

# CARES Act highlights for our customers

March 27, 2020

## Summary

President Trump has signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The legislation provides approximately \$2.2 trillion of fiscal stimulus including:

- Direct payments to many Americans
- A \$350 billion bank loan program for small businesses
- \$500 billion in lending facilities from the Treasury and Federal Reserve for severely distressed sectors of the economy
- \$150 billion for state and local governments
- \$150 billion for hospitals.

We've narrowed down the 800+ page Act into some key points of interest.

## The law has passed. What happens next?

Many of the relief measures included in the package relate to programs overseen by multiple governmental agencies. Some measures will become available more quickly than others. We'll be working with these agencies to understand guidelines for delivering these programs to our customers and will keep you informed as the new options become available.

## How could the CARES Act help me and family?

The CARES Act provides cash assistance directly to eligible taxpayers among other opportunities for relief.

### One-time checks

The U.S. Treasury has stated it will issue refund checks "as rapidly as possible," and officials are hoping for April. The full credit amount of \$1,200 for individuals and \$2,400 for couples is available for individuals with income at or below \$75,000 (\$112,500 for heads of household) and couples with income at or below \$150,000. You will receive an additional \$500 per child. Your tax rebate amount will be reduced by \$5 for each \$100 your income exceeds the income limits. That means for those without children, an individual will not receive a rebate if his or her income exceeds \$99,000 or for couples, more than \$198,000 of income.

### 401K and IRA early withdrawal penalties

10% early withdrawal penalties will be waived for certain coronavirus-related 401k and IRA distributions up to \$100,000 made during 2020.

### Student loans

Federal student loan payments will be waived for up to six months, and interest will not be accrued during this period.

### Unemployment benefits

Individual unemployment benefits provided by states will increase by an additional \$600 per week for four months, retroactive to January 27.

### Credit reporting

The Act creates a moratorium on missed payment reports to credit reporting agencies for the duration of the public health emergency and 120 days thereafter.

### Mortgages

Foreclosures will be prohibited on all **federally-backed** mortgage loans for 60 days beginning March 18, 2020, and up to 360 days of forbearance (180 days, plus one 180-day renewal) will be provided for borrowers of a **federally-backed** mortgage loan who have experienced a financial hardship related to the COVID-19 emergency.

## How could the CARES Act help my business?

The goal of the Act is to provide financial assistance to businesses and incentivize businesses to keep employees on payroll. These provisions have been commonly referred to as the Paycheck Protection Program.

The Act focuses on the Small Business Administration (SBA) Section 7(a) guaranteed lending program. SBA will provide additional guidance and implementation dates following enactment of the Act.

- The Act authorizes \$350 billion for loans under the SBA Section 7(a) guaranteed lending program to cover eligible business concerns or non-profits with fewer than 500 employees. It waives all fees and increases the federal government guarantee to 100 percent, with payments deferred for up to one year and no prepayment penalty.

- The Act increases the loan amounts available under 7(a) to the lesser of \$10 million or 2.5 times average monthly payroll, plus the value of any existing EIDL loan received after January 31, 2020, and provides eligibility for loan forgiveness on all amounts used for payroll, mortgage interest, lease, and utility payments between February 15, 2020, and June 30, 2020. Loan forgiveness will be reduced if there is a reduction in the number of employees or employee compensation during this period. Loans are capped at 4 percent and terms of up to 10 years.
- Loans may also be used — but not forgiven — for other specified purposes.

Assistance for mid-size businesses is being accounted for in provisions related to the severely distressed sectors of the economy:

- As part of a \$454 billion provision in support of Federal Reserve lending, the Act directs the U.S. Treasury and Federal Reserve to try to provide financing to banks and other lenders that make direct loans to eligible businesses and nonprofits with 500 to 10,000 employees.
- The interest rate on loans would be capped at 2 percent, with no payments due for the first 6 months, and borrowers would be required to provide good-faith certification to a list of conditions, including workforce retention; no payment of dividends or stock buybacks; no outsourcing or offshoring of jobs; and union neutrality with no collective bargaining agreement breaches for two years after repayment.

### **What measures are included for severely distressed sectors of our economy?**

- The Act provides \$500 billion to the Treasury Department's Exchange Stabilization Fund (ESF) to provide loans, loan guarantees, and other investments for eligible businesses, states, and municipalities, with direct loans for airlines (\$25 billion), air cargo carriers (\$4 billion), and Boeing/businesses that are critical to maintaining national security (\$17 billion).
- \$454 billion (and any additional amount not used for the programs above) will support programs or facilities established by the Federal Reserve.
- The Act prohibits companies that receive loans or loan guarantees under certain programs from issuing new stock buybacks or paying dividends for as long as the loans or guarantees remain in effect plus 12 months. It also eliminates salary increases for employees who earned more than \$425,000 in 2019 and requires firms to maintain as close to March 24, 2020, employment levels as practicable until September 30, 2020.

### **What is Synovus doing to help me while these new relief measures are put into place?**

#### *Relief*

We've implemented several provisions, including payment relief assistance on certain loans, and our team is available to offer financial guidance during this difficult time. Our credit card customers may request credit card line increases if needed, and our credit card team will stop negative reporting to the credit bureaus for up to three months.

To discuss your specific situation, please contact your banker or our Customer Care team at 1-888-SYNOVUS (796-6887). We're here to support you.

#### *Convenience*

- We've continued to help customers with their daily banking needs by moving to a drive-thru model at our branches with appointments available on request.
- My Synovus mobile deposit limits have been expanded, making it even easier to make deposits from your mobile device.
- Synovus ATM daily cash withdrawal limits have been temporarily increased for Synovus debit, HELOC, and Connections prepaid cards.

### **How are state and local governments cared for in the Act?**

The Act provides \$150 billion to states and local governments for expenditures incurred as a result of COVID-19, allocated by population proportions, with a minimum of \$1.25 billion for each state.

### **How does the act provide for the health care system?**

The Act provides \$150 billion for the health care system, including funding for hospitals, research, treatment and the Strategic National Stockpile to increase supplies of ventilators, masks, and other equipment. Of that amount, \$100 billion will go to hospitals and the health system and \$1 billion to the Indian Health Service.

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