

Financial Services Committee Priorities Included in H.R. 748, the CARES Act

On March 18, 2020, Committee Democrats released a plan to address the financial needs of individuals, families, small businesses and communities impacted by the global coronavirus pandemic. H.R. 748 addresses many of the key aspects of this plan.

Protecting Consumers, Renters, Homeowners, and People Experiencing Homelessness

- **Fast stimulus payments to individuals and families.** Unlike the original Senate Republican bill, which provided less funds to certain low-income adults, the final package includes payments of \$1,200 for every adult and \$500 for each child for families who made less than \$75,000 (or \$115,000 for heads of household and \$150,000 for joint filers). The bill requires payments go out “as rapidly as possible,” including through direct deposit based on information the government has on file from previous tax returns.
- **Temporary moratorium on eviction filings.** The bill provides a 4-month moratorium on evictions for four months to protect renters who are unable to pay their rent. The moratorium applies to properties that receive federal subsidies or assistance, such as public housing, Section 8, USDA rental assistance, and Low Income Housing Tax Credits, as well as to properties that have a mortgage issued or guaranteed by a federal agency, including FHA and USDA, or Fannie Mae or Freddie Mac. While the moratorium included in the Senate amendment is narrower than a similar provision in the House bill, it still covers a substantial portion of the rental market.
- **Emergency homeless assistance.** The bill provides \$4 billion in emergency homeless assistance to enable state and local governments to finance housing and health related services for the hundreds of thousands of people currently experiencing homelessness.
- **Temporary foreclosure moratorium and mortgage forbearance.** For homeowners with federally backed loans, there will be a foreclosure moratorium for four months, and mortgage forbearance for up to a year, including a prohibition on fees and additional interest during the term of the forbearance. Multifamily rental property owners with federally backed mortgages will also have access to forbearance for up to 90 days and would be required to comply with requirements to halt evictions and late fees for the duration of the forbearance. Mortgage servicers are eligible to access a new Federal Reserve facility authorized under the bill to ensure continued liquidity during these forbearance periods.
- **Increased bankruptcy protections for consumers and small businesses.** The final bill amends chapters 7 and 13 to exclude coronavirus-related payments from the federal government from being treated as income for purposes of filing bankruptcy. It also permits consumers currently in chapter 13 to seek payment plan modifications, including extending their payments for up to seven years after their first payment, which may help keep more families in their homes. Finally, the final bill expands the eligibility for small businesses to file for bankruptcy protections during the crisis.
- **Immediate borrower relief for federal student loans.** The final bill pauses payments and suspends debt collection on most federal student loans until September 30, 2020. It prohibits garnishment, tax seizure, benefits reduction, and interest accrual on most federal student

loans, allowing borrowers to remain current for credit reporting and loan forgiveness program purposes.

- **Supplemental funding to help urgent community needs.** The bill includes \$4 billion in Community Development Block Grant funding to allow state territory and local governments to have a flexible resource to address the needs of their communities when mitigating the impacts of COVID-19.
- **Supplemental funding for service coordinators to assist elderly households.** The bill includes \$10 million funding for servicer coordinators to assist elderly households living in HUD-assisted housing during the coronavirus pandemic.
- **Fair housing enforcement.** The bill includes \$2.5 million for fair housing enforcement and education.
- **Providing essential medical supplies to the American people.** In order to boost purchases and productions of key medical supplies and other necessary actions to respond to the Coronavirus epidemic, the bill provides \$1 billion for actions under the Defense Production Act (DPA), and also gives the President some additional flexibility to encourage him to use DPA authorities.

Providing Assistance to Small Businesses and Community Financial Institutions

- **Supporting America's small businesses.** The bill includes loan forgiveness to small businesses for expenses related to utilities, rent, interest on mortgages, and payroll. Struggling small businesses will have access to funds to cover their immediate costs.
- **Protecting minority business development.** The bill provides \$10 million for the Minority Business Development Agency (MBDA) to stabilize minority businesses during the COVID-19 emergency and to ensure that minority firms are not left out of business opportunities during the recovery.
- **Instilling confidence in the banking system.** The bill reauthorizes the Transaction Account Guarantee (TAG) Program, a successful financial crisis era program established to maintain confidence in our nation's banking system, including minority depository institutions (MDIs), community banks, and credit unions. This program gives the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) authority to guarantee that non-interest bearing customer accounts, along with the debt owned by depository institution, are covered even beyond the current \$250,000 limit

