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COVID-19: Overview of the Liquidity and Credit Support Programs Contemplated by the CARES ACT and Implemented by the Federal Reserve (UPDATED)

Following extensive debate and negotiations, the historic Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted on Friday, March 27, 2020, providing more than $2 trillion of federal economic relief to businesses, States and municipalities, and individuals affected by COVID-19. While the scope of the CARES Act is comprehensive, with consequences across the whole of our economy, this note distills the key provisions focused on aid to business enterprises: Title IV (large enterprises) and Title I (qualified small businesses).

In addition, we continue to monitor the details of the concurrent stimulus programs announced by the Board of Governors of the Federal Reserve System (the "Federal Reserve"), U.S. Department of the Treasury (the "Treasury"), and the federal banking agencies, which are summarized in Annex I hereto. Stay tuned for updates as these stimulus programs are finalized and implemented.

TITLE IV - CREDIT SUPPORT FOR AFFECTED BUSINESSES (OTHER THAN SMALL BUSINESSES)

Q: Are larger businesses (or other businesses that do not otherwise qualify for Title I loans described below) eligible for relief under the CARES Act?

A: Yes - Under Title IV of the CARES Act (titled as "Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy"), the Secretary of the Treasury (the "Secretary") is authorized to make loans, guarantees and other investments in support of eligible businesses, states and municipalities in an amount not to exceed **$500 billion**. The CARES Act specifically provides for relief to certain industries ("Industry-Specific Relief") [Section 4003]:

- **$25 billion** for passenger air carriers and certain ancillary businesses that provide key related services to the industry, such as inspection, repair, overhaul services and ticketing;
- **$4 billion** for cargo air carriers; and
- **$17 billion** for "businesses critical to maintaining national security."

Subject to the oversight of a new Special Inspector General for Pandemic Recovery [Section 4018] and a new Congressional Oversight Commission [Section 4020] (each as described below and yet to be designated), the Secretary is also given broad discretion to disburse the remaining **$454 billion** (plus any amounts not utilized for Industry-Specific Relief) to other businesses, States and municipalities (such other relief, collectively, "Other Eligible Relief") and may make such disbursements without any consideration for the number of employees of such other businesses.

Q: What form will CARES Act investments take?

A: The CARES Act authorizes the Secretary to provide loans and loan guarantees, as well as make other investments, through December 31, 2020. [Section 4029]. With respect to any Industry-Specific Relief, the Secretary is required to receive warrants or equity interests from publicly traded companies in order to allow the taxpayers to share in any equity appreciation in the underlying business, though the Secretary has the discretion to receive a senior debt instrument only in the case of a private company. The Secretary will not exercise voting rights under common stock [Section 4003(d)].

With respect to Industry-Specific Relief, loan maturities will be as short as possible (not to exceed five years) [Section 4003(c)(2)(D)] and will either be secured or at a rate that reflects the risk of the loan [Section 4003(c)(2)(C)]. With respect to Other Eligible Relief, loan interest rates are to be determined by the Secretary based on the risk profile and current average yield on outstanding marketable obligations of the United States of comparable maturity. Unlike Title I loans, Title IV loans will not be subject to loan forgiveness and borrowers may be required to provide collateral. [Section 4003(d)(3)]

Q: What key conditions must business satisfy in order to receive Title IV relief?

A: Both Industry-Specific Relief and Other Eligible Relief contain conditions on relief recipients, including (a) stock buyback and dividend distribution restrictions through the date 12 months following repayment or maturity [Section 4003(c)(2)(E); 4003(c)(2)(F) and 4003(c)(3)(a)(II)][1], (b) caps on compensation and severance for employees whose compensation exceeded $425,000 in the 2019 calendar year (with further restrictions for employees with compensation above $3 million) until the date one year after the loan has been repaid [Section 4003(c)(3) and 4004] and (c) conflicts of interest rules rendering ineligible any companies 20% owned by the President, Vice President, head of an executive department or member of Congress (or their respective immediate family members) [Section 4019]. Recipients must also certify that they are organized in the United States and have significant operations in, and a majority of employees are based in, the United States. [**Section 4003(c)(2)**]

Additionally, recipients of Industry-Specific Relief must maintain existing employment levels as of March 24, 2020 to the extent practicable, until September 30, 2020 and in any event, may not reduce employment levels by more than 10%, though it remains to be seen whether, as a practical and political matter, the Secretary would be able to justify providing Other Eligible Relief without such a restriction. [Section 4003(c)(2)(G)]

Furthermore, while these restrictions technically only apply to parties receiving loans or the benefit of guarantees, recipients receiving other forms of investment may be required to adhere to some or all of these requirements.

