

CCM COVID-19 Alert - President Signs CARES Act Into Law

On Friday, March 27, 2020, the U.S. House of Representatives passed the “Coronavirus Aid, Relief and Economic Security Act” (the “Act”), which the Senate had previously passed.

President Trump later signed the Act into law this afternoon, delivering much needed relief to individuals and businesses. The Act provides over \$2 trillion of unemployment benefits, small business loans, tax relief, and aid to specific industries like the airline industry. The following is a summary of key components of the Act that affect our business and individual clients. ***We will supplement with more detail as we continue to review and analyze the Act.***

ASSISTANCE FOR AMERICAN WORKERS, FAMILIES, AND BUSINESSES

Recovery Rebates: The Act provides recovery rebate checks totaling up to \$1,200 for individual U.S. residents (\$2,400 for married joint filers) who aren’t dependents and have a Social Security number. Those amounts would increase by \$500 for each dependent child. There would be no phase-in, so Americans with no income and those whose income stems entirely from a non-taxable, means-tested benefits program (like Social Security) would be eligible for the full rebate check.

Recovery rebate checks are reduced for higher income taxpayers and begin phasing out at \$75,000 in adjusted gross income (AGI) for individual taxpayers and \$150,000 AGI for married filers. The recovery rebate amount is reduced by \$5 for each \$100 a taxpayer’s income exceeds the phase-out threshold; and phases out entirely for single taxpayers with incomes over \$99,000 and married filers with AGI exceeding \$198,000.

The Internal Revenue Service (IRS) will measure AGI amounts on the taxpayer’s 2019 tax return if it’s been filed, or on their 2018 tax return if not.

The IRS will directly deposit the recovery rebate checks in the bank accounts of Americans who have set up Direct Deposit with the IRS, and mail checks to those who haven’t. Recovery rebates via Direct Deposit are expected to be available within about three weeks, while checks will be available within six to eight weeks.

Unemployment Enhancements: A temporary Pandemic Unemployment Assistance program is created through December 31, 2020 to provide payments to those who wouldn’t be traditionally eligible for unemployment benefits, including the 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. An additional \$600 per week payment is available to each recipient of unemployment insurance or Pandemic Unemployment Assistance for 39 weeks up from 26 weeks.

The federal government will reimburse states for half of the unemployment relief costs incurred by nonprofits, government agencies, and Indian tribes they incur through December 31, 2020, to pay unemployment benefits. The federal government will temporarily fund the first week of

unemployment benefits for recipients in states, such as Illinois, that choose to pay recipients as soon as they become unemployed instead of requiring one waiting week through the end of 2020.

Through the end of 2020, the federal government will finance 100% of “short-time compensation” programs in states with existing short-time compensation programs; and 50% of the costs incurred by states that establish new short-time compensation agreements. These programs will assist workers whose hours were reduced instead of being laid off, and the workers will receive a pro-rated unemployment benefit.

Individual and Family Tax Relief: The 10% early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts will be waived for coronavirus-related purposes. Income from these distributions will be subject to tax over three years, and the taxpayer will recontribute the funds to an eligible retirement plan within three years without regard to that year’s contribution cap. Coronavirus-related distributions will include those:

- Made to an individual diagnosed with COVID-19;
- Whose spouse or dependent is diagnosed with COVID-19;
- Who experience adverse financial consequences as a result of being quarantined, furloughed, laid off, have work hours reduced, are unable to work due to lack of childcare, the closing or reduced hours of a business owned or operated by the individual, or other factors as determined by the Treasury Secretary.

The Act temporarily waives 2020 required minimum distribution rules for certain retirement plans and accounts.

To encourage Americans to contribute to churches and charitable organizations in 2020, the Act permits individuals will be permitted to deduct up to \$300 of cash contributions “above the line” (i.e. whether or not they itemize their deductions).

Employers will be able to provide a student loan repayment benefit to employees on a tax-free basis. They may contribute up to \$5,250 annually toward an employee’s student loans and those payments will be excluded from the employee’s income for tax purposes. The \$5,250 employer cap will apply to both the new student loan repayment benefit and other educational assistance (for tuition, fees, books) allowed under current law. This provision will apply to student loan payments made by an employer on behalf of an employee after the date of enactment and before January 1, 2021.

