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Title IV Provisions of the CARES Act (P.L. 116-136)

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SUMMARY

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April 2, 2020

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Title IV Provisions of the CARES Act (P.L. 116-136)

Economic conditions have deteriorated rapidly in the past few weeks, as the Coronavirus Disease 2019 (COVID-19) pandemic has caused many businesses and public institutions to limit or close their operations, increasing financial hardship for many Americans due to layoffs or time off of work due to illness. COVID-19's effect on the airline industry has been one of many areas of interest for Congress.

On March 27, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law as P.L. 116-136. The act contains a number of provisions aimed broadly at stabilizing the economy and helping affected households and businesses. Specifically, Title IV of the CARES Act grants funds to industries affected by the virus and new authorities to the regulators and agencies responsible for those industries, waives requirements for industries to meet certain regulatory requirements, and provides added oversight and consumer protections, each on a temporary basis. These provisions can generally be classified into a few categories, presented below.

Financial Assistance for Industry. Title IV, Subtitle A temporarily provides Treasury with up to $500 billion (through the Exchange Stabilization Fund) to make loans, loan guarantees, or investments to assist businesses, states, and municipalities affected by COVID-19—such assistance has been referred to by some as "bailouts." Treasury can make loans and loan guarantees directly to companies in three industries:

- up to $25 billion to industries related to passenger air travel;
- up to $4 billion to cargo air carriers; and
- up to $17 billion to businesses critical to national security.

Various restrictions on executive compensation, stock buybacks and dividends, conflicts of interest, and loan forgiveness apply to this assistance. Borrowers must provide financial protection to provide Treasury with potential financial upside (e.g., warrants). The remainder (at least $454 billion) is available to support facilities established by the Federal Reserve (Fed) to provide liquidity to the financial system by supporting lending to businesses, states, and municipalities. These funds might be used to cover future losses on Fed emergency facilities created in response to COVID-19, for example. Treasury and the Fed have broad discretion to determine the terms of the assistance, subject to statutory restrictions. Oversight is provided through reporting requirements and the creation of a Special Inspector General and a Congressional Oversight Commission. Subtitle A also allows the Federal Deposit Insurance Corporation and National Credit Union Administration to temporarily insure certain deposits above the deposit insurance limit and temporarily suspend a prohibition on using the Exchange Stabilization Fund to insure money market funds (a type of mutual fund similar to a bank account).

Title IV, Subtitle B provides up to $32 billion to continue payment of employee wages, salaries, and benefits at airline-related industries. The title also addresses domestic air service, including essential air service, aviation excise taxes, and collective bargaining.

Consumer Protection. For consumers affected by COVID-19, Title IV would preserve the current status of credit reports for consumers who modify or defer loan payments, allow residential mortgage borrowers to enter forbearance, and protect renters from evictions.

Regulatory Relief. Title IV also provides regulatory relief for depository institutions, such as banks. For example, it temporarily reduces capital requirements for smaller banks using the Community Bank Leverage Ratio, and it temporarily suspends certain regulatory requirements involving the treatment of losses.

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The Coronavirus Aid, Relief, and Economic Security Act (CARES Act; H.R. 748, as amended) passed the Senate 96-0 on March 25, 2020. It passed the House by voice vote and was signed into law as P.L. 116-136 on March 27, 2020. The act contains numerous provisions aimed broadly at stabilizing the economy and helping affected households and businesses. These provisions include significant expansions in small business lending, unemployment insurance, tax relief to individuals and employers, and economic stabilization funding.

This report provides a section-by-section summary of Title IV of the CARES Act. These sections can be grouped into the following categories:

- **Financial assistance** for industry and the financial system (Sections 4002-4004, 4008, 4015-4016, 4019, 4028-4029):
  - Sections 4002, 4003, 4027, 4028, and 4029 provide up to $500 billion to the Treasury Department to provide liquidity to eligible businesses and states, including passenger and cargo air carriers and businesses pertinent to national security; at least $454 billion of the assistance is to be made available through a Federal Reserve liquidity facility for financial services. Section 4004 sets executive compensation limits on certain companies receiving assistance. Section 4019 restricts eligible recipients of assistance to avoid conflicts of interest.
  - Section 4008 allows the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) to temporarily guarantee deposits beyond statutory limits.
  - Section 4015 allows the Exchange Stabilization Fund to be used to guarantee funds for money markets.
  - Section 4016 enhances credit union access to a liquidity facility.
- In addition to the financial support provided in Section 4003, provisions targeted at **airline-related industries** (Sections 4005-4007, 4025, Subtitle B):
  - Section 4005 addresses the continuation of domestic air service, including essential air service to small communities.
  - Sections 4006 and 4119 require coordination of Title IV implementation with the Transportation Secretary.
  - Section 4007 suspends aviation excise taxes until January 1, 2021.
  - Sections 4112, 4113, and 4120 provides up to $32 billion to continue payment of employee wages, salaries, and benefits at airline-related industries. Sections 4114 and 4116 limit recipient firms from taking certain actions. Section 4117 permits the Secretary to accept certain forms of financial compensation for taxpayers in exchange.
  - Sections 4025 and 4115 prohibits conditioning assistance on entering into collective bargaining negotiations.
- **Temporary exemptions from statutory requirements** (Sections 4009-4014, 4017):
  - Section 4009 allows the Federal Reserve to suspend Sunshine in Government requirements.
  - Sections 4011 and 4012 exempt bank loans from certain limitations and lowers capital requirements for community banks.