Q: Are there specific funds reserved for mid-sized businesses?

A: The Secretary will endeavor to provide financing to banks and other lenders that make direct loans to eligible businesses having between 500 and 10,000 employees. [Section 4003(c)(3)(D)(i)] Any such loans shall have an interest rate not to exceed 2% per annum and shall be subject to a payment holiday for both principal and interest for the first six months (or such longer period as the Secretary may determine). Such loans shall be subject to conditions generally consistent with those applicable to other Title IV relief (including restrictions on stock repurchases and dividends), plus certain additional conditions, including the following:

- loan proceeds must be used to retain at least 90% of the recipient's work force, at full compensation and benefits, through September 30, 2020;
- the recipient must intend to restore not less than 90% of the workforce that existed as of February 1, 2020 to full compensation and benefits no later than four months after the termination date of the COVID-19 public health emergency;
- the recipient is domiciled in the United States with significant operations and employees located in the United States;
- the recipient will not outsource or offshore jobs or abrogate collective bargaining agreements, in each case, for the term of the loan and the two year period following repayment of the loan; and
- the recipient will remain neutral in any union organizing activity during the term of the loan.

Note also that the Federal Reserve expects to establish a "Main Street Lending Program" to facilitate additional lending to small and mid-sized businesses on terms and conditions to be determined. [Section 4003(c)(3)(D)(ii)]

Q: What about assistance at the State and local government level?

A: The Secretary will endeavor to provide liquidity to the financial system in a manner that supports lending to States and municipalities.

Q: What is the Oversight Commission?

A: The CARES Act establishes a congressional oversight commission (the "Oversight Commission") charged with monitoring the Treasury and Federal Reserve's implementation of Title IV. The Oversight Commission will be comprised of five individuals, with one member each appointed by (i) the Speaker of the House of Representatives, (ii) the House minority leader, (iii) the Senate majority leader, (iv) the Senate minority leader and (v) the Speaker of the House and the Senate majority leader (in consultation with the Senate minority leader and the House minority leader), with the individual appointed pursuant to clause (v) being the chairperson.

Q: What authority and power will the Oversight Commission have with respect to Title IV? How often will it report back to Congress?

A: The Oversight Commission will have the ability to hold hearings and take testimony (it has subpoena power), hire experts and retain cooperation from personnel from federal agencies. The Oversight Commission will submit written reports to Congress every 30 days on: (i) the impact that the Title IV investments are having on the "financial well-being of the people of the United States and the United States economy", (ii) the extent to which information made available has contributed to market transparency and (iii) the effectiveness of investments in minimizing costs and maximizing benefits for the taxpayers. The Oversight Commission will officially terminate on September 30, 2025.

Q: Assuming the oversight mechanisms previously implemented with respect to the Troubled Asset Relief Program ("TARP") would serve as a model for congressional and public monitoring of the CARES Act, what can we expect from the Oversight Commission?

A: We expect the CARES Act oversight process to be strict and rigorous, given that its primary proponent (Senator Elizabeth Warren) chaired TARP's Congressional Oversight Program ("COP"). Given that the COP's final report specifically noted that a lack of transparency and clear goals for TARP rendered the public unable to hold the Treasury fully accountable for its actions, the CARES Act oversight will likely be significantly more stringent. The CARES Act also funds and creates a new Office of the Special Inspector General for Pandemic Recovery. The Special Inspector General for Pandemic Recovery will be appointed by the President, with the advice and consent of the Senate, and prepare its own reports. Other governmental agencies will share in the oversight function, including various Congressional committees and the U.S. Government Accountability Office.

Q: I understand that the CARES Act includes provisions regarding modified Accounting Standards under GAAP for financial institutions. Is this true?