Businesses: Employers whose operations were fully or partially suspended due to a coronavirus-related shutdown order, or whose gross receipts declined by more than 50% compared to the same quarter the prior year, are eligible for an employee retention credit in the form of a refundable payroll tax credit for 50% of wages paid by employers to employees during the COVID-19 crisis and based upon qualified wages paid to the employee:

- For employers with over 100 full-time employees, qualified wages are wages paid to employees when they aren’t providing services due to the above-described COVID-19 circumstances.
- For 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 or incurred from March 13, 2020 through December 31, 2020.

Employers and self-employed individuals are allowed to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government (employers are responsible for paying a 6.2% Social Security tax on employee wages). The deferred employment tax would be required to be paid over the following two years, with half to be paid by December 31, 2021, and the other half by December 31, 2022.

The limitations on the ability of companies to use net-operating losses (NOLs) from prior years in the current tax year would be relaxed. Currently, they're subject to a taxable income limitation and they can't be carried back to reduce income in a prior tax year. This provision would allow losses from 2018, 2019, or 2020 to be carried back five years, and would temporarily remove the taxable income limitation to allow an NOL to fully offset income. These changes would allow companies to utilize losses and amend prior years' returns to free up cash flow and liquidity during the COVID-19 pandemic, and would also be available to pass-through businesses and sole-proprietors.

Additionally, this section would:

- Accelerate the ability of companies to recover AMT credits;
- Temporarily increase the amount of interest expense businesses can deduct from 30% to 50%;
- Enable businesses (especially those in the hospitality industry) to immediately write off costs associated with improving facilities instead of having to depreciate those improvements over the 39-year life of the building; and
- Waive the federal excise tax on any distilled spirits used for or contained in hand sanitizer that is produced or distributed in a manner consistent with guidance issued by the Food and Drug Administration and is effective for calendar year 2020.

KEEPING AMERICANS PAID AND EMPLOYED

The Act provides \$350 billion for a new Paycheck Protection Program to make loans to small businesses with 500 employees or fewer or that otherwise meet the current Small Business Administration (SBA) size standards; self-employed individuals and "gig economy" workers; and certain non-profits, including 501(c)(3) organizations, 501(c)(19) veteran organizations, and tribal businesses with under 500 employees.

Loans under the Paycheck Protection Program equal 250% of an employer's average monthly payroll with a 100% federal guarantee. The program allows a maximum loan amount of \$10 million, doubled from the \$5 million limit. The interest rates for such loans during the covered period are capped at 4%. Covered payroll costs include salary, wages, and payment of cash tips up to an annual pay rate of \$100,000; employee group healthcare benefits, including insurance premiums; retirement contributions; and covered leave. Other permitted uses of the loan include expenses related to supply chain disruptions, and mortgage or rent payments. The funds cannot be used to pay for emergency sick or family leave under the second coronavirus response package (Public Law 116-127).

The Act waives rules requiring recipients to pay certain fees, provide collateral, or be unable to obtain credit elsewhere and also waives the personal guarantee requirement. SBA rules on company affiliates for the determination of small business size are waived for franchises, food or lodging companies with 500 or fewer employees, and businesses that get financial assistance from a small business investment company.

Approved 7(a) lenders can issue covered loans if they determine a business was operating with salaried employees or paid contractors as of February 15. The SBA must assume eligible loan applicants in operation as of February 15 were adversely affected by COVID-19. This will require lenders to let them defer payments for at least six months and as long as one year.

Loans receive a risk weight of 0% under banking capital rules, meaning banks and credit unions do not have to set aside additional capital to cover them. Lenders that modify covered loans due to COVID-19 will be temporarily exempt from having to make certain disclosures related to troubled debt restructurings.

Borrowers under the Paycheck Protection Program will be eligible for loan forgiveness equal to the amount spent by the borrower on payroll costs during an 8-week period after the loan origination date (including additional wages to tipped workers), interest payment on any mortgage incurred prior to February 15, 2020, rent payment on a lease in force prior to that date, and utility payment for service which began prior to that date.

Loan forgiveness amounts cannot exceed the principal amount of the loan. Forgiveness amounts 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% of their prior year compensation. Loan amounts not forgiven after one year will be carried forward as an ongoing loan with a maximum term of 10 years, at a maximum of 4% interest, while the 100% loan guarantee will remain intact.

Canceled debt will be excluded from borrowers' gross income for federal income tax purposes.