  - Sections 4013 and 4014 provides exemptions to accounting requirements for banks that hold certain products on their balance sheet.
  - Section 4017 waives certain congressional oversight and reporting requirements under the Defense Production Act of 1950 for purchases or loans made to expand productive capacity for amounts greater than $50 million.
- **Enhanced oversight** (Sections 4018, 4020, 4026):
  - Sections 4018 and 4020 establishes a Special Inspector General and a Congressional Oversight Committee to monitor activities made pursuant to provisions in Title IV of the CARES Act. Section 4026 requires reports on activities.
- Enhanced **consumer protections** for borrowers and renters (Sections 4021-4024):
  - Section 4021 preserves the status of credit reports for consumers who are current on their credit obligations if they enter into an agreement to defer, forbear, modify, make partial payments, or get any other assistance on their loan payments from a financial institution due to the virus.
  - Sections 4022-4024 allow residential mortgage borrowers to enter forbearance and protect renters from evictions.

Table 1 provides a detailed section-by-section summary of Title IV and lists CRS products and experts for each section.

Table 1. Title IV of the CARES Act (P.L. 116-136)

Provision	Description	Effective Dates	CRS Experts/ Resources
	Subtitle A—Coronavirus Economic Stabilization Act of 2020		
Section 4001. Short Title	Subtitle to be cited as the Coronavirus Economic Stabilization Act of 2020	n/a	
Section 4002. Definitions	Section 4002 creates definitions for Subtitle A, including *eligible business* defined as an air carrier or "U.S. Business that has not otherwise received adequate economic relief." *State* is defined to include the states, DC, U.S. territories and possessions, multi-state entities, and Indian tribes.	n/a	Marc Labonte, Specialist in Macroeconomic Policy

Section 4003. Emergency Relief and Taxpayer Protections	Section 4003 implements the following: (a) provides assistance of $500 billion overall for liquidity to eligible businesses, states, and municipalities related to losses incurred as a result of coronavirus. Authorizes the Treasury Secretary to make loans, loan guarantees, and other investments. Loan subsidies are subject to the Federal Credit Reform Act (2 U.S.C. §§661 et seq). (b) Of the $500 billion, up to $25 billion is available to industries related to passenger air carriers, as defined by the bill; up to $4 billion is available to cargo air carriers; up to $17 billion is available to businesses critical to national security. The remainder (at least $454 billion) is available to support facilities established by the Federal Reserve (Fed) to provide liquidity to the financial system by supporting lending to eligible businesses, states, and municipalities. The Fed's facilities may purchase obligations in primary or secondary markets or make loans. (c)(1) The Treasury Secretary may establish the terms and conditions of the assistance, including interest rates (based on current Treasury rates plus a risk adjustment). The application process for non-Fed assistance should be available within 10 days of enactment. (c)(2) For the three specified industries above, Treasury selects which eligible businesses to provide with loans or loan guarantees directly, and the following terms apply. (Treasury may not make other investments in these industries.) The assistance should be prudent, based on market rates before COVID-19 and reflect risk, should be outstanding for no longer than 5 years and as short as possible, and should be made because private credit is unavailable. For 12 months after repayment, stock buybacks and dividends are prohibited, unless already contractually obligated. For recipients, employment levels shall be maintained at March 24 levels until the end of September "to the extent practicable." The business must be a U.S. business, as defined. To be eligible, losses have occurred or are anticipated and the "continued operations of the business are jeopardized, as determined by the Secretary." (c)(3) For Fed programs involving direct loans supported by this fund, stock buybacks and dividends are prohibited for 12 months after repayment unless already contractually obligated, and Section 4004 executive compensation limits apply. The Treasury Secretary may waive these requirement if "necessary to protect the interest of the Federal Government." The bill reaffirms that any applicable requirement in Section 13(3) of the Federal Reserve Act apply to these programs. Facilities are limited to U.S. businesses, as defined. The Treasury Secretary "shall endeavor to seek the implementation of" a Fed facility that provides financing to banks and other lenders to make direct loans to U.S. eligible businesses (as defined) and nonprofits with between 500 and 10,000 employees at an interest rate not higher than 2% and with no principal or interest due for 6 months. The business must certify that the loan is	Loans and guarantees are limited to 5-year terms. Prohibitions on stock buybacks and dividends for loan recipients exist for 12 months after repayment, unless already contractually obligated. Workforce levels must be restored within 4 months of the end of the health crisis.	Marc Labonte, Specialist in Macroeconomic Policy Rachel Y. Tang, Analyst in Transportation and Industry CRS Report R44185, *Federal Reserve: Emergency Lending*, by Marc Labonte. CRS Insight IN11267, *COVID-19 and Funding for Civil Aviation*, by Rachel Y. Tang

