The CARES Act was signed into law by President Trump on Friday, March 27, 2020 should have a major impact on the U.S. economy. AGD Treasurer Elizabeth A. Clemente, DMD, MAGD, provided the following analysis:

- ***Keeping American Workers Paid and Employed Act*:** These programs use the Small Business Administration to release $349 billion in 100% government-guaranteed, nonrecourse and largely forgivable emergency loans through banks and finance companies to small businesses (Dentists) and nonprofits. The act also adds $100 billion for guarantees on existing Small Business Association (SBA)-guaranteed borrowers. It should help many of our small business survive and keep our staff employed.
- ***Assistance for American Workers, Families and Businesses.*** Enhances unemployment benefits, expands eligibility, provides direct payments to most US residents, temporarily drops penalties on IRA withdrawals, encourages charity and provides an employer payroll tax credit. This directly supports households and unemployed workers.
- ***Supporting America's Health Care System in the Fight Against the Coronavirus.*** Strengthens and streamlines the ability of the US health care system to address COVID-19. Improves testing and should reduce mortality. Defers federal student loan payments for six months. Improved testing and treatment should allow more targeted use of social distancing with less drag on economic activity, restoring revenues and creditworthiness to individuals and businesses. Strengthens the credit backing student loans.
- ***Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy*.** The main $500B program for lending to large, solvent businesses through the Treasury's Exchange Stabilization and the Federal Reserve. The Fed should be able to leverage much of the funding up to 10 times, magnifying the impact of this appropriation. Requires borrowers to largely maintain their workforce and limits use of funds for share buybacks or executive compensation. Likely the main program for stabilizing investment grade and highly leveraged corporate borrowers and their workforce.
- ***Coronavirus Relief Fund.*** Provides $150B to states for the costs of COVID-19 public health emergencies, allocated by population with a minimum of $1.25B per state. Stabilizes US municipal finance. Should raise valuations on municipal debt securities.

- **Section 1102**. Sets up a Paycheck Protection Program through the Small Business Administration. Between Feb 15 and Jun 30, 2020, lenders using PPP can make $349B in nonrecourse loans to businesses and nonprofits with 500 or fewer employees. Business must have been in operation Feb 15, 2020, and paid employee salaries and payroll taxes, or paid independent contractors. No other evidence of repayment ability required. Loan must be used for employee salaries, sick leave, insurance, mortgage payments, rent, utilities and similar within limits. Borrower must certify need due to COVID-19. Existing SBA 7(a) lenders can make the loans without going through all SBA procedures, as can lenders that join the PPP. Max. interest rate of 4%. US guarantees 100% of principal.

  Increases US guarantee on SBA 7(a) loans to 100% through Dec 31, 2020, before returning to 75% for loans $150K+ and 85% for loans smaller.

- **Section 1106.** Makes PPP borrowers eligible for loan forgiveness for costs of payroll, mortgage interest, rent and utilities for incurred for the first eight weeks after loan origination. Caps forgiveness for payroll in excess of $100K. Reduces forgiveness for any reduction in employees. Excludes cancelled debt from borrowers' taxable income. Allows deferred payments on existing 7(a) loans.
- **Section 2202.** Waives 10% penalty for early withdrawal from retirement accounts of up to $100K for coronavirus-related purposes, and taxes the withdrawal over three years.
- **Section 2205.** Suspends 50%-of-adjusted-gross-income limits on charitable contributions for individuals in 2020 and raises corporate limit from 10% to 25%.
- **Section 2301.** Provides a refundable payroll tax credit to employers of 50% of employee wages. Available to employers with businesses that closed due to COVID-19 or saw gross receipts drop by 50%+.
- **Section 4021.** Requires credit reporting agencies to report as "current" any borrower or has taken COVID-19 loan forbearance or modification**.**
- **Section 4022.** Puts a moratorium on foreclosures for 60 days starting March 18, 2020 and provides up to 180 days of forbearance for Fannie Mae, Freddie Mac, FHA, VA, USDA loans.