

COVID-19 Response: US Congress

May 2020

Authors: [Duane Wall](#), [Prat Vallabhaneni](#), [Glen Cuccinello](#), [Max Bonici](#), [John Wagner](#), [Margaux Curie](#), [Roseann Cook](#), [Christen Boas Hayes](#)

The United States Congress has passed, and continues to consider, legislative measures that, in addition to addressing the public health crisis, include massive fiscal stimulus proposals not seen since the 2008 global financial crisis. Recent legislation has also had provisions of specific importance to US financial institutions as well as non-US financial institutions with US operations.

Coronavirus Preparedness and Response Supplemental Appropriations Act (Phase I)

- Became law on March 6, 2020.
- Provides \$8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak.

Families First Coronavirus Response Act (Phase II)

- Became law on March 6, 2020.
- Please see our [Summary of the Families First Coronavirus Response Act](#).

Coronavirus Aid, Relief, and Economic Security (CARES) Act (Phase III)

- Became law on March 27, 2020.
- Please see our [client alert](#) and [high-level summary](#) of the CARES Act.
- Our Coronavirus (COVID-19) Financial Regulatory and Legislative Dashboard has additional information regarding the [liquidity facilities](#) and [investment programs](#) authorized by the CARES Act.
- As discussed in our client alert, several provisions of the CARES Act are of particular interest to financial institutions and other financial services providers.

Financial Institutions

- The FDIC is authorized to establish a temporary (through December 31, 2020) debt guarantee program to guarantee obligations of solvent insured depository institutions and depository institution holding companies (and their affiliates), an authority the FDIC used in 2008 to provide unlimited insurance for amounts held in noninterest-bearing transaction accounts that was later prohibited by the Dodd-Frank Act. Comparable authority is provided to the NCUA for non-interest accounts of federally-insured credit unions.
- Banks can temporarily suspend requirements under US Generally Accepted Accounting Principles (or GAAP) for loan modifications related to the COVID-19 crisis, and suspend any such determination regarding those troubled consumer loans.
- Banks, bank holding companies, and their affiliates are temporarily not required to comply with FASB's current expected credit losses, or CECL, methodology for estimating allowances for credit losses.
- A new, temporary exception to the national bank lending limits is created for loans and extensions of credit by a bank to any nonbank financial company when such loans and extensions of credit are approved by the OCC, and the OCC is granted the temporary authority to issue orders exempting any transaction from the lending limits.
- Qualifying community banking organizations are subject to a less restrictive leverage ratio requirement in order to encourage lending.
- Banks and other lenders may use funding under a specific facility/program to be implemented by the US Treasury Secretary in order to make direct loans to eligible US mid-sized businesses.

Mortgages

- Servicers of federally backed mortgages must grant forbearances up to 360 days in length to borrowers and are prohibited from initiating foreclosure proceedings for 60 days starting on March 18, 2020.

-
- Owners of multifamily properties can request forbearances of up to 90 days in length from servicers. A multifamily owner that receives a forbearance cannot evict or charge late fees to tenants for the duration of the forbearance.

Student Loans

- Most individuals with federal student loans can defer payments until after September 30, 2020, without any interest accruing or incurring penalties.

Credit Reporting

- Accommodations made by a creditor to a consumer (e.g., agreement to defer payment or accept partial payment, loan modification, forbearance) will not affect the consumer's credit report during a temporary relief period.

Paycheck Protection Program and Health Care Enhancement Act (Interim Relief Bill)

- Became law on April 24, 2020.
- Provides \$484 billion in emergency funding for small businesses, hospitals and testing, including \$321 billion for the Paycheck Protection Program (PPP). The bill also increases the authorization level for the PPP by \$310 billion.
- Please see our [client alert](#) on the Paycheck Protection Program.

Community Financial Institutions

- Sets aside \$60 billion of funds from the PPP for loans made by credit unions and other community-based financial institutions, defined as minority depository institutions, certified development companies, microloan intermediaries, and state or federal credit unions.
 - \$30 billion set aside for loans made by insured depository institutions and credit unions with between \$10 – \$50 billion in assets.
 - \$30 billion set aside for loans made by community financial institutions, small insured depository institutions, and credit unions with less than \$10 billion in assets.

