits stock buybacks and dividends for loan recipients for the length of any loan plus one year. It also requires loan recipients to retain employees and honor collective bargaining agreements.

Temporary Regulatory Changes to Safeguard Bank Deposits and Help Borrowers – The FDIC and NCUA will guarantee balances in transaction accounts for banks and credit unions, and the FDIC will guarantee certain debt issuances. Restrictions on lending limits and other regulations for large and small banks make it easier for lenders to work with borrowers affected by the COVID-19 pandemic.

Bolstering the American Economy

Access to Loans for Distressed Sectors – This bill would provide Treasury direct lending authority of $25 Billion to passenger airlines and other related companies, $8 Billion in Treasury direct lending to cargo air carriers and $17 billion in Treasury direct lending for other industries critical to national security to maintain critical operations and payroll – loans are conditioned on limits on executive compensation and stock repurchases.

Funding for Loans to States, Municipalities and Tribes, and Businesses and – The bill authorizes $454 billion to fund lending facilities that would be leveraged to provide up to $4.5 trillion in lending for distressed entities, including states, municipalities and tribes, and businesses. Funds under this section can be designated at the discretion of the Secretary of the Treasury.

Congressional Oversight- Protecting Public Trust

Prohibition on Conflicts of Interest – The bill prohibits the President, Vice President, members of the Executive Branch and Congress, and their families from receiving funds under this Act,as well as conflicts of interest and self-dealing.

Ongoing Reporting and Public Accountability – The bill mandates that the Treasury Secretary and the Chair of the Federal Reserve provide reporting of transactions entered into under this title. The Treasury Secretary is required to provide transaction disclosures within 72 hours and provide weekly reports to Congress. The Federal Reserve is required to provide weekly transaction disclosures and monthly reports to Congress. All of the disclosures and reports will be made public.

In addition, the Treasury Secretary and the Fed Chair will testify quarterly before the oversight committees on transactions under the Act, and the GAO will conduct a study nine months after enactment, and annually thereafter, and submit reports to the oversight committees on the loans, loan guarantees, and other investments made under the Act.

Strong Oversight of Lending Facilities –The bill establishes a Special Inspector General for Pandemic Recovery to monitor the distribution of funds and conduct audits and investigations of such funds. The Special IG will issue quarterly reports and regularly testify to Congress on operations of the facility. In addition to the Special IG, a five-member bipartisan Congressional Oversight Panel will also report on the activities of the Secretary of the Treasury, as well as the impact of this act on the economy and markets.