A: Yes - the CARES Act provides relief from:

- Financial Accounting Standards Board Account Standards Update No. 2016-13 (Measurement of Losses on Financial Instruments), which was expected to be in full effect for the regulatory reporting period ending March 31, 2020, commonly known as Current Expected Credit Loss ("CECL"); and

- Troubled Debt Restructurings for borrowers affected by COVID-19.

The revised measurement standard was intended to revise the methodology of expected credit losses and for estimating allowances of credit losses, replacing the long-standing "Allowance for Loan and Lease Losses" standards. Implementation of the revised standard was expected to result in significant write-downs by banks when fully implemented. CECL was adopted by FASB because it determined that the ALLL standard did not result in timely adjustment of reserve levels based on reasonable expectation of future conditions because ALLL relies on losses that are incurred but not realized, when it is known with some certainty that future cash flows will not be collected.

The CARES Act will also suspend generally accepted accounting principles for reporting loan modifications related to COVID-19 that otherwise would be reported as a troubled debt restructuring ("TDR"). TDRs, through loan modifications such as a forbearance arrangement, interest rate modification, repayment plan or any similar plan that defers or delays the payment of principal or interest, when conducted in a prudent manner, are considered to be in the best interest of both the institution and borrower, leading to improved loan performance and reduced credit risk. However, a bank engaging in a TDR has reporting obligations, including downgrades to a loan's regulatory classification and potential impacts on loan loss allowances. Accordingly, the CARES Act provides for TDR reporting relief for loan modifications for loans that were not more than 30 days past due as of December 31, 2019 and where a borrower was affected by COVID-19.

This relief applies from March 1, 2020 until the earlier of December 31, 2020 and 60 days after the termination of the public health emergency declared on January 31, 2020. [Section 4013]

Q: Will deposits in banks over the $250,000 insurance limit be insured by the FDIC?

A: Yes - the CARES Act brings back the FDIC's Transaction Account Guarantee Program ("TAG"), initially implemented in the 2008 financial crisis, to provide that noninterest-bearing transactional accounts are not subject to the current standard deposit insurance limit of $250,000. [Section 4008] The TAG prevents bank-runs and liquidity crises, by eliminating any need for depositors to move funds for payroll and other business transactions from smaller banks to banks considered too big to fail. This temporary relief will terminate on December 31, 2020.

Q: How do we expect Title IV of the CARES Act to be implemented as a practical matter?

A: Within 10 days following enactment, the Secretary will publish procedures for application and minimum eligibility requirements. The CARES Act is explicit that the Treasury has ultimate rulemaking authority, subject to the monitoring of the Oversight Commission and Special Inspector General for Pandemic Relief. Accordingly, the Secretary's investment decisions – the industry verticals and companies predominantly benefitted – will be subject to much public scrutiny. In light of the complexity, breadth of scope and accelerated timeline to enactment of the CARES Act, further legislative clarification will likely be required as well.

TITLE I - SMALL BUSINESS INTERRUPTION LOANS [Section 1102]

Q: Which businesses will be eligible to receive "small business interruption loans" under the CARES Act?

A: Under Title I of the CARES Act (titled as the "Keeping American Workers Paid and Employed Act"), qualifying businesses that have suffered significant disruption as a result of COVID-19 will be able to receive no-fee "small business interruption loans." The CARES Act appropriates $349 billion towards these small business loans which are formally referred to as the "paycheck protection program" in the legislation. Qualifying small businesses are generally defined as:

- businesses;
- not-for-profits (except those receiving Medicaid funds); and
- veterans organizations and Tribal business concerns

in each case, which either:

- have fewer than 500 employees (subject to the exceptions described in the following question and including both domestic and foreign employees), whether employed on a full-time, part-time, or other basis; or
- meet the Small Business Administration's ("SBA") industry-based "size standard" requirements for the applicable NAICS code, which are based either on number of employees or annual receipts, if larger than 500 employees.

Per SBA regulations, these size tests are applied as of the date of the loan application based upon the average number of employees for each of the pay periods for the previously completed twelve calendar months. The CARES Act does not override the SBA's list of "ineligible businesses", which includes those engaged in the business of "lending" and "any other firm whose stock in trade is money", and at this time, we have no indication that the CARES Act guarantees will be available to such ineligible businesses.