To encourage employers to rehire 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 loan period.

Loans will be available immediately through more than 800 existing SBA-certified lenders, including banks, credit unions, and other financial institutions. The SBA will be required to streamline the process to bring additional lenders into the program, and the Treasury Secretary is authorized to expedite the addition of new lenders.

A limit on SBA 7(a) express loans, which have a 36-hour turnaround, is increased to \$1 million, from \$350,000, through the end of 2020.

Additionally:

- Eligibility for the SBA's Economic Injury Disaster Loan (EIDL) program is expanded, and \$10 billion would be provided to support the expanded EIDL program.
- SBA will be required to pay all principal, interest, and fees on all existing SBA loan products for six months to provide relief to small businesses negatively affected by COVID-19.

ASSISTANCE TO SEVERELY DISTRESSED SECTORS OF THE U.S. ECONOMY

The Act provides \$500 billion to the Treasury's Exchange Stabilization Fund to provide loans, loan guarantees, and other investments to eligible U.S. businesses. This includes \$46 billion in direct lending:

- \$25 billion in direct lending to passenger air carriers and eligible businesses that provide inspection, repair, replacement, or overhaul services, and ticket agents.
- \$4 billion for cargo air carriers.
- \$17 billion for businesses important to maintaining national security.

The remaining \$454 billion would be used for loans, loan guarantees, and investments in support of the Federal Reserve's lending facilities to eligible businesses, states, and municipalities. The Federal Reserve's lending is a critical tool to mitigate extraordinary pressure in financial markets that would otherwise have severe adverse consequences for households, businesses, and the U.S. economy at large.

All direct lending would have to meet the following criteria:

- Alternative financing isn't reasonably available to the business;
- The loan is sufficiently secured at an interest rate that reflects the risk of the loan and, if possible, is at least an interest rate based on market conditions for comparable obligations before the coronavirus outbreak;
- The duration of the loan should be as short as possible and cannot exceed 5 years;
- Borrowers and affiliates can't 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;
- Borrowers must, until September 30, 2020, maintain employment levels as of March 24, 2020, to the extent practicable, and retain at least 90% of its employees as of that date;
- A borrower would have to certify that it's a U.S.-domiciled business and its employees are predominantly located in the U.S.;
- The loan cannot be forgiven; and
- In the case of borrowers critical to national security, their operations are jeopardized by losses related to the coronavirus pandemic.

Lending through the Federal Reserve under this section would have to be broad-based, with verification that each participant isn't insolvent and is unable to find adequate financing elsewhere. No loan forgiveness would be permissible under a Federal Reserve lending facility.

Treasury would endeavor to implement a special Federal Reserve lending facility targeted at non-profit organizations and businesses between 500 and 10,000 employees, subject to additional loan criteria and obligations, such as:

- The funds must be used to retain at least 90% of the recipient's workforce, with full compensation and benefits, through September 30, 2020;

- The recipient cannot outsource or offshore jobs for the term of the loan plus an additional two years;
- The recipient cannot abrogate existing collective bargaining agreements for the term of the loan plus an additional two years; and
- The recipient must remain neutral in any union organizing effort for the term of the loan.

All authority to make new loans, loan guarantees, or other investments would terminate on December 31, 2020, and the duration of all loans cannot exceed five years.

Limitations and Oversight: Recipients of any direct lending under this section would be prohibited 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 their total annual compensation, 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 50% of the amount their compensation last year exceeded \$3 million.

Air carriers receiving loans under this section would be required to maintain scheduled air transportation where deemed necessary by the Secretary of Transportation. Federal excise taxes in relation to commercial aviation would be repealed.

Any company in which the president, vice president, executive department head, member of Congress, or any such individual's spouse, child, son-in-law, or daughter-in-law own over 20% of the outstanding voting stock wouldn't be eligible for loans, loan guarantees, or other investments provided under this section.

A Special Inspector General for Pandemic Recovery would be established within the Treasury Dept. They would be appointed by the president to 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 section. The Special Inspector General would keep Congress informed through quarterly reports.