Provision	Description	Effective Dates	CRS Experts/ Resources
	needed because of economic uncertainty and the funds will be used to retain at least 90% of the workforce until the end of September 2020 or restore at least 90% of the February 1 workforce, with all compensation and benefits restored within 4 months of the end of the emergency. There are a series of restrictions on the borrower, restrictions on stock buybacks and dividends, not offshoring jobs for two years after repayment, not being bankrupt, and abrogating existing collective bargaining agreements or opposing union organizing efforts. This facility does not restrict the Fed's proposed "Main Street Lending Program." In addition, the Secretary "shall endeavor" to create a Fed facility for states and municipalities. (d) As compensation for a non-Fed loan or loan guarantee, the borrower must issue warrants or other financial protection to Treasury, as determined by the Secretary. Terms, including sale or exercise, must be set by the Secretary for the benefit of the taxpayer. If compensation grants shareholder voting power, the Secretary cannot exercise voting power. Loan forgiveness on any Section 4003 assistance is prohibited. (e) Order of repayment is specified. After repayment, surplus funds are transferred to the Social Security Federal Old-Age and Survivors Insurance Trust Fund. (f) Treasury's administrative costs are capped at $100 million. Treasury is authorized to hire, enter into contracts, create investment vehicles, and issue regulations to carry out the subtitle. (g) The Secretary can use private financial firms as financial agents for the program. (h) Tax treatment of assistance is specified as indebtedness. Equity acquired does not qualify as a change in ownership for tax purposes.		

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4004. Limitation on Certain Employee Compensation	Section 4004 requires that a business receiving a loan or loan guarantee in the three industries identified in Section 4003 must stipulate that between the agreement's execution date and one year after the loan or loan guarantee's termination, any business official or employee who received more than $425,000 in total compensation (as defined) during 2019: (1) cannot receive more than that amount during 12 consecutive months in that period or (2) cannot receive more than twice the total compensation received in 2019 in severance pay or other benefits if their employment is terminated. In addition, an agreement between the Treasury Secretary and a business receiving a loan or loan guarantee would need to stipulate that between the agreement's execution date and one year after the loan or loan guarantee's termination, any business official or employee who received more than $3,000,000 in total compensation in 2019 cannot receive more than $3,000,000 plus one half of the sum of their total 2019 compensation minus $3,000,000 during 12 consecutive months in that period.	Limitations exist for a period of 12 months (1 year) after receipt of loan or loan guarantee.	Gary Shorter, Specialist in Financial Economics
Section 4005. Continuation of Certain Air Service	Section 4005 grants the Secretary of Transportation authority (until March 1, 2022) to require air carriers that receive loans or loan guarantees under Section 4003 to maintain scheduled air service deemed necessary to ensure services to any point served by that carrier before March 1, 2020. It requires the Transportation Secretary to take into consideration air service needs of small and remote communities as well as the need to maintain health care and pharmaceutical supply chains. This provision appears to direct the Transportation Secretary to maintain the domestic air service network, including subsidized service provided to the more than 170 communities through the Essential Air Service program.	Authority exists until March 1, 2022.	Rachel Y. Tang, Analyst in Transportation and Industry CRS Insight IN11267, *COVID-19 and Funding for Civil Aviation*, by Rachel Y. Tang CRS Report R44176, *Essential Air Service (EAS)*, by Rachel Y. Tang
Section 4006. Coordination with Secretary of Transportation	Section 4006 requires the Treasury Secretary to coordinate with the Transportation Secretary in implementing provisions with respect to air carriers in Title IV, Subtitle A.	n/a	Rachel Y. Tang, Analyst in Transportation and Industry

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4007. Suspension of Certain Aviation Excise Taxes	Section 4007 suspends aviation excise taxes until January 1, 2021. These are the taxes and fees—including airline passenger ticket taxes, segment fees, air cargo fees, and aviation fuel taxes—paid by users of the national aviation system. This excise tax revenue is deposited into the Airport and Airway Trust Fund, which provides funding to federal civil aviation programs and operations.	Suspension exists until January 1, 2021.	Rachel Y. Tang, Analyst in Transportation and Industry CRS Report R44749, *The Airport and Airway Trust Fund (AATF): An Overview*, by Rachel Y. Tang and Bart Elias CRS Report R42781, *Federal Civil Aviation Programs: In Brief*, by Bart Elias and Rachel Y. Tang CRS Insight IN11267, *COVID-19 and Funding for Civil Aviation*, by Rachel Y. Tang