Q: What are the exceptions to the "500 employees" rule? How do the SBA's affiliation rules come into play?

A: In order to determine an applicant's number of employees, each applicant can generally expect that it must aggregate all employees on an affiliate basis,[2] including subsidiaries and, in the context of private equity-backed and certain venture capital-backed businesses, portfolio companies, though such affiliation determinations are fact-specific and we are continuing to explore the issue. Title I of the CARES Act temporarily waives affiliation rules for:

- franchises, to the extent assigned with a franchise identifier by the SBA;
- certain hospitality businesses (to the extent within NAICS code 72 "accommodation and food services") with multiple locations, whereby the 500 person limitation is tested on a per location business; and
- any business receiving financial assistance from a Small Business Investment Company (SBIC).

Q: Who will provide and administer Title I small business loans?

A: Loans will be administered pursuant to SBA's section 7(a) loan program, as modified by the CARES Act. Loans will be made and serviced by existing banks and lenders enrolled in the SBA 7(a) program, as well as any other lenders determined by the SBA and the Secretary "to have the necessary qualifications to process, close, disburse and service loans made with the guarantee of the Administration." While we expect there to be further guidance from Treasury and the SBA on this point, the final language suggests that a 100% SBA guarantee would survive for the life of the loan.

Q: What is the maximum loan size? Any other restrictions on loan terms?

A: The maximum loan amount for the applicable borrower is the sum of (i) 2.5 times the average monthly "payroll costs" (defined to include benefits, sick leave, vacation and other eligible costs) for the one-year period before the loan is made (giving effect to any seasonality-based adjustments and based on a shorter period for business less than a year old), excluding the pro-rated portion of any annual compensation in excess of $100,000 per person plus (ii) the outstanding amount of any EIDL (as defined and described below) obtained on or after January 31, 2020 which is to be refinanced by the new credit extension, subject to a $10 million cap. Loans can have a maximum term of up to ten years. Interest rates shall not exceed 4% per annum and there shall be no prepayment penalties. The SBA will also reimburse lenders for origination or underwriting fees in an amount of (i) 5% for loans of not more than $350,000, (ii) 3% for loans of more than $350,000 and less than $2 million and (iii) 1% for loans equal to or greater than $2 million. The Secretary, in consultation with the SBA, will issue additional regulations and guidance with respect to other terms and conditions of the program.

Q: Will interest payments be deferred for any period?

A: Yes - loans will be entitled to complete deferment of principal, interest and fees for a period of not less than 6 months and not more than one year.

Q: Are there any restrictions on use of proceeds? Can the proceeds of loans be used to pay interest on pre-existing third party debt instruments?

A: Yes - there are restrictions. Proceeds may be used for payroll (excluding the pro-rated portion of any annual compensation in excess of $100,000 per person), rent, mortgage payments, utilities and sick leave, as well as to make interest payments on other debt obligations that were incurred prior to February 15, 2020. However, loan proceeds may not be used to make any payment or prepayment of principal of existing debt obligations.

Q: Will portions of the loans used for specified purposes be eligible for forgiveness?

A: The loan will be eligible for forgiveness in an amount (not to exceed the principal amount of the loan) equal to the sum of: (i) payroll costs (excluding the pro-rated portion of any annual compensation in excess of $100,000 per person and any compensation paid to an employee residing outside the United States), (ii) rent, (iii) utilities payments and (iv) interest payments on secured debt obligations (including mortgages) incurred in the ordinary course of business prior to February 15, 2020, in each case, paid during the 8-week period commencing on the date of origination of the loan.

The amount of any loan forgiveness will be reduced by any reductions in employee wages (in excess of 25% for any employee) or a reduction in the number of employees during the covered period in accordance with the terms of the program. A company will not be punished under this rule to the extent that it re-hires employees or remedies previously reduced wages by June 30, 2020. A borrower will be required to submit a detailed application in support of loan forgiveness directly to the lender. Lenders must make a determination on the application (subject to a statutory safe harbor) within 60 days of receipt; within 90 days after the loan forgiveness amount has been determined, the SBA will reimburse the lender directly for the principal amount of any forgiven debt, plus interest accrued through the date of repayment. SBA will issue additional implementation guidance and regulations regarding the loan forgiveness process within 30 days after enactment of the CARES Act.