Supporting State, Territory and Local Governments

- **Support State, Territory, and Local Government Financing.** The bill includes states, territories, and cities—perhaps the entities experiencing the most severe emergencies of all—among the eligible recipients of “emergency relief” from the Treasury and Federal Reserve. The Treasury Secretary is instructed to create a facility that will extend support to state and local governments as they incur new costs related to this crisis. The bill also provides \$150 billion to states, territories, and tribal governments to use for expenditures incurred due to the public health emergency.

Protecting Financial Stability and Transparent Markets

- **Extensive oversight and transparency of Federal aid to large corporations.** The bill provides oversight, transparency and accountability of Federal aid intended to support families, workers, and businesses throughout this unprecedented crisis. The final bill includes the following provisions:
 - Public reporting of transactions in plain language on Treasury’s website within 72 hours of all direct loans or other investments to eligible businesses.
 - Additional reports on transactions and outstanding obligations. This includes weekly reports by Treasury to Congress summarizing new transactions and monthly reports on outstanding obligations. The Federal Reserve must, similar to reporting requirements for emergency lending mandated in the Dodd-Frank Wall Street Reform and Consumer Protection Act, also submit a report to Congress within a week of establishing a new facility, and submit monthly reports to Congress on any outstanding loans or financial assistance provided through Fed facilities.
 - Quarterly Testimony before Congress by Treasury Secretary and Federal Reserve Chair. The law requires the Secretary of the Treasury and the Chair of the Federal Reserve to testify before the House Committee on Financial Services and Senate Committee on Banking, Housing, and Urban Affairs every quarter on their administration of the \$500 billion Federal aid program.
 - Special Inspector General for Pandemic Recovery (SIGPR) to combat waste, fraud and abuse in the administration and use of \$500 billion by Treasury to provide loans, loan guarantees or investments for eligible businesses, non-profit organizations, states, territories and municipalities, including funds used as a backstop to Federal Reserve emergency lending facilities that could provide up to \$4 trillion in loans.
 - Congressional Oversight Commission to supplement oversight by Congress with sustained scrutiny of the \$500 billion emergency aid program. The Commission is empowered to hold hearings, gather evidence, and publish monthly reports until September 2025.
 - Annual Government Accountability Office study, beginning with an initial report nine months after the date of enactment, to provide further oversight of the \$500 billion COVID-19 Federal aid program administered by Treasury and the Federal Reserve.
 - Pandemic Response Accountability Committee within the Council of the Inspectors General on Integrity and Efficiency (CIGIE) to ensure coordination among Inspector General and government-wide oversight of the use of all Federal funds intended to address the coronavirus pandemic.
- **Restrictions and conditions on Federal aid.** The bill includes restrictions preventing the provision of Federal aid intended to support families, workers and businesses does not personally benefit President Trump or enrich CEOs. The final bill prohibits any business owned or controlled by the President, Vice President, Members of Congress, Cabinet officials or their family members from receiving any Federal aid from the \$500 billion program administered by Treasury and the Federal Reserve. Furthermore, various aspects of the Federal aid come with strings attached, including prohibiting buybacks, paying out dividends, restricting executive compensation, and requiring minimum workforce levels. The bill also requires that these loans and investments are made solely in American companies by

prohibiting the federal government from purchasing or guaranteeing assets from foreign corporations. The bill provides waiver authority to the Secretary.

- **Taxpayer Participation in Future Gains.** The bill ensures that taxpayers share in future gains by conditioning the granting of aid related to COVID-19 on purchasing senior preferred voting stock, warrants for common stock, and senior debt instruments in certain companies receiving federal aid.
- **Support for the developing countries affected by COVID-19.** The bill includes authorizations for increased U.S. participation in key multilateral development institutions, including the World Bank's International Development Association (IDA) and International Finance Corporation (IFC) and both the African Development Fund and African Development Bank. The bill includes transparency and accountability reforms at the World Bank Group.
- **Stabilizing the Global Economy through the International Monetary Fund (IMF).** The bill includes an extension and increase in U.S. commitments to the IMF's emergency backstop facility, known as the New Arrangements to Borrow.