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4008. Debt Guarantee Authority	Section 1105 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) authorizes the Federal Deposit Insurance Corporation (FDIC) to establish a program to guarantee the debt of solvent banks—i.e., banks whose assets are greater than their liabilities—if the FDIC and the Federal Reserve determine that a liquidity event is in progress. As enacted, the section does not allow the program to guarantee deposits held at banks. The FDIC insures deposits up to a maximum of $250,000 per account. Businesses and government, however, often have noninterest bearing accounts that exceed that maximum. Section 4008 amends Dodd-Frank to allow the FDIC to guarantee deposits in such transaction accounts, similar to the guarantee program created in the 2008 financial crisis. In addition, Dodd-Frank requires that Congress pass a joint resolution of approval of the guarantee program. Section 4008 preemptively grants approval of a guarantee program of any amount. Section 4008 also allows the National Credit Union Administration (NCUA) Board to increase the share insurance coverage provided by the National Credit Union Share Insurance Fund (NCUSIF) on any noninterest-bearing transaction account in any federally insured credit union without exception.	Preemptive approval of guarantee programs exists until December 31, 2020. Increase in NCUA share insurance coverage terminates no later than December 31, 2020.	David W. Perkins, Specialist in Macroeconomic Policy Darryl Getter, Specialist in Financial Economics CRS Report R43413, *Costs of Government Interventions in Response to the Financial Crisis: A Retrospective*, by Baird Webel and Marc Labonte CRS Report R42787, *An Overview of the Transaction Account Guarantee (TAG) Program and the Potential Impact of Its Expiration or Extension*, by Sean M. Hoskins CRS Report R43167, *Policy Issues Related to Credit Union Lending*, by Darryl E. Getter
Section 4009. Temporary Government In the Sunshine Act Relief	Under the Government in the Sunshine Act (5 U.S.C. §552b), the Fed must provide advanced notice of meetings, make those meetings open to the public, and make meetings' details available to the public, unless statutory exemptions apply. This section allows the Federal Reserve Board to conduct closed meetings without regard to this act based on a written determination by the chairman of unusual and exigent circumstances. The Board must keep a record of all votes at closed meetings.	Authority terminates the earliest of (1) the date the public health emergency ends or (2) the end of 2020.	Marc Labonte, Specialist in Macroeconomic Policy

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4010. Temporary Hiring Flexibility	Sections 3309 through 3318 of Title 5 of the *U.S. Code* pertain to certain authorities and rules for civil service hiring. Section 4010 provides exemptions to these sections of the *Code* to allow the Secretary of Housing and Urban Development, the Securities and Exchange Commission, and the Commodity Futures Trading Commission to recruit and appoint candidates to fill temporary and term appointments upon a determination that expedited procedures are necessary to respond to COVID-19.	Exemption exists until the earliest of (1) the date the public health emergency ends or (2) the end of 2020.	Barbara Schwemle, Analyst in American National Government CRS In Focus IF11468, *Federal Executive Agencies: Hiring Flexibilities for Emergency Situations*, by Barbara L. Schwemle
Section 4011. Temporary Lending Limit Waiver	National banks are generally subject to limits on how much they can lend to a single borrower relative to their capital and other balance sheet characteristics, unless the loan qualifies for an exception. The Office of the Comptroller of the Currency (OCC) has relatively narrow authority to approve certain loans for an exception to the limit. Section 4011 grants the OCC broad authority to exempt loans when it is in the public interest.	Authority terminates the earlier of (1) the date the public health emergency ends or (2) the end of 2020.	David W. Perkins, Specialist in Macroeconomic Policy
Section 4012. Temporary Relief for Community Banks	Banks generally face a variety of safety and soundness requirements regarding how much capital they must hold to protect against possible losses on their assets. Capital is a relatively expensive source of funding, and so requiring higher levels can reduce the amount of lending banks do. Certain small banks can elect to be subject to a single, relatively simple—but relatively high—capital rule called the Community Bank Leverage Ratio (CBLR). Bank regulators are authorized to set the ratio between 8% and 10%. Currently, it is set at 9%. Section 4012 directs the regulators to lower it to 8% and to give banks that fall below that level a reasonable grace period to come back into compliance with the CBLR.	Relief expires the earlier of (1) the date the public health emergency ends or (2) the end of 2020.	David W. Perkins, Specialist in Macroeconomic Policy CRS Report R45989, *Community Bank Leverage Ratio (CBLR): Background and Analysis of Bank Data*, by David W. Perkins
Section 4013. Temporary Relief from Troubled Debt Restructurings	A Troubled Debt Restructuring (TDR) is a concession by the lender (the creditor) to a troubled borrower that it would not generally consider under normal circumstances. Generally Accepted Accounting Principles (GAAP) require the lender to reflect in its financial records any potential loss as a result of a TDR. Recording of such losses could negatively impact the lender's ability to meet regulatory requirements. Section 4013 requires federal bank and credit union regulators to allow lenders to determine if they should suspend the GAAP requirements for recognizing any potential COVID-19-related losses from a TDR related to a loan modification.	Relief expires the earlier of (1) 60 days after the public health emergency declaration is lifted or (2) the end of 2020.	Raj Gnanarajah, Analyst in Financial Economics

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Section 4014. Optional Temporary Relief from Current Expected Credit Losses	Credit loss reserves help mitigate the overstatement of income on loans and other assets by adjusting for potential future losses on related loans and other assets. In response to banks' financial challenges during and after the 2007-2009 financial crisis, Financial Accounting Standards Board (FASB) promulgated a new credit loss standard—Current Expected Credit Loss (CECL)—in June 2016. CECL requires early recognition of losses as compared to the current methodology. All public companies were required to issue financial statements that incorporated CECL for reporting periods beginning December 15, 2019. This provision gives banking institutions, including credit unions, the option to temporarily delay CECL implementation.	Delay of CECL implementation until the earlier of (1) the date the public health emergency ends or (2) the end of 2020.	Raj Gnanarajah, Analyst in Financial Economics CRS Report R45339, *Banking: Current Expected Credit Loss (CECL)*, by Raj Gnanarajah