Borrowers will not recognize any cancellation of indebtedness income upon forgiveness of any portion of the loan for tax purposes.

Q: Will these loans be secured? Where would these loans rank in security and priority as compared to any pre-existing third party debt instruments?

A: The loans will be unsecured and will not prime existing debt instruments in terms of payment priority. The loans will also not require personal guarantees from owners of borrowers.

Q: Will the SBA provide guarantees or other credit support for pre-existing debt instruments provided by third party lenders?

A: No - the credit support contemplated by the CARES Act will only apply to new financing provided pursuant to the program.

Q: What is the deadline to apply to the program?

A: June 30, 2020.

Q: Will these loans trade on the secondary market?

A: Yes.

Q: Are the small business interruption loans the small business "disaster" loans I have read about?

A: No - the "disaster" loans are relief in addition to the small business interruption loans. [Section 1110] Under existing authority, the SBA will also provide smaller "Economic Injury Disaster Loans" ("EIDLs") in an amount up to $2 million to businesses with not more than 500 employees, agricultural cooperatives and private nonprofit organizations that meet the SBA's industry-specific business size limitations in declared disaster areas and have suffered substantial economic damage as a result of COVID-19.

Up to $10,000 of an EIDL may, at the discretion of the SBA, be advanced as an "emergency grant" within three days of receipt of an application and any such emergency grant will be forgiven in the event the EIDL application is ultimately denied. The CARES Act directly appropriates **$10 billion** towards EIDLs. EIDLs can be used for working capital purposes and have terms of up to 30 years, with maximum interest rates of 3.75% per annum for for-profit companies and 2.75% per annum for non-for-profits. In addition to the federal loan programs contemplated by the CARES Act, prospective applicants may also want to look to state and local relief programs as they become available. While a business that has received an EIDL is not disqualified from receiving a small business interruption loan, it appears that eligibility for an EIDL ceases on the date the covered small business interruption loan originates.

Q: I understand that there may also be tax credits available to businesses that retain employees during the pandemic?

A: Certain employers will be eligible for a payroll tax credit in each applicable quarter in an amount equal to 50% of the first $10,000 of qualified wages paid to employees (including health benefits) between March 13, 2020 and December 31, 2020. This credit will be available to employers whose business (i) was fully or partially suspended due to a government shutdown order or (ii) experienced a decline of gross receipts of at least 50% vs. the same calendar quarter in the prior year (until such time as gross receipts for a quarter are greater than 80% vs. the same calendar quarter in the prior year). For businesses with greater than 100 full-time employees, the tax credit is only available to the extent wages are paid to employees who are unable to work as a result of a government shutdown order. For businesses with fewer than 100 full-time employees, the tax credit is available for all employees, even if no government shutdown order was in place. Any company that obtains a business interruption loan under Title IV will be unable to qualify for this tax credit. Note that this relief is set forth in Title II (Section 2301) rather than Title I of the CARES Act.

For more information on the tax provisions of the CARES ACT, you can review our StayCurrent on the Business Tax Provisions of the CARES Act.

ANNEX I
Overview of Federal Reserve Actions

Paul Hastings is actively counselling clients on the key stimulus federal programs adopted by the Federal Reserve, Treasury, and the Federal Banking Agencies. This information is fluid and subject to change

Primary Market Corporate Facility

Information as of March 23, 2020

Federal Reserve / Treasury

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Funding Backstop for Corporate Debt	Eligible issuers: U.S. companies headquartered in the United States and with material operations in the United States. Cannot be receiving assistance under other pending federal legislation; unclear yet whether that includes the CARES Act. The scope of eligible issuers may be expanded in the future.	Secondary Market Program operated by the Federal Reserve Bank of New York. Eligible Issuers to sell eligible corporate bonds and loans Eligible Bonds: Issuer is rated at least BBB-/Baa3 by a major nationally recognized statistical rating organization ("NRSRO") and if rated by multiple major NRSROs rated at least BBB-/Baa3 by two or more NRSROs; and • Have a maturity of four years or less.	Limit: Not to exceed the applicable percentage of the eligible issuer's maximum outstanding bonds and loans on any day between March 22, 2019 and March 22, 2020: • 140% for eligible assets/eligible issuers with a AAA/Aaa rating from a major NRSRO; • 130% for eligible assets/eligible issuers with a AA/Aa rating from a major NRSRO; • 120% for eligible assets/eligible issuers with a A/A rating from a major NRSRO; or • 110% for eligible assets/eligible issuers with a BBB/Baa rating from a major NRSRO.

