

---

# Hughes Hubbard & Reed

## CARES Act Developments and Newly Proposed Fiscal Stimulus Legislation as of July 24, 2020

### Client Advisories

Hughes Hubbard & Reed LLP • A New York Limited Liability Partnership  
One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

Attorney advertising. Readers are advised that prior results do not guarantee a similar outcome. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. For information regarding the selection process of awards, please visit <https://www.hugheshubbard.com/legal-notices-methodologies>.

---

**July 24, 2020** – This week the Federal Reserve expanded the Main Street Lending Program to provide greater access to credit for non-profit organizations. The Trump administration and Senate Republicans worked to develop a fourth economic relief package, which Senate Majority Leader Mitch McConnell said would include more money for small businesses and protections for employers regarding liability for employees who contract the coronavirus at work, among various other provisions. However, Republicans have not yet announced their proposal.

### Regulatory Developments Relating to the Pandemic

#### **Federal Reserve Extends Rule Allowing Additional PPP Loans to Small Businesses Owned by Bank Directors and Shareholders**

On July 15, the Federal Reserve Board announced that it had extended a temporary modification to its rules in order to allow certain bank directors and shareholders to apply for Paycheck Protection Program loans for their small businesses. To prevent favoritism, Federal Reserve rules ordinarily limit the types and quantity of loans that bank directors, shareholders, officers, and businesses owned by these persons can receive from their related banks. These requirements have prevented some small business owners from accessing PPP loans, especially in rural areas. The modifications, first announced April 17, liberalize this policy for PPP loans.

- [Press release](#)

#### **Main Street Lending Program Expanded for Nonprofits**

On July 17, the Federal Reserve Board modified the Main Street Lending Program to provide greater access to credit for nonprofit organizations such as educational institutions, hospitals, and social service organizations. As detailed in newly-released term sheets, the Board approved two new loan options to provide support to a broad set of nonprofit organizations that were in sound financial condition prior to the pandemic. The minimum employment threshold for nonprofits was lowered from 50 employees to 10, the limit on donation-based funding was eased, and several financial eligibility criteria were adjusted to accommodate a wider range of nonprofit operating models. The nonprofit loan terms generally mirror those for Main Street Lending Program for-profit business loans, including the interest rate, principal and interest payment deferral, five-year term, and minimum and maximum loan sizes.

- [Press release](#)
- [Expanded loan facility term sheet](#)
- [New loan facility term sheet](#)

## **Legislative Proposals**

### **Treasury Department Anticipates Fourth Phase of Relief Program**

On July 17, Treasury Secretary Steven Mnuchin made the following statement before the U.S. House of Representatives Small Business Committee: "We will be having bipartisan conversations about supplemental relief legislation and hope Congress will pass an additional package by the end of this month. . . . We anticipate that additional relief will be targeted to certain industries, smaller businesses, and lower- to middle-income families that have been especially hard-hit by the pandemic. Our focus will be on jobs and getting all Americans back to work." While House Democrats passed the \$3.4 trillion HEROES Act weeks ago, Senate Republicans and the Trump administration have not yet come to agreement on the scope of a new relief package that they intend to propose.

- [Press release](#)

### **S. 4255, H.R. 7709: Jobs and Neighborhood Investment Act**

On July 21, Senators Mark Warner (D-VA), Cory Booker (D-NJ), Kamala Harris (D-CA), and Chuck Schumer (D-NY), along with Representatives Gregory Meeks (D-NY), Emanuel Cleaver (D-MO), Lacy Clay (D-MO), Al Green (D-TX), Joyce Beatty (D-OH), David Schott (D-GA), Ayanna Pressley (D-MA), Rashida Tlaib (D-MI), and David Trone (D-MD), introduced legislation that would invest \$17.9 billion in low-income and minority communities that have been disproportionately impacted by the COVID-19 pandemic. The legislation would provide capital to community development financial institutions (CDFIs) and Minority Depository Institutions (MDIs) in order to expand the flow of credit to low income borrowers and help small businesses stay solvent.

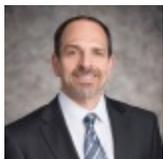
- [Press release](#)
- [Press release](#)

### **H.R. 7691: Mixed Earner Pandemic Unemployment Assistance Act**

On July 20, Representatives Adam Schiff (D-CA) and Judy Chu (D-CA) introduced legislation that would allow individuals who earn a mix of traditional (W-2) and independent (e.g. 1099) employment income to fully access unemployment assistance under the CARES Act.

- [Press release](#)

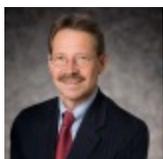
## Related People



**Philip A. Giordano**



**Andrew H. Braiterman**



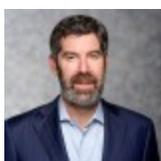
**Spencer L. Harrison**



**Alan Kravitz**



**Alexandra Poe**



**Charles A. Samuelson**

## Related Areas of Focus

Corporate

Tax

Employment & Unfair Competition

Employee Benefits & Executive Compensation