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4015. Non-Applicability of Restrictions on ESF During National Emergency	Treasury's Exchange Stabilization Fund (ESF) was originally created to stabilize the dollar exchange rate. In 2008, the ESF was used to guarantee U.S. money market mutual funds to stop a run on money markets. Section 131 of the Emergency Economic Stabilization Act of 2008 (P.L. 110-343) prohibited the use of the ESF to guarantee money markets in the future. Section 4015 temporarily suspends that prohibition to permit a guarantee and appropriate any funds paid out from the ESF in excess of fees under the guarantee.	Guarantee terminates December 31, 2020	Marc Labonte, Specialist in Macroeconomic Policy Baird Webel, Acting Section Research Manager Martin A. Weiss, Specialist in International Trade and Finance Eva Su, Analyst in Financial Economics CRS In Focus IF11474, *Treasury's Exchange Stabilization Fund and COVID-19*, by Marc Labonte, Baird Webel, and Martin A. Weiss CRS In Focus IF11320, *Money Market Mutual Funds: A Financial Stability Case Study*, by Eva Su CRS Report R43413, *Costs of Government Interventions in Response to the Financial Crisis: A Retrospective*, by Baird Webel and Marc Labonte
Section 4016. Temporary Credit Union Provisions	Section 4016 temporarily enhances access to the Central Liquidity Facility (CLF) for corporate credit unions to meet liquidity needs as long as they have made reasonable efforts to first use primary sources of liquidity, such as their balance sheets and market funding sources. Section 4016 also increases resources available to meet liquidity needs through the facility by temporarily expanding the ability to borrow to a value 16 times the subscribed capital stock and surplus of the CLF (up from the statutory limit of 12 times).	Increase in CLF borrowing threshold is effective on date of enactment, expires December 31, 2020.	Darryl Getter, Specialist in Financial Economics

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4017. Increasing Access to Materials Necessary for National Security and Pandemic Recovery	Title III of the Defense Production Act (DPA; 50 U.S.C. §§4501 et seq.) allows the President to incentivize the domestic industrial base to expand the production and supply of critical materials and goods. Section 4017 waives certain congressional oversight and reporting requirements under Title III of the DPA. Although the bulk of DPA authorities are made available at the President's discretion, Title III requires an act of Congress for purchases or loans made to expand productive capacity in promotion of the national defense, broadly defined, for amounts greater than $50 million, and written notifications made to the relevant congressional committees of jurisdiction—the Senate Committee on Banking, Housing, and Urban Affairs, and the House Committee on Financial Services—at least 30 days in advance.	Effective upon enactment; some provisions exists for two years, and others for one year.	Michael Cecire, Analyst in Intergovern-mental Relations and Economic Development Policy Heidi Peters, Analyst in U.S. Defense Acquisition Policy CRS Insight IN11280, *COVID-19: Industrial Mobilization and Defense Production Act (DPA) Implementation*, by Michael H. Cecire and Heidi M. Peters CRS Insight IN11231, *The Defense Production Act (DPA) and COVID-19: Key Authorities and Policy Considerations*, by Michael H. Cecire and Heidi M. Peters CRS Report R43767, *The Defense Production Act of 1950: History, Authorities, and Considerations for Congress*, by Michael H. Cecire and Heidi M. Peters

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4018. Special Inspector General for Pandemic Recovery	Section 4018 establishes a Special Inspector General for Pandemic Recovery (SIGPR). The SIGPR is appointed by the President with the advice and consent of the Senate as soon as is practicable after activity under Section 4003 begins. The nomination is made based on integrity and relevant subject matter expertise. The SIGPR is subject to removal by the President subject to the congressional notification requirements in Section 3(b) of the Inspector General Act of 1978. The SIGPR is tasked with conducting audits and investigations of the Treasury Secretary's activities under the CARES Act. This includes collecting and summarizing specified data on the programs established by the Treasury Secretary including lists of businesses participating in the programs. To fulfill these duties, the SIGPR is authorized to hire staff, enter into contracts as necessary, and collect information from federal government entities. Of the amount appropriated in Section 4027, $25 million is available to support the SIGPR's activities. The Treasury Secretary is obligated to take action to address deficiencies identified by the SIGPR or certify to the appropriate committees that no remedial action is necessary.	SIGPR will terminate 5 years after enactment. Report to Congress due within 60 days of SIGPR appointment, and quarterly thereafter.	Ben Wilhelm, Analyst in Government Organization and Management
Section 4019. Conflicts of Interest	Section 4019 establishes that certain entities are ineligible to participate in Section 4003 transactions. An ineligible entity is a covered individual who owns a controlling interest in that entity (defined as "not less than 20 percent, by vote or value, of the outstanding amount of any class of equity interest in an entity"). Covered individuals are the President, the Vice President, an executive department head, a Member of Congress, or the spouse, child, or spouse of a child of any of those individuals.	n/a (See Section 4003)	Ben Wilhelm, Analyst in Government Organization and Management
Section 4020. Congressional Oversight Commission	Section 4020 establishes a congressional commission to conduct oversight of the Fed's and Treasury's implementation of Title IV provisions. The commission must submit reports on the use of the authorities granted to the agencies under these provisions and the impact and effectiveness of the loans, guarantee programs, and investments made under Subtitle A, as well as the extent to which information on these transactions contributed to market transparency. The commission is to comprise five members selected by the House and Senate majority and minority leaderships. The commission may hold hearings and obtain data from federal department or agency heads. Appropriations from House and Senate funding are authorized.	Congressional Oversight Commission terminates September 30, 2025.	Ben Wilhelm, Analyst in Government Organization and Management