Secondary Market Corporate Facility

Information as of March 23, 2020

Federal Reserve/Treasury

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Purchase eligible individual corporate bonds and corporate bond portfolios exchange traded funds ("ETFs")	Eligible Issuers: U.S. businesses with material operations in the United States. Cannot be receiving assistance under other pending federal legislation; unclear yet whether that includes the CARES Act.	Secondary market program operated by the Federal Reserve Bank of New York. Eligible Corporate Bonds: • Issued by an Eligible issuer; • Rated at least BBB-/Baa3 by a major NRSO and, if rated by multiple major NRSROs, rated at least BBB-/Baa3 by two or more NRSROs, in each case subject to review by the Federal Reserve; and • Remaining maturity of five years or less. U.S.-listed ETFs with an investment objective is to provide broad exposure to the market for U.S. investment grade corporate bonds.	Limits per Issuer/ETF: • From any one eligible issuer: 10% of the issuer's maximum bonds outstanding on any day between March 22, 2019 and March 22, 2020; or • 20% of the assets of any particular ETF as of March 22, 2020.

[Term Asset-Backed Securities Loan Facility](#)

Information as of March 23, 2020

Federal Reserve/Treasury

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Support Asset Backed Securities ("ABS") Market by providing loans for new ABS issuances (after 3/23/2020) Eligible ABS: • Auto loans and leases; • Student loans; • Credit card receivables (both consumer and corporate); • Equipment loans; • Floorplan loans; • Insurance premium finance loans; • Certain small business loans that are guaranteed by the SBA; or • Eligible servicing advance receivables.	Eligible Borrowers: • Entities organized under the laws of the United States or a political subdivision or territory thereof (can have a non-U.S. parent company); or • A U.S. branch or agency of a foreign bank.	Through relationships with primary dealers, Eligible Borrowers can pledge eligible collateral to the Federal Reserve Bank of New York: • U.S. dollar denominated assets; • Credit Rating: highest long-term or the highest short-term investment-grade rating category from at least two eligible NRSROs; does not have a credit rating below the highest investment-grade rating category from an eligible NRSRO.	More terms pending, based on 2008 TALF program.

Commercial Paper Funding Facility

Information as of March 23, 2020
Federal Reserve/Treasury

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Funding Backstop for Term Commercial Paper Purchases	Eligible Issuers: Issuers of U.S. dollar denominated commercial paper (including asset backed commercial paper). Eligible Paper: • Three-month commercial paper; • Rated at least A1/P1/F1 by a major NRSRO or, if rated by multiple major NRSROs, was rated at least A1/P1/F1 by two or more major NRSROs; • If subsequently downgraded, so long as the issuer is rated at least A2/P2/F2 by a major NRSRO or, if rated by multiple major NRSROs, is rated at least A2/P2/F2 by two or more major NRSROs, subject to: o One time sale; and o Review by the Federal Reserve.	Primary Dealers Eligible Issuers can sell their Eligible Paper through the Federal Reserve Bank of New York.	Limit: per issuer/at any one time: greatest amount of U.S. dollar-denominated commercial paper the issuer had outstanding on any day between March 16, 2019 and March 16, 2020; and Subject to restrictions if issuer is downgraded.