A Congressional Oversight Commission would be established with oversight of the implementation of this section by the Treasury and the Federal Reserve. It would consist of five members: one appointed by the House Speaker; one by the House Majority Leader; one by the Senate Majority Leader; one by the Senate Minority Leader; and one appointed by the House Speaker and Senate Majority Leader after consulting with the Senate and House Minority Leaders. The panel may hold hearings, take testimony, and secure information from federal agencies it deems necessary to carry out its responsibility, and would be required to submit reports to Congress every 30 days specifying:

- The impact of purchases made under this section on the financial well-being of the American people, financial markets, and financial institutions;
- The extent to which the information made available on transactions under this title has contributed to market transparency; and
- The effectiveness 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 would terminate on September 30, 2025.

Charitable Contributions

In addition to the \$300 above-the-line individual charitable contribution allowance for individuals who don't itemize their returns for tax years beginning in 2020, the Act:

- suspends for 2020 the limit on the individual charitable deduction, which is available to filers who itemize. The deduction is limited to 60% of individual taxpayers adjusted gross incomes through 2025.
- increases the corporate charitable deduction limit for 2020 to 25% of taxable income, from 10%. A deduction for food inventory contributions is increased to 25%, from 15%.

Student Loans

Employer student loan repayment assistance paid before Jan. 1, 2021, are excluded from employees' income tax. Repaid amounts count toward a \$5,250 limit on other forms of employer-provided education assistance, such as tuition and related expenses, that can be excluded from income.

Business Losses

The Act allows business losses from tax years after Dec. 31, 2017, and before Jan. 1, 2021, to be carried back five years. Net operating loss carrybacks were eliminated for most businesses by the 2017 tax overhaul. Separate rules apply to real estate investment trusts and life insurance companies.

The Act allows the full amount of net operating loss carryovers and carrybacks to be used for tax years beginning before Jan. 1, 2021. The deduction was limited to 80% of taxable income under the 2017 tax overhaul. A separate deduction limit is established for tax years beginning after Dec. 31, 2020.

The Act modifies the effective date of changes to the net operating loss deduction included in the 2017 tax overhaul and modifies net operating loss deduction limits for pass-through businesses and sole proprietorships.

Other Business Provisions

The Act:

- Allow companies to more quickly access their remaining alternative minimum tax credits. The 2017 tax overhaul eliminated the corporate AMT but made remaining AMT credits refundable over several years, ending in 2021.
- Allow businesses to deduct 50% of their interest expenses in 2019 and 2020, with adjustments, instead of 30%. Separate rules would apply for partnerships.
- Address the "retail glitch" from the 2017 tax overhaul, in which the depreciation schedule for certain restaurant and retail businesses' qualified improvement property was inadvertently lengthened to 39 years. The Act classifies qualified improvement property as 15-year property, or 20-year property under an alternative depreciation system. The

classification makes the property eligible for temporary “bonus depreciation” established by the 2017 tax law, which allows it to be written off immediately.

UNEMPLOYMENT AND PAID LEAVE

Pandemic Unemployment Assistance

The Act provides an additional \$600 per week in “federal pandemic unemployment compensation” to individuals receiving unemployment benefits. The extra payment remains available through July 31, 2020. It is excluded when determining eligibility for Medicaid and the Children’s Health Insurance Program (CHIP).

The Act allows individuals affected by the coronavirus to receive pandemic unemployment assistance for as long as 39 weeks, which includes any week for which they receive regular compensation or extended benefits.

Unemployment benefits under that program are available to individuals who are in quarantine, caring for a diagnosed family member, or out of work because their employer closed due to the coronavirus. It is also available to those who are self-employed, have limited work history, or otherwise wouldn’t qualify for unemployment benefits. Benefits will not be provided to individuals who can telework with pay or who are receiving other paid leave benefits.

The benefit provisions apply retroactively to Jan. 27, 2020 and remain in place through Dec. 31. Compensation is provided without any waiting period.

The Act provides an additional 13 weeks of pandemic emergency unemployment compensation to individuals who have exhausted regular benefits. Emergency benefits are available through Dec. 31.

States will be paid 100% of the total amount of unemployment benefits they provide, including administrative costs in certain cases.

The Act fully reimburses states for providing compensation the first week of unemployment, without a waiting period.

In addition, states will receive funding to reimburse nonprofits and government agencies for half of their costs of providing unemployment benefits.

The Act provides similar additional unemployment benefits to railroad workers. It would appropriate \$425 million for the enhanced benefits.

The Act provides \$25 million for the Labor Department’s inspector general’s office to conduct oversight of unemployment assistance.

Leave Program Modifications

The Act amends the emergency sick leave program enacted under the second coronavirus response measure.