Provision	Description	Effective Dates	CRS Experts/ Resources
Section. 4021. Credit Protection During COVID-19	Consumers can harm their credit scores when they miss consumer loan payments, which can impact future access to credit. Section 4021 requires data furnishers (such as banks, credit card companies, debt collection agencies, and other companies that process financial information) during the COVID-19 pandemic covered period to report to the credit bureaus that consumers are current on their credit obligations if they enter into an agreement to defer, forbear, modify, make partial payments, or get any other assistance on their loan payments from a financial institution and fulfil those requirements, provided they were current before this period. If the consumer was delinquent before the covered period, then the furnisher should maintain the delinquent status unless the consumer brings the account or obligation current.	Covered period begins January 31, 2020, and ends the later of (I) 120 days after enactment, or (II) 120 days after the national emergency declared by the President on March 13, 2020 terminates.	Cheryl Cooper, Analyst in Financial Economics Darryl Getter, Specialist in Financial Economics CRS Report R44125, *Consumer Credit Reporting, Credit Bureaus, Credit Scoring, and Related Policy Issues*, by Cheryl R. Cooper and Darryl E. Getter
Section 4022. Foreclosure Moratorium and Consumer Right to Request Forbearance	Section 4022 gives consumers the right to request a forbearance (temporary reprieve from loan payments) and it provides a moratorium on foreclosures on loans that are either (1) mortgages or reverse mortgages insured by the Federal Housing Administration (FHA) or guaranteed under provisions of the National Housing Act (12 U.S.C. §§1707 et seq., 12 U.S.C. §1715z-20); (2) guaranteed under section 184 or 184A programs for eligible tribal members and Native Hawaiians, respectively, pursuant to the Housing and Community Development Act (12 U.S.C. §§1715z-13a and 1715z-13b); (3) loans guaranteed or insured by either the Department of Veterans Affairs or (including those made by) Department of Agriculture; or (4) loans purchased or securitized by Freddie Mac or Fannie Mae (the GSEs). Forbearance could be granted for up to 180 days, and could be extended up to 180 days, without accruing fees, penalties, or interest beyond the amounts scheduled for regular payments. Servicers would need to notify borrowers of their right to request forbearance. Additionally, servicers would not be allowed to initiate a foreclosure process (judicial or non-judicial) for a 60-day period beginning March 18, 2020.	A covered period is not defined for this section. Forbearance can be granted for up to 180 days and extended another 180 days. Foreclosures (judicial or non-judicial) banned for a 60-day period beginning March 18, 2020.	Katie Jones, Analyst in Housing Policy Libby Perl, Specialist in Housing Policy Darryl Getter, Specialist in Financial Economics Andrew Scott, Analyst in Financial Economics CRS In Focus IF10126, *Introduction to Financial Services: The Housing Finance System*, by Katie Jones and N. Eric Weiss

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4023. Forbearance of Residential Mortgage Loan Payments for Multifamily Properties with Federally Backed Loans	Section 4023 allows multifamily borrowers with federally backed multifamily mortgage loans (see Section 4022), who were current on payments as of February 1, 2020, to request forbearance for a period up to 30 days, which could be extended up to two additional 30-day periods. Any borrower receiving forbearance under this provision would not be allowed to initiate any eviction action or charge any late fees or other penalties to a tenant dwelling in the property on the loan. Additionally, a borrower who received forbearance would not be allowed to require a tenant to vacate a dwelling before 30 days after the date the borrower provides notice to vacate, and a notice to vacate could not be issued until the expiration of forbearance.	Section 4023 provision expire the earlier of (1) the date the public health emergency ends or (2) the end of 2020. Forbearance allowed for a period up to 30 days, can be extended up to two 30-day periods. Notice to vacate banned until expiration of forbearance.	Darryl Getter, Specialist in Financial Economics
Section 4024. Temporary Moratorium on Eviction Filings	Section 4024 prohibits eviction actions and fees, penalties, or other charges to tenants of properties that participate in covered housing programs (including the public housing, Housing Choice Voucher, Section 8 and other project-based rental assistance, rural rental assistance, and Low-Income Housing Tax Credit program, among others); or properties that have either a federally backed single family mortgage or multifamily loan (i.e., a loan insured or guaranteed by a federal agency, such as the FHA or USDA, or one that is sold to one of the GSEs) for a period of 120 days beginning on the date of enactment. During this period, lessors of these units would be banned from issuing a notice to vacate until after the provision expires, and tenants would be given an additional 30 days from the issuance of a notice to vacate.	Evictions banned upon enactment for a period of 120 days.	Katie Jones, Analyst in Housing Policy Libby Perl, Specialist in Housing Policy CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*, by Maggie McCarty, Libby Perl, and Katie Jones
Section 4025. Protection of Collective Bargaining Agreement	Section 4025 prohibits any federal entity from conditioning the issuance of a loan or loan guarantee under provisions in Section 4003 on an air carrier's or eligible business's implementation of measures to enter into negotiations with the certified bargaining representative of a craft or class of employees of the air carrier or eligible business under the Railway Labor Act (45 U.S.C. §§151 et seq.) or the National Labor Relations Act (29 U.S.C. §§151 et seq.) regarding pay or other terms and conditions of employment.	Provisions remain in effect until one year after the loan or loan guarantee is no longer outstanding.	Rachel Tang