Updated: 24-April-2020 1:00 PM (EDT)

AMERICAS

New York

Ian Cuillerier

Partner, New York
T +1 212 819 8713
E icuillerier@whitecase.com

Glen Cuccinello

Counsel, New York
T +1 212 819 8239
E gcuccinello@whitecase.com

Edward So

Partner, New York
T +1 212 819 7006
E edward.so@whitecase.com

Duane Wall

Partner of Counsel, New York
T +1 212 819 8453
E dwall@whitecase.com

Francis Zou

Partner, New York
T +1 212 819 8733
E francis.zou@whitecase.com

Washington, DC

Era Anagnosti

Partner, Washington, DC
T +1 202 637 6274
E era.anagnosti@whitecase.com

Steve Chabinsky

Retired Partner of Counsel,
Washington, DC
T +1 202 626 3587
E steven.chabinsky@whitecase.com

Nicole Erb

Partner, Washington, DC
T +1 202 626 3694
E nicole.erb@whitecase.com

Shamita Etienne-Cummings

Partner, Washington, DC
T +1 202 626 3695
E shamita.etienne@whitecase.com

Jeremy Kuester

Counsel, Washington, DC
T +1 202 637 6284
E jeremy.kuester@whitecase.com

Prat Vallabhaneni

Partner, Washington, DC
T +1 202 626 3596
E prat.vallabhaneni@whitecase.com

EMEA

Berlin

Henning Berger

Partner, Berlin
T +49 30 880911 540
E henning.berger@whitecase.com

Dubai

Adrianus Schoorl

Local Partner, Dubai
T +971 4 381 6273
E adrianus.schoorl@whitecase.com

Frankfurt

Dennis Heuer

Partner, Frankfurt
T +49 69 29994 1576
E dennis.heuer@whitecase.com

Matthias Kasch

Partner, Frankfurt
T +49 69 29994 1219
E matthias.kasch@whitecase.com

Carsten Loesing

Local Partner, Hamburg
T +49 40 35005 265
E carsten.loesing@whitecase.com

Helsinki

Tanja Törnkvist

Partner, Helsinki
T +358 9 228 64 351
E tanja.tornkvist@whitecase.com

Istanbul

Asli Basgoz

Partner, Istanbul
T +90 212 354 2013
E asli.basgoz@whitecase.com

London

Jonathan Rogers

Partner, London
T +44 20 7532 2163
E jonathan.rogers@whitecase.com

Patrick Sarch

Partner, London
T +44 20 7532 2286
E patrick.sarch@whitecase.com

Julia Smithers Excell

Partner, London
T +44 20 7532 2229
E julia.smithers.excell@whitecase.com

Ingrid York

Partner, London
T +44 20 7532 1441
E ingrid.york@whitecase.com

Madrid

Yoko Takagi

Partner, Madrid
T +34 91 7876 320
E yoko.takagi@whitecase.com

Milan

Iacopo Canino

Partner, Milan
T +39 0200688 340
E iacopo.canino@whitecase.com

Paris

Grégoire Karila

Partner, Paris
T +33 1 55 04 58 40
E gregoire.karila@whitecase.com

Thomas Le Vert

Partner, Paris
T +33 1 55 04 15 67
E thomas.levert@whitecase.com

Jean-Pierre Picca

Partner, Paris
T +33 1 55 04 58 30
E jeanpierre.picca@whitecase.com

Emilie Rogey

Partner, Paris
T +33 1 55 04 16 22
E emilie.rogey@whitecase.com

Stockholm

Martin Järvengren

Partner, Stockholm
T +46 8 506 32 371
E martin.jarvengren@whitecase.com

Warsaw

Tomasz Ostrowski

Partner, Warsaw
T +48 22 50 50 123
E tostrowski@whitecase.com

Marcin Studniarek

Partner, Warsaw
T +48 22 50 50 132
E marcin.studniarek@whitecase.com

ASIA-PACIFIC

Tokyo

Nels Hansen

Partner, Tokyo
T +81 3 6384 3240
E nels.hansen@whitecase.com

White & Case LLP
1221 Avenue of the Americas
New York, New York 10020-1095
United States

T +1 212 819 8200

White & Case LLP
701 Thirteenth Street, NW
Washington, District of Columbia 20005-3807
United States

T +1 202 626 3600

In this publication, White & Case means the international legal practice comprising White & Case LLP, a New York State registered limited liability partnership, White & Case LLP, a limited liability partnership incorporated under English law and all other affiliated partnerships, companies and entities.

This publication is prepared for the general information of our clients and other interested persons. It is not, and does not attempt to be, comprehensive in nature. Due to the general nature of its content, it should not be regarded as legal advice.