Certain workers laid off on or after March 1, 2020, are eligible to receive family leave benefits if they're rehired.

The Office of Management and Budget is authorized to exclude certain federal government employers and executive branch workers from leave requirements and benefits.

The Act applies the same caps on the amount employers are required to pay per employee for the leave programs, which are:

- \$200 per day, or \$10,000 total, for family leave related to care for a child whose school or day care has closed because of the coronavirus.
- \$511 per day, or \$5,100 total, for sick leave related to a worker's quarantine or diagnosis.
- \$200 per day, or \$2,000 total, for sick leave related to caregiving for another quarantined individual or child whose school or day care has closed.

Federal agencies may use funds, subject to appropriations, to reimburse federal contractors for providing paid leave to its employees or subcontractors through Sept. 30, 2020. The provision applies to contractors who can't work on-site or remotely because of the coronavirus. Such payments would be reduced by applicable tax credits available to the employer.

The Treasury Department can waive penalties for employers failing to make payroll or railroad tax payments in anticipation of tax credits for the paid family and sick leave programs established under Public Law 116-127.

HEALTH PROVISIONS

Health Coverage

Testing: Health insurers must reimburse providers for all coronavirus testing and related visits based on the cash price that the provider lists online, unless they have a previously negotiated rate or negotiate a new rate that's less than the cash price. Testing providers that don't list their prices online during the emergency can be penalized a maximum of \$300 per day.

The Act expands the types of coronavirus lab tests that would have to be fully covered by insurance, including tests that haven't yet received an emergency use authorization from the Food and Drug Administration.

Vaccines: Health insurers must cover vaccines and other services intended to prevent Covid-19 without any cost-sharing. The requirement takes effect 15 business days after a recommendation from the U.S. Preventive Services Task Force or CDC Advisory Committee on Immunization Practices.

High-Deductible Health Plans: The Act allows allow telehealth services to be covered under a high-deductible health plan before a patient reaches the deductible for plan years beginning on or before Dec. 31, 2021.

Spending Accounts: The Act permanently allow health savings accounts to be used for medicine without a prescription and for menstrual products. The provisions would also apply to other spending accounts such as flexible spending arrangements.

BANKING RULES

The Act waives several banking and accounting rules, most of which would be reinstated in 2021 or when the coronavirus public health emergency ends.

Accounting Rules

Banks and credit unions are temporarily exempt from a 2016 accounting rule on credit losses issued by the Financial Accounting Standards Board.

The rule includes a methodology for current expected credit losses (CECL) opposed by banks that requires them to set aside reserves to cover potential losses over the life of a loan.

Financial institutions may also exempt themselves from accounting rules that would otherwise categorize certain loan modifications related to Covid-19, such as payment deferrals, as troubled debt restructurings (TDRs). Agencies would have to defer to the financial institutions.

Loan modifications that qualify as TDRs typically result in stricter accounting and disclosure requirements.

The TDR waiver period runs from March 1 through Dec. 31, 2020 or 60 days after the coronavirus public health emergency ends, whichever is sooner.

Money Market Funds

The Treasury Department can use its Exchange Stabilization Fund (ESF) to backstop money market funds, a key source of short-term liquidity for businesses and households. The Act provides “such sums as may be necessary” to reimburse the ESF for any claims payments that exceed collected fees.

Capital Rules

Federal banking agencies must set an optional capital-to-asset ratio of 8% for community banks with less than \$10 billion in assets, instead of the current 9%.

Eligible banks that exceed the ratio are automatically deemed to have met other leverage and risk-based capital rules set by the banking agencies.

Lending Limits

Lending limits imposed on national banks are lifted for loans they issue to nonbank financial institutions, similar to a waiver for loans issued to regular financial institutions and approved by the Office of the Comptroller of the Currency (OCC).

The OCC may waive any other transaction from the lending limits, if it finds an exemption is in the public interest.

FDIC Guarantees

The Federal Deposit Insurance Corporation (FDIC) is authorized to guarantee additional types of deposits, including on accounts that don't accrue interest.

It may also establish an emergency program to guarantee the debt of solvent insured banks up to a maximum level without further congressional approval.

The National Credit Union Administration is authorized to increase insurance coverage levels for non-interest-bearing accounts held at federally backed credit unions.