Money Market Mutual Fund Liquidity Facility

Information as of March 23, 2020

Federal Reserve/Treasury

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Loans to Eligible Borrowers to Support Money Market Mutual Funds (State and municipal money market funds)	Eligible Borrowers: • U.S. depository institutions; • U.S. bank holding companies (parent companies incorporated in the United States or their U.S. broker-dealer subsidiaries); or • U.S. branches and agencies of foreign banks.	Through Federal Reserve Bank of Boston: Eligible Funds: • Prime; • Single State; or • Other Tax Exempt identified at item A.10 of SEC Form N-MFP. Loans secured by the following types of Eligible Collateral: • Maturity date of an advance less than 12 months; • U.S. Treasuries & Fully Guaranteed Agencies; • Securities issued by U.S. Government Sponsored Entities; • ABCP issued by a U.S. issuer and is rated at not lower than A1, F1, or P1 by at least two major rating agencies or, if rated by only one major rating agency, is rated within the top rating category by that agency; • Unsecured commercial paper that is issued by a U.S. issuer, is rated not lower than A1, F1, or P1 by at least two major rating agencies or, if rated by only one major rating agency, is rated within the top rating category by that agency; • U.S. municipal short-term debt that: (i) Has a maturity that does not exceed 12 months; and (ii) At the	Regulators also provided capital relief to participating banks.

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
		time purchased from the Fund or pledged to the Reserve Bank: (1) If rated in the short-term rating category, is rated in the top short-term rating category (e.g., rated SP1, MIG1, or F1, as applicable) by at least two major rating agencies or if rated by only one major rating agency, is rated within the top rating category by that agency; or (2) If not rated in the short-term rating category, is rated in the top long-term rating category (e.g., AA or above) by at least two major rating agencies or if rated by only one major rating agency, is rated within the top rating category by that agency; BS Receivables from certain repurchase agreements. Other classes of assets to be considered.	

Purchases of Treasury Securities and Agency Mortgage-Backed Securities

Information as of March 23, 2020

Federal Reserve's Federal Open Market Committee

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Purchase: • **Treasury Securities,** • **Agency Mortgage-Backed Securities and** • **Agency Commercial Mortgage-Backed Securities**	Federal Reserve	Federal Reserve Open Market	Week of March 23, 2020: $75 billion of Treasury Securities; $50 billion of agency MBS each business day this week, subject to reasonable prices. CMBS to be purchased this week.

Discount Window Usage

Information as of March 15, 2020

Federal Reserve

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Loans to Depository Institutions for up to 90 days (prepayable and renewable)	Depository Institutions	Collateralized loans	Lowered credit rate to 0.25%

Loan Modifications/Working with Customers Affected by COVID-19

Information as of March 22, 2020

Federal Reserve, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau and Conference of State Bank Supervisors

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Provides guidance to Depository Institutions to work with Customers Affected by COVID-19	Depository Institutions	Assist affected customers; Making short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief Short-term modifications (*e.g.*, six months) modifications such as: • payment deferrals, • fee waivers, • extensions of repayment terms, or • other delays in payment that are insignificant. Borrowers considered current are those that are less than 30 days past due on their contractual payments at the time a modification program is implemented.	The agencies will not criticize financial institutions that mitigate credit risk through prudent actions consistent with safe and sound practices

Use of Capital and Liquidity Buffers

Information as of March 22, 2020

Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Authorizes U.S. Banking Organizations to access their Dodd-Frank Act mandatory capital and liquidity buffers intended for adverse situations to address the effects of COVID-19	U.S. Banking Organizations	Lend and undertake other supportive actions in a safe and sound manner. The agencies expect banking organizations to continue to manage their capital actions and liquidity risk prudently	Frees up $1.3 trillion in common equity and $2.9 trillion in high quality liquid assets (HQLA) Agencies published Related Capital Relief to account for the buffers

Disaster Assistance Loans for Small Business

Economic Injury Disaster Assistance

Information as of March 12, 2020

Small Business Administration

What Does the Program Do?	Who Can Participate?	How to Participate?	Comments
Provides Economic Injury Disaster Loans of up to $2.0 million to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.	Small Businesses suffering substantial economy injury due to COVID-19; Private and non-profit organizations	Small business must be located in state/territory subject to an Economic Injury Disaster Declaration	The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for non-profits is 2.75%.

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[1] Technically, the Secretary does have the ability to waive the restrictions on dividends in the case of Other Eligible Relief "to the extent necessary to protect the interests of the Federal Government", but one would expect such a decision to be heavily scrutinized.

[2] The SBA "affiliation rules" require that in determining size, a company include all affiliates controlled by, controlling or under common control with the business. Control can be measured by equity interests, economic dependence or other factors.

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