Provision	Description	Effective Dates	CRS Experts/ Resources
Section. 4026. Reports	Section 4026 requires the Treasury Secretary to publish a description of any assistance to passenger air carriers, cargo air carriers, and businesses critical to national security under Section 4003(b) on its website within 72 hours. Additionally, the provision requires Treasury to provide reports to Congress and the President, pursuant to 31 U.S.C. §5302(c), on those Section 4003(b) activities and publish them. Treasury is also obligated to publish summaries of the loan and guarantee programs outstanding every 30 days. The provision requires the Treasury Secretary and the Fed Chair to testify quarterly to Congress on the obligations and activities pursuant to this act. The provision also requires the Treasury to post on its website criteria and guidelines for applications to, as well as contracts associated with, loans and guarantees made pursuant to this act. Treasury is required to publish a report every 14 days for the year following enactment, and every 30 days thereafter, summarizing the actions taken during the period. Section 4026 requires the Fed to provide reports in accordance with 12 U.S.C. §343(3)(C)(i) to Congress within 7 days of authorizing a new facility or other assistance. Additionally, the Fed is to provide reports to Congress on outstanding loan and guarantee programs every 30 days These reports are to be publicly released within 7 days of delivery to Congress. Section 4026 also requires the Government Accountability Office (GAO) to conduct a study on the loans, loan guarantees, and other investment programs under Section 4003, and provide a report to several House and Senate committees within 9 months of enactment, and annually through the year succeeding the last year that loans or guarantees are outstanding.	Treasury must publish: a description of assistance on its website within 72 hours; a report every 14 days for 1 year following enactment, and every 30 days thereafter, summarizing actions in that period; and loan and guarantee programs summaries every 30 days. The Fed must report to Congress within 7 days of authorizing a new facility or other assistance. Treasury Secretary and the Fed must testify to Congress quarterly. GAO must provide a report within 9 months of enactment and annually throughout the year succeeding the last year of outstanding loans and guarantees.	Ben Wilhelm, Analyst in Government Organization and Management

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4027. Direct Appropriation	$500 billion is appropriated to the ESF to carry out the subtitle (see Section 4015 for a description).	Any funds remaining at the beginning of 2021 may only be used for outstanding assistance. Any funds remaining at the beginning of 2026 are to be returned and used for deficit reduction.	Marc Labonte, Specialist in Macroeconomic Policy CRS In Focus IF11474, *Treasury's Exchange Stabilization Fund and COVID-19*, by Marc Labonte, Baird Webel, and Martin A. Weiss
Section 4028. Rule of Construction	Assistance must be in compliance with the terms and conditions of the subtitle, including that assistance is in the interest of the federal government.	n/a	Marc Labonte, Specialist in Macroeconomic Policy
Section 4029. Termination of Authority	Section 4029 terminates the authorities provided under Subtitle A to make new loans, guarantees, and other investments after December 31, 2020. Outstanding loans, guarantees, and investments after this date would be allowed to be modified, restructured, or amended, but not forgiven. The duration of these activities made under Section 4003(b)(1) that is modified, restructured, or amended, would not be allowed to extend beyond 5 years of the origination of the loan or guarantee.	Subtitle A authorities terminate December 2020; loans and guarantees cannot extend beyond 5 years of origination.	Andrew Scott, Analyst in Financial Economics
	Subtitle B—Air Carrier Worker Support		
Section 4111. Definitions	Defines the terms *airline catering employee*, *airline catering services*, *contractor* (as related to airline catering or air carrier services), and *employee*. These definitions are applied in subsequent sections of Subtitle B to determine which individuals are eligible for air carrier worker support.	n/a	Marc Levinson, Section Research Manager
Section 4112. Pandemic Relief for Aviation Workers	Directs the Treasury Secretary to provide $25 billion to continue payment of employee wages, salaries, and benefits at passenger air carriers; $4 billion for similar purposes at cargo air carriers; and $3 billion for employees of contractors that perform catering functions for air carriers or on-airport work directly related to air transportation of persons, property, or mail.	n/a	