Credit Union Liquidity

The Act allows credit unions serving corporate customers to seek loans through the Central Liquidity Facility, a mixed-ownership government corporation that lends to other credit unions experiencing unusual liquidity shortfalls.

Applicants must show that they made reasonable efforts to obtain liquidity from certain other sources.

The Act also increases the facility's authority to borrow funds from a single source.

EDUCATION

Financial Aid

The Act allows the Education Department to waive requirements related to institutions' eligibility for and allotment of federal financial aid, as well as certain reporting requirements. The department also has broad authority to waive provisions to ensure that schools receiving federal aid aren't adversely affected by formula-based calculations during the coronavirus emergency.

The Act directs the department to waive requirements that higher education institutions match a portion of federal student aid for two school years. When calculating eligibility against lifetime usage limits, the department cannot count a student's enrollment in subsidized loan or Pell Grant programs during any semester the student didn't complete because of the emergency.

The department waives payment of grants and loans by students who received support and were forced to withdraw from school.

The department may also allow institutions to keep unused grant or loan assistance if students were unable to use the funding due to the emergency. It may modify the required and allowable uses of funds provided to institutions, as well as nonfederal matching requirements, upon the request of an institution or other grant recipient.

The Act allows institutions to:

- Roll over unused funds from the previous five years for use during the next five-year period.

- Make work-study payments to participating students who were unable to fulfill their work requirements due to closed workplaces.
- Treat any unspent work-study funds as grants to support the ability of low-income students to access and complete higher education.
- Use supplemental educational opportunity grants to provide emergency aid to students facing unexpected expenses and unmet needs.
- Provide students with leaves of absence that don't require them to pick up where they left off if they return the same semester.
- Exclude credits for classes a student began but didn't finish due to the emergency when determining the student's academic progress for financial aid eligibility purposes.

Foreign institutions can offer distance learning without jeopardizing their eligibility for U.S. financial aid during a declared public health emergency or similar emergency in the relevant country. The provision would be retroactive to March 1.

The department can amend the types of extenuating circumstances that can excuse a Teach Grant recipient from fulfilling teaching service obligations. It must consider service that is part-time or interrupted due to the Covid-19 crisis to have been full-time.

It must waive teacher student loan forgiveness requirements related to consecutive years of service if an interruption was caused by the emergency and the borrower completes a combined five years or more of qualifying teaching service.

Other Education Provisions

Loan Repayment: The Act suspends suspend student loan payments and interest accrual through Sept. 30, which would cover six months for most borrowers. Each month for which payments are suspended is treated as if on-time payments were made for purposes of federal loan forgiveness programs. Involuntary collections related to student loans, such as wage garnishments or tax refund reductions, as well as negative credit reporting would also be suspended for the same period.

General Waivers: The Education Department has broad authority during the coronavirus emergency to waive obligations at the request of state or local governments, school systems, or the Bureau of Indian Education. Waivers can address academic assessments, institutional support for schools, professional development, allocation and accounting for federal education funding, and reporting requirements, among other things. They will generally be limited to the current academic year. Civil rights laws cannot be waived.

CONSUMER PROTECTIONS

Mortgage Payments, Foreclosures and Evictions

Borrowers with federally backed mortgages – including those that are insured by the Federal Housing Administration, guaranteed by the Veterans Affairs Department, or purchased by

Fannie Mae and Freddie Mac – who attest that they’re experiencing financial hardship due to COVID-19 can suspend their payments for 180 days, with a possible 180-day extension. They will not accrue additional interest or fees during that period.

The Act prohibits foreclosures on homes with federally backed mortgages for at least 60 days starting March 18.

Landlords with federally backed mortgages on multifamily properties can suspend their payments for as long as 30 days, with as many as two 30-day extensions. They cannot evict tenants or charge fees during that period.

The Act suspends evictions for 120 days on properties that have a federally backed mortgage or participate in a covered federal housing program.

Credit Reports

Lenders and other businesses can let consumers affected by Covid-19 defer or suspend their debt payments or make partial payments from Jan. 31 through 120 days after enactment of the Act or the coronavirus emergency ends.

If the lenders permit deferral or suspension, they must report positive information about those accounts to credit reporting companies, or give consumers with delinquent accounts a chance to resolve the negative information in their credit reports by the end of the covered period.

Delinquent borrowers will continue to be reported as delinquent during the period, unless they made payments to bring their account current.