



MORTGAGE BANKERS ASSOCIATION

The Consolidated Appropriations and Additional Coronavirus Response and Relief Act, 2021

December 22, 2020

Direct COVID-19-Related Assistance to Individuals and Businesses

- Extends \$300/week supplemental unemployment assistance through March 14, 2022.
- Provides one-time stimulus payments of \$600 for individuals with incomes below \$75,000 and \$1,200 for couples with combined incomes below \$150,000 – also \$600 per eligible child.
- Provides \$25 billion in emergency rental assistance (administered through states and territories) and extends the CDC eviction moratorium only through January 31, 2021.
- Extends Coronavirus Relief Fund (CRF) through December 31, 2021, in part to provide state-level rental assistance (along with other relief to be distributed).
- Appropriates \$284 billion for Payment Protection Program (PPP) loans that can be used through September 30, 2021. Includes simplified forgiveness process for loans under \$150,000, tax deductibility of business expenses for which forgiven PPP loans were used, expands the list of eligible forgivable expenses, and increased lending amounts for the hospitality sector. Also clarifies that forgiven amounts not included in income.
- Appropriates \$20 billion for Small Business Administration grants.

Accounting Relief for Financial Services Industry

- Extends Trouble Debt Restructuring (TDR) relief to January 2022 and clarifies that TDR relief also applies to insurance companies (as well as depositories).
- Delays implementation of the Current Expected Credit Loss (CECL) standard for depository institutions by an additional year.

Tax Provisions

- Includes the following “tax extenders,” for a period of 1 year; (1) mortgage insurance premium deductibility (for qualified residence), (2) Indian business property depreciation, (3) nonbusiness energy property credit, and (4) energy efficient homes credit.
- Includes the following “tax extenders,” for a period of 2 years; (1) energy investment tax credit for solar and residential energy efficient property.
- Includes the following “tax extenders,” for a period of 5 years; (1) New Market Tax Credits (NMTCs), and (2) exclusion from gross income the discharge of qualified principal residence indebtedness - but limits the amount that can be excluded.
- Includes increased deduction for buildings that meet above-industry standards for energy efficiency in the year they are placed in service. The energy efficiency rates are updated, and the deduction rate is indexed for inflation.
- Establishes a permanent 4% floor for Low-Income Housing Tax Credit (LIHTC) developments.

- Extends and modifies the employee retention tax credit (ERTC) to increase the credit amount and expand eligibility. Also makes technical corrections to the ERTC provision in the CARES Act.

HUD Appropriations Issues

- Increases Ginnie Mae commitment authority to \$1.3 trillion through September 30, 2022.
- Provides budget for HUD that includes \$22 billion funding for tenant-based rental assistance, \$13 billion for project-based rental assistance, \$3.5 billion community development block grants, \$300 million for the Information Technology Fund, \$63 million in funding for the Office of the Chief Technology Officer, and \$57.5 million for housing counseling services with HUD.
- \$20 million specified for FHA technology to streamline approvals and funding.
- Allows HUD to finance up to 1 year of operating losses for certain hospitals and residential care facilities insured by the FHA.

Provisions Excluded from Final Package

- Exempts Term Asset-Backed Securities Loan Facility (TALF) from new prohibition against using Exchange Stabilization Fund (ESF) funds for Federal Reserve facilities previously backed by CARES Act funds.
- Does not include any provisions directly changing the parameters of CARES Act mortgage forbearance.