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4113. Procedures for Providing Payroll Support	Directs the Treasury Secretary to provide individual air carriers with amounts equal to the amount of salaries and benefits paid from April 1, 2019, through September 30, 2019, and to contractors on a similar basis. Requires the Secretary to establish procedures for requesting assistance within five days of enactment and to make initial payments of assistance within 10 days of enactment. Gives the Secretary authority to reduce amounts due to air carriers and contractors on a pro rata basis if amounts requested exceed amounts authorized in Section 4112.	n/a	
Section 4114. Required Assurances	Prohibits air carriers and contractors that receive financial assistance, and their affiliates, from conducting involuntary furloughs or from reducing rates of pay and benefits until September 30, 2020, and from repurchasing shares and paying dividends through September 30, 2021. Authorizes the Transportation Secretary through March 1, 2022, to require air carriers receiving financial assistance to maintain service to any point served before March 1, 2020, as the Secretary deems necessary.	Workforce restrictions in effect until September 30, 2020; restrictions on stock buyback and dividends until September 30, 20201; authority to maintain service expires March 1, 2022.	
Section 4115. Protection of Collective Bargaining Agreement	Prohibits the Treasury Secretary from conditioning assistance to air carriers or contractors on agreement to enter negotiations with a labor union under the Railway Labor Act or the National Labor Relations Act.	n/a	
Section 4116. Limitation on Certain Employee Compensation	Requires air carriers or contractors seeking assistance to enter agreements with the Treasury Secretary providing that between March 24, 2020, and March 24, 2022, no officer or employee whose compensation exceeded $425,000 in calendar year 2019 will receive higher compensation in any 12-month period, severance pay exceeding twice the compensation paid in 2019, or total compensation exceeding $3 million plus half of any compensation over $3 million the individual received in 2019. Total compensation is defined to include salary, bonuses, stock awards, and other financial benefits.	Covered period from March 24, 2020 to March 24, 2022.	
Section 4117. Stock Warrants	Authorizes the Treasury to receive stock warrants, options, preferred stock, debt securities, notes, or other financial instruments that "provide appropriate compensation to the Federal Government for the provision of financial assistance."	n/a	
Section 4118. Reports	Requires the Treasury Secretary to submit to Congress a report on financial assistance to air carriers and contractors.	Report due to Congress by November 1, 2020, and again one year following enactment.	

Provision	Description	Effective Dates	CRS Experts/ Resources
Section 4119. Coordination	Directs the Treasury Secretary to coordinate with the Transportation Secretary in implementing these provisions.	n/a	
Section 4120. Direct Appropriation	Appropriates $32 billion to carry out Sections 4111-4119.	n/a	

Source: Congressional Research Service analysis of P.L. 116-136.

Notes: The bill defines the date on which the national emergency ends as "the date on which the national emergency concerning the novel coronavirus disease (COVID-19) outbreak declared by the President on March 13, 2020, under the National Emergencies Act (50 U.S.C. §1601 et seq.) terminates."

In addition to Congressional Research Service (CRS) products in **Table 1** that address the subject of specific provisions, **Table 2** summarizes CRS products pertaining to general issues addressed in Title IV of the CARES Act. More can be found at https://www.crs.gov/resources/coronavirus-disease-2019. For a list of CRS experts covering the issues pertaining to each title in the CARES Act, see CRS Report R46299, *Coronavirus Aid, Relief, and Economic Security (CARES) Act: CRS Experts*, by William L. Painter and Diane P. Horn.

Table 2. Select CRS Resources on COVID-19 Relevant to Title IV of the CARES Act

Subject	Title, Author
Airlines	CRS Insight IN11267, *COVID-19 and Funding for Civil Aviation*, by Rachel Y. Tang
Airlines	CRS Insight IN11265, *COVID-19 and Passenger Airline Travel*, by Bart Elias
Banking & Finance	CRS Insight IN11244, *The Financial Industry and Consumers Struggling to Pay Bills during the COVID-19 (Coronavirus) Outbreak*, by Cheryl R. Cooper
Banking & Finance	CRS Insight IN11278, *Banking Regulators' Response to COVID-19*, by Andrew P. Scott and David W. Perkins
Banking & Finance	CRS Insight IN11259, *Federal Reserve: Recent Actions in Response to COVID-19*, by Marc Labonte
Banking & Finance	CRS In Focus IF11474, *Treasury's Exchange Stabilization Fund and COVID-19*, by Marc Labonte, Baird Webel, and Martin A. Weiss
Banking & Finance	CRS Insight IN11275, *COVID-19 and Corporate Debt Market Stress*, by Eva Su
Defense Production Act	CRS Insight IN11231, *The Defense Production Act (DPA) and COVID-19: Key Authorities and Policy Considerations*, by Michael H. Cecire and Heidi M. Peters
Defense Production Act	CRS Insight IN11280, *COVID-19: Industrial Mobilization and Defense Production Act (DPA) Implementation*, by Michael H. Cecire and Heidi M. Peters
Federal Personnel Policy	CRS In Focus IF11468, *Federal Executive Agencies: Hiring Flexibilities for Emergency Situations*, by Barbara L. Schwemle

Source: